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Senate Hearings

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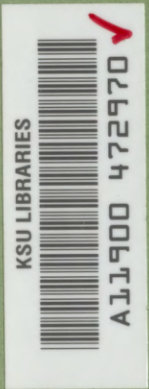
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Second Budget Rescission Bill, 1977

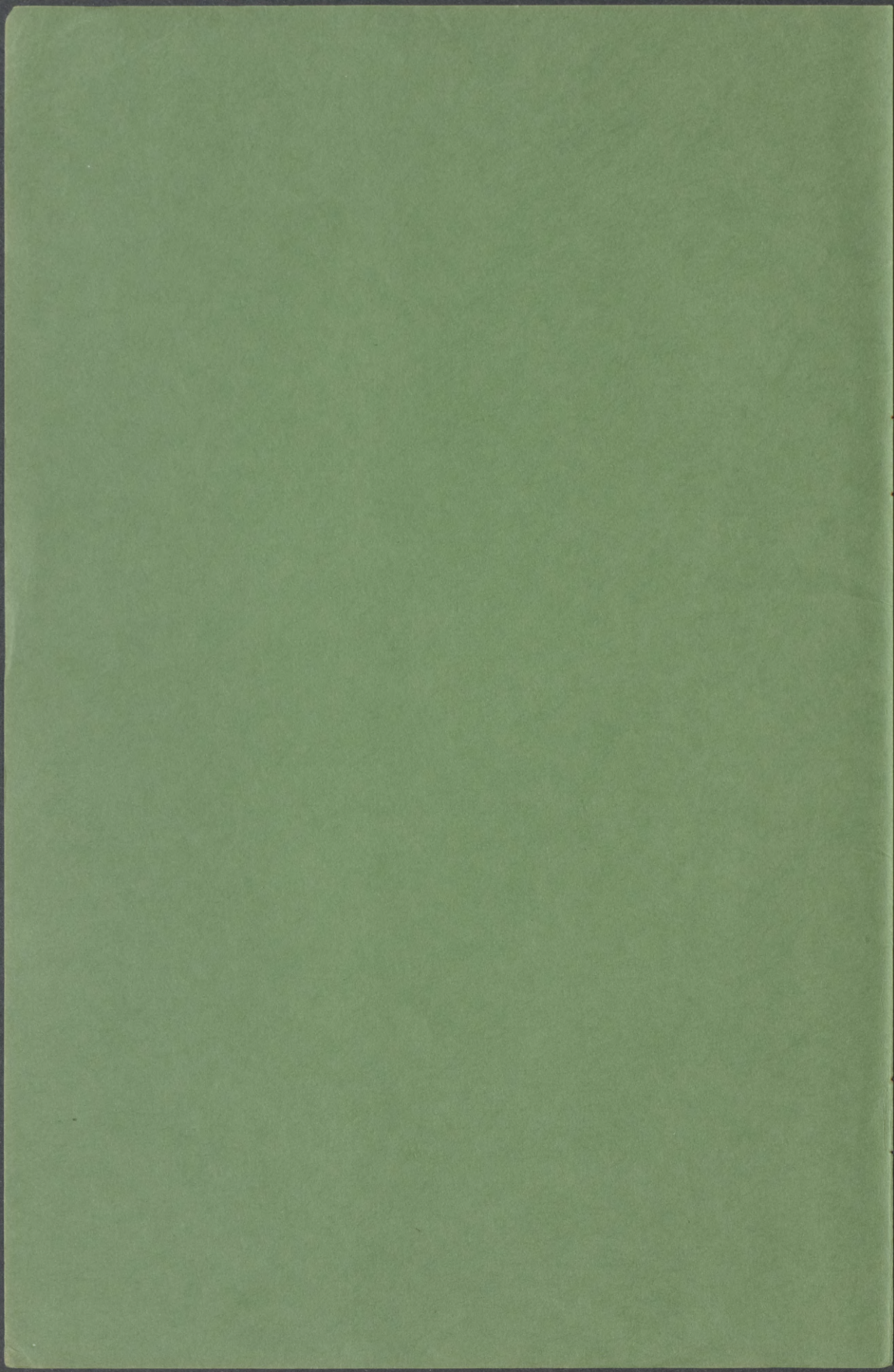
Fiscal Year 1977

95th CONGRESS, FIRST SESSION

H.R. 3839



SPECIAL HEARING
DEPARTMENT OF DEFENSE



SECOND BUDGET RESCISSION BILL, 1977

HEARING BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-FIFTH CONGRESS

FIRST SESSION

ON

H.R. 3839

AN ACT TO RESCIND CERTAIN BUDGET AUTHORITY RECOMMENDED IN THE MESSAGE OF THE PRESIDENT OF JANUARY 17, 1977 (H. DOC. 95-48), TRANSMITTED PURSUANT TO THE IMPOUNDMENT CONTROL ACT OF 1974

Printed for the use of the Committee on Appropriations

SPECIAL HEARING
Department of Defense



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WASHINGTON : 1977

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(II)

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THE UNIVERSITY OF CHICAGO
PHYSICS DEPARTMENT

REPORT OF THE
COMMISSION ON THE
ORGANIZATION OF THE
PHYSICS DEPARTMENT
FOR THE YEAR 1954-55

CHICAGO, ILLINOIS
1955

SECOND BUDGET RESCISSION BILL FOR FISCAL YEAR 1977

TUESDAY, MARCH 8, 1977

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

The subcommittee met at 10:05 a.m., in room 1223, Everett McKinley Dirksen Office Building, Hon. John L. McClellan (chairman) presiding.

Present: Senators McClellan, Stennis, Inouye, Hollings, Eagleton, Young, and Stevens.

DEPARTMENT OF DEFENSE

STATEMENT OF HON. HAROLD BROWN, SECRETARY OF DEFENSE

ACCOMPANIED BY:

HON. W. GRAHAM CLAYTOR, JR., SECRETARY OF THE NAVY

ADM. J. L. HOLLOWAY, CHIEF OF NAVAL OPERATIONS

OPENING REMARKS OF CHAIRMAN McCLELLAN

Chairman McCLELLAN. The subcommittee will come to order.

Today the subcommittee will receive testimony in support of fiscal year 1977 rescission proposals. Dr. Harold Brown, Secretary of Defense, will present a statement with regard to three appropriations accounts. Adm. James L. Holloway III, Chief of Naval Operations, will speak concerning the proposed rescission of funds appropriated for "Shipbuilding and Conversion, Navy." Senator Leahy, a member of our full committee, will also present a statement concerning the shipbuilding rescission proposals.

Hon. W. Graham Claytor, Jr., Secretary of the Navy, is accompanying Secretary Brown and Admiral Holloway. This is Mr. Claytor's first appearance before our subcommittee. We wish to extend a hearty welcome to the Secretary and hope that we can work together to strengthen the Navy and reinforce the military posture of our country.

Senator Stennis or Senator Young, do you have any statements before we proceed?

Senator STENNIS. Thank you, Mr. Chairman. I am delighted to be here. I may ask for a couple of minutes before I leave to say a few words.

STATEMENT OF HON. HAROLD BROWN, SECRETARY OF DEFENSE

Chairman McCLELLAN. Mr. Secretary, we are ready to hear you.
Secretary BROWN. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, let me again express my appreciation for this opportunity to appear before this committee to discuss the proposed rescissions for fiscal year 1977 which are reflected in the fiscal year 1978 budget submitted by President Carter. Originally, they were contained in the budget submitted by President Ford. I have a brief statement for the record.

RESCISSION PROPOSALS

The past administration proposed rescissions of \$879 million in budget authority for military functions of the Department of Defense and \$41.5 million in the military assistance program—a total of \$920.5 million. After reviewing the programs involved, President Carter is recommending that \$268.4 million included in the initial proposals not be rescinded, with the result that proposed rescissions are reduced to a new total of \$652.1 million. The proposed rescissions would affect the following areas.

SHIPBUILDING

Shipbuilding, \$452.6 million.

After reviewing the requirement for major naval strike forces, as part of an overall review of all naval forces, President Ford decided not to procure an additional large-deck, nuclear-powered aircraft carrier, and to request a normal midlife modernization of the U.S.S. *Long Beach* rather than its near-term conversion to an Aegis ship. The rescission message states that this proposal would reduce fiscal year 1977 budget authority by \$721 million, less any amount unrecoverable.

President Ford's decision not to procure an additional large-deck carrier was based on the conclusion that the United States needs to develop a more flexible replacement for large-deck carriers, with the implication of a somewhat larger number of aircraft carriers, not all as individually capable as the Nimitz class. A new aircraft carrier type, designated CVV, was included in the 5-year defense plan. It is expected to provide a V/STOL and conventional aircraft platform at a cost lower than that of a CVN. Such a ship could be considered a high risk venture, if designed only for V/STOL aircraft. The Chief of Naval Operations has indicated that, if whatever smaller carrier we build were designed to be capable of operating some of the conventional takeoff and landing (CTOL) aircraft which will be in the inventory during the 1980's, the risk would be markedly reduced.

I believe that we should explore new technologies in ship, missile, and aircraft systems which may offer prospects of fulfilling the requirements of sea-based air at the lowest possible cost, through a combination of new capabilities. At the same time, I recognize the desirability of designing the CVV to include some interim CTOL capability for first-line Navy fighter and attack aircraft, within reasonable limits of carrier size and cost, giving adequate weight to the need for larger numbers of platforms for a given total cost.

At present, \$268.4 million of the \$350 million appropriated for the aircraft carrier has been obligated. No obligations are planned against the balance. Action was taken to identify the amount that could be recovered from the funds obligated and, based on my review of the program and the status of the contracts, the new administration has decided that the outstanding contracts should not be terminated.

USE OF COMPONENTS AS SPARES

I spoke specifically with Admiral Holloway about the list of contracts contained in this \$268.4 million, and subsequently with Admiral Rickover, and I received their assurances that those components could be used as spares for the existing powerplants on CVN class carriers. In some cases, it would be a good many years before they could be expected to be used, but they are usable for that purpose.

Chairman McCLELLAN. What you are saying to us is that the \$268 million already obligated is not a complete loss?

Secretary BROWN. That is correct.

Chairman McCLELLAN. You will be able to salvage something from that expenditure?

Secretary BROWN. That is correct.

Chairman McCLELLAN. You won't get the total value out of the \$268 million, will you?

Secretary BROWN. No; not in specific hardware terms.

Chairman McCLELLAN. There is a loss?

Secretary BROWN. There is some loss in it.

Chairman McCLELLAN. Let me ask you at this point: Why can't the military establishment manage its procurement programs in such a way so that this kind of situation doesn't develop. Commitments and obligations are made on a certain weapons system. Then after the system is started, it is cancelled and a loss incurs. That is a waste in most instances. In some instances, it is a complete waste; in others, some things can be salvaged.

With the experts in the Defense Department and the different services, with the wisdom of the executive branch of the Government and the efforts of Congress, why is it we cannot avoid the situation which develops with so many procurement programs? It looks bad and it is bad. It is not efficient.

Secretary BROWN. No; it is not as efficient as we would want it to be, Mr. Chairman.

This particular program, as you know, has been a matter of controversy within the executive branch and, indeed, a matter of controversy within the Congress as well. This has led to a change of program.

As you know, the carrier was included in the fiscal 1977 budget, and it was reviewed again during the Ford administration late last year. Since I was not here, I am not privy to everything that happened then, but a decision was made to change the program.

Chairman McCLELLAN. I am not pointing the finger of blame at you, but I question the inefficiency with which these things are done.

Secretary BROWN. I think whenever you have a particularly controversial program, subject to a number of different expert opinions, military opinions, technical opinions, and also subject to a series of different opinions within the Congress as well, it will sometimes happen that a program is changed. That is what has happened in this case and, when the program is changed, some money will have been wasted.

Chairman McCLELLAN. In this instance, you think you will save money in the long run?

Secretary BROWN. I believe so. I believe this is the right decision. By building a new class of carriers, which is a lower cost per carrier,

I think we will produce a more efficient and effective naval force for the same amount of money that would have produced a less efficient force in the earlier decision. That is why I supported the decision to delete this carrier and build two CVV's instead.

Chairman McCLELLAN. The decision to delete the carrier is not unanimously supported by all the Services. Some of those Services have a right to have an input in this decision, don't they?

Secretary BROWN. Had there been more input, I don't believe the decision would have been different.

Chairman McCLELLAN. I think it has been determined that we will abandon the large carrier concept and go to the smaller carrier. I understand sometimes this has to be done, notwithstanding the fact there might not be an agreement among all of those involved.

Secretary BROWN. I am sure not everyone in the Defense Department agrees with this decision, but I think everyone in the Defense Department is prepared to support it as a reasonable decision. I believe it is the correct decision.

Chairman McCLELLAN. I am not saying the decision is not correct. Senator Stennis?

Senator STENNIS. On this money that was put in for the long-lead time items authorized last year and they appropriated late, that request for the carrier came in late last year and was not in the Senate bill but we yielded in conference with the understanding that if this money was appropriated most of it would be recoverable—I mean used through spares, just as they said.

In a large way they are utilizing this, as I understand. I make that statement now because on the floor of the Senate in debate I assured the membership that we had this promise.

Chairman McCLELLAN. Senator Young, any questions?

PLANES TO BE USED ON CVV

Senator YOUNG. What type of aircraft would be employed on the smaller carriers? Can our current aircraft be used or do you have to develop a new type of plane?

Secretary BROWN. The CVV is still in design. The intention in the long run would be to use mostly new kinds of planes that will be developed by the late 1980's; this carrier would not come into the fleet until 1985 or so. At the beginning the intention would be to use planes of the conventional takeoff and landing type, of which there are many types in the fleet and some of which would go on this carrier. So, there would be a changeover in the kinds of planes used. During most of the CVV's lifetime—and this lifetime would last until the year 2015 or 2020, and that is a long time from now—it will use vertical and short takeoff and landing aircraft.

Senator YOUNG. You could use F-18's or F-14's?

Secretary BROWN. I think so at the beginning; the intention is to design the CVV so that those could be accommodated, perhaps not in a full complement, but so they could be accommodated. Admiral Holloway I am sure is prepared to speak on this later, but I understand that is his intention and the way the design will go.

I will want to see before we go ahead into the fiscal 1979 budget just what the carrier looks like and what complement of aircraft we would

plan on supporting from the CVV in the 1985 period, the 1990 period, and so on.

Chairman McCLELLAN. Mr. Secretary, please proceed with your prepared statement.

Secretary BROWN. I would note that by the time the components now under contract are delivered, three *Nimitz*-class carriers will be in operation. It is prudent to have available—in stock—spare components to return a ship to full service, if major propulsion components were not to last as long as anticipated. We would eventually need a set of spares for the *Nimitz* class whether or not an additional carrier is authorized. If we delay procurement of these components, we run the risk of sidelining one of our major capital ships, and we face substantially higher component costs when procurement lines must be restarted after being closed down.

Because production lines for CVN components will end with the production of components for the U.S.S. *Carl Vinson*, the cost of starting up production lines in the future will be combined with the impact of inflation and low quantity procurement rates to raise component costs substantially above present levels. In view of these considerations, I recommend that obligations be retained at \$268.4 million. The net result of this action would be to reduce the rescission proposed for shipbuilding from \$721 million to \$452.6 million. This, of course, is the point to which Senator Stennis spoke a few minutes ago.

LONG BEACH CONVERSION FUNDS

The \$371 million appropriated in long-lead funds for the conversion of the U.S.S. *Long Beach* to an Aegis ship has not yet been obligated because the production leadtime of the equipment would not require contract award until later in the fiscal year. There is no question of the need for the Aegis weapon system to enter the fleet at an early date to meet the current and projected air threat to our surface ships, particularly from cruise missiles. Aegis will enhance the surface fleet's contributions to anti-air warfare into the 1990's.

The fastest way to provide Aegis to the fleet in new construction ships is to procure the DDG-47 class destroyer, a recommendation on which both old and new administrations agree.

One must also consider the advantages of all-nuclear powered task forces, few in number, but exceptionally flexible and versatile. The high cost involved in nuclear-powered Aegis ships makes sense when amortized over a full 30-year service life in the fleet. Therefore, rather than installing Aegis on the oldest nuclear-powered surface combatant we have (U.S.S. *Long Beach* would be over 20 years old by the completion of the conversion in 1982), we should seek a way to incorporate Aegis on a lower scale if necessary—in the newest of our nuclear cruisers. That, with early procurement of the DDG-47 class of ships, should provide advanced air defense capabilities to the fleet in minimum time.

President Carter agrees that the *Long Beach* Aegis conversion (at an estimated total cost of \$783 million) will not be required and that the funds can be rescinded. Instead, we plan to request in fiscal year 1979 and fiscal year 1980 a total of \$261 million for a modernization of U.S.S. *Long Beach* concurrent with her recoring overhaul.

OTHER PROCUREMENT, AIR FORCE

In the account, "Other Procurement, Air Force," \$14.4 million is proposed for rescission; this results in a determination we have made that after the settlement of contracts for the termination of the Advanced Logistics System, there would be \$14.4 million which would not be obligated. The House Appropriations Committee, in its report on the fiscal year 1976 appropriations bill, took the view that any funds which remain after termination costs have been met should be permitted to lapse. Since there is no intention to obligate these funds, and they would lapse under present plans, they are being proposed for rescission.

RETIRED PAY

In the account for retired pay, \$143.6 million is proposed for rescission; based on actual experience to date, current OMB economic assumptions, and the revised annuity adjustment mechanism enacted last year, the current estimate of funds required for fiscal year 1977 is \$8,238.1 million, a net reduction of \$143.6 million from the \$8,381.7 million appropriated for fiscal year 1977. This savings includes the absorption of \$7.5 million related to the cost of the October 1, 1976, military pay raise, for which we had originally expected to request supplemental appropriations. Since it is our policy not to request reprogramming of retired pay savings, rescission is entirely appropriate.

FOREIGN MILITARY CREDIT SALES

In the foreign military credit sales account, \$41.5 million is proposed for rescission; to complete the rescission picture, although foreign assistance is not a principal concern of this subcommittee, \$41.5 million of budget authority will not be required to carry out the full objectives and scope of the foreign military credit sales program. The \$41.5 million in excess budget authority results from increased reliance on guaranteed loans rather than direct credit. Under the guarantee program, 10 percent of the face value of loans is obligated to guarantee loans provided to foreign aid recipients by the Federal Financing Bank or private lending institutions.

In contrast, the full face value of the loans is obligated by the U.S. Government in direct credit transactions. Since the program would still be operating at its full authorized level—\$2,022.1 million—with this reduced requirement for budget authority, rescission is recommended.

SUMMARY

In summary, \$920.5 million was initially proposed for the rescission in fiscal year 1977, less CVN amounts not recoverable. We now believe that it would be in the best interests of the Government to reduce the proposed rescission by the \$268.4 million already obligated for long lead-time components for the CVN-71, which can be utilized as spares for the three authorized *Nimitz*-class carriers. We, therefore, recommend rescission of \$652.1 million.

Mr. Chairman, that concludes my presentation and I believe Admiral Holloway has a short statement and after that he, I, and Mr. Claytor will be happy to respond to any questions.

MEDIUM SIZE CARRIERS

Chairman McCLELLAN. Secretary Brown, it is my understanding that you will request the first of at least two medium size carriers with catapults in fiscal year 1979?

Secretary BROWN. We intend to request one CVV in 1979 and one in 1981.

Chairman McCLELLAN. You are giving us your assurance that that is now your intention?

Secretary BROWN. That is all I can say. I will want to look very carefully at the design the Navy comes up with before I put it in the fiscal 1979 budget, but that is my present intention.

Chairman McCLELLAN. It is your intention that we will see one fully funded carrier in next year's budget submission?

Secretary BROWN. That is my present intention, yes, sir.

Chairman McCLELLAN. And is it your intention to have a second medium carrier requested in the 5-year defense plan?

Secretary BROWN. The present plan is 1981, but, as you go further out, the plan becomes more subject to change.

Chairman McCLELLAN. Will the smaller carriers, as now contemplated, give us as much strike power and defense capability as the larger carrier that is now being cancelled?

Secretary BROWN. The two smaller carriers will have less of an aircraft complement and therefore less strike power.

Chairman McCLELLAN. What about the total of the two?

Secretary BROWN. The total would probably be comparable to one single carrier.

The big advantage of the two carriers is that they can be in two different places at the same time, whereas the one large one cannot. Given the vulnerability of all such ships, although I am not saying necessarily a carrier is an easy thing to sink, it is a good idea to be able to disperse your forces so, if you lose one, you have not lost all.

Chairman McCLELLAN. It may be the far better course. It is the same problem I have with the B-1 bomber. I have supported the B-1, but I wonder if maybe two or three planes of different design might not be better than the one large one. I am not sure.

As technology progresses, it is necessary to make constant reevaluations of weapons systems.

Secretary BROWN. Yes, sir.

Chairman McCLELLAN. Senator Stennis, any questions?

Senator STENNIS. I don't know whether I have questions. I have questions on the carrier, but Admiral Holloway will testify on that.

Chairman McCLELLAN. Senator Young?

AEGIS SYSTEM

Senator YOUNG. If the Aegis is put on the DDG class destroyers, will the control problem exist when a destroyer is supporting a task force?

Secretary BROWN. The Aegis system is a controlled system and a target designating system. As I understand it, the DDG-47 will have a missile system which will defend not only the DDG-47 but the

whole carrier task force. I don't think the DDG-47 poses any problem of that sort.

Admiral HOLLOWAY. The Secretary is right. It will provide greater protection for the entire task force. The Aegis weapons system is an area air defense system and will be used to enhance both our strike and defense capability.

Senator YOUNG. You mention in your statement that Aegis on a lower scale may be engineered for the newer nuclear cruisers. What do you mean by that?

Secretary BROWN. At the moment it is simply an idea, Senator Young. The thought is that some of the *Virginia* class ships, which are either now under construction or could later be constructed, could be adapted to accept the Aegis system. By so doing, we would have Aegis on the most modern nuclear ships in the fleet rather than on a 20-year old nuclear ship, which would be the case if the *Long Beach* were to be converted.

ADDITIONAL RESCISSIONS FOR FY 1977

Senator YOUNG. Do you plan to recommend additional rescissions for fiscal year 1977 and prior years?

Secretary BROWN. There are a number of budget amendments to the fiscal 1978 budget that went up on the 22nd of February. Some of those have fiscal year 1977 implications and, depending on what those implications are, we may ask for reprogramming action or we may ask for rescissions or in some cases we may conclude that the purpose for which we propose to spend the funds on the same program, as was approved by Congress, is consonant with congressional action on the fiscal 1977 budget.

In the last case we would not ask for rescission or reprogramming, but I would have to look at each case separately and I think there may—I am not sure—there may be some rescissions. I am pretty sure there will be some reprogramming.

Senator YOUNG. One more question. What kind of parts do you have for use in other ships if the *Nimitz* class were to be discontinued?

Secretary BROWN. I have a list, if I can find it, of the kinds of things that we are talking about that would be usable in the existing *Nimitz*-class ships as spares. The biggest items happen to be steam generators; the next biggest item is a set of control rod drive mechanisms; then come pressurizers. These are parts that may, or at some point will, maybe some time distant from now, have to be replaced in existing CVN carriers.

Senator YOUNG. Thank you, Mr. Chairman.

Chairman McCLELLAN. Senator Hollings?

CARRIERS

Senator HOLLINGS. I know on the House side there was some discussion about the firmness of the President's rescission and wonder if he had sufficient time to consider this additional *Nimitz*-class carrier. Did you have occasion to satisfy those misgivings on the House side and a chance to talk with the President?

Secretary BROWN. I spoke with the President at some length before the budget amendment went up. That was several weeks ago. But when it became an issue in the other body, I spoke with the President about it. That was just last week. I discussed it with the President, and he reaffirmed his position. He strongly supported the rescission.

CORRESPONDENCE

I have a letter to that effect, which I sent to the chairman of the House Appropriations Committee. I will be glad to submit it for the record here. I mention it simply because my letter did speak to this very point and if it is of interest here, I can submit it.

Chairman McCLELLAN. The letter can be submitted and printed at this point in the record.

[The letter follows:]

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

March 2, 1977

The Honorable George Mahon
Chairman, Committee on Appropriations
U.S. House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

I understand that, in your deliberations on the proposed rescission of FY 77 funds for CVN-71 and the conversion of the USS Long Beach to an AEGIS cruiser, some confusion has arisen with respect to the recommendations regarding aircraft carriers made by the interagency study of US strategy and naval force requirements conducted last year by the previous administration.

During the transition and since assuming office, I have had an opportunity to review this NSC study. The first two-thirds of the study dealt with national strategy and maritime requirements; the latter part discussed several shipbuilding program options, with and without the CVN-71, the last large-deck carrier to be constructed before VSTOL technology would be exploited in a carrier of new design. A principal thrust of the study was that alternatives to large deck carrier systems would have to be developed. However, no specific conclusions or program recommendations were offered. Subsequently, the Ford administration decided on an option that did not contain the CVN-71. Accordingly, it submitted a rescission of the CVN-71 funds. Secretary Rumsfeld transmitted to the Congress a report based on the NSC study, and included a force structure that omits the CVN-71.

Though I may not agree with all of the assessments and findings of that study, I too am convinced that we should terminate procurement of costly nuclear powered aircraft carriers of the Nimitz class and devote our resources to the development of less expensive alternatives for putting air power to sea. It is clear to me that we need fleet aviation capability in more places at one time than would result if our resources were devoted to expensive large CVNs. The five-year defense plan includes a new aircraft carrier type, the CVV, which would provide conventional takeoff and landing capability for some first-line Navy fighter and attack aircraft and still capitalize on VSTOL technology.

Changes to the Ford budget which President Carter has forwarded to Congress include reduction of the rescission in connection with CVN-71 to \$82 million, acknowledging that some \$268 million has already been obligated for long-lead components which can be held in stock as spares for the Nimitz class.

With respect to the proposed conversion of the nuclear cruiser USS Long Beach to an AEGIS ship, I have concluded, as did the previous administration, that such a large investment in a ship which would be twenty-one years old upon completion of the conversion is not warranted. Instead, we plan to request in FY 79 and FY 80 a total of \$261 million for AAW modernization of the USS Long Beach. There is no question of the need for the AEGIS weapon system to enter the fleet at an early date to meet the current and projected air threat to our surface ships, particularly from cruise missiles. But the fastest way to provide AEGIS to the fleet in new construction ships is to procure the DDG-47 class destroyer, a recommendation on which both old and new Administrations agree. Recognizing our needs for some all-nuclear powered task forces, we are examining various plans to incorporate AEGIS capabilities--on a lower scale if necessary--in the newest of our nuclear cruisers.

I want to assure you that I reviewed these programs in detail with the President prior to his decisions on the FY 78 budget. Again today I have discussed the matter with him, and he reiterated the view contained in those decisions. Accordingly, we strongly recommend the approval of the rescission actions with respect to the CVN-71 and the USS Long Beach AEGIS conversions.

Sincerely,

Harold Brown

Senator HOLLINGS. The decision, we have the lead, you have the decision—you are talking already here with respect to not rescinding the spare parts necessary to keep the other long-deck carriers, the *Nimitz*-class carriers in operation.

Are we to believe that the Defense Appropriations Subcommittee, that there will be a savings, not in two over one, but in the cost of the medium-sized or smaller-sized carrier as compared to the additional *Nimitz*-class carrier that we would have ordinarily gone forward with without the rescission, considering the inflation and everything else. Are you going to come up in 2 or 3 years, look back and say, if we hadn't rescinded in 1977, we would have a large carrier with all the spare parts, and with all this additional planning, we have ended up with a little bitty carrier.

I don't believe you can get too small with these. I landed on the *Kitty Hawk* and almost landed in the drink and swore I would make those decks longer instead of smaller.

Secretary BROWN. It is difficult to predict the future precisely, Senator Hollings, and there is no doubt in my mind that there will be pressure on the CVV to grow in size.

The cost figures, so far as I can tell, show that the acquisition cost for follow-on carriers, in each case, amounts to quite a difference when one looks at lifetime operating costs.

I also have landed on carriers and watched night operations on carriers which have always struck me as being the extreme test of the limits of equipment capability, human judgment and skill. I think that as new aircraft develop, which can take off and land in shorter distances, or vertically, that will have an effect that will, to a substantial degree, compensate for the smaller size of the carriers, and thus make it correct to have split the assets by putting them in more than one place at one time.

However, knowing the technical and military skill of the Navy and their drive to get the most possible out of ships and aircraft, I believe they will always be operating on the very edge of what any carrier that they operate can do, and so it will always be just as exciting an experience to land on a carrier, no matter how big the deck or how small. They will just push the aircraft and carrier as far as they will go, whether the carrier is small or large.

Senator HOLLINGS. The cost will be pushed down by this decision?

Secretary BROWN. Yes, that is my full expectation.

Senator HOLLINGS. Thank you, Mr. Chairman.

PROCUREMENT COSTS

Chairman McCLELLAN. What is the comparable procurement cost of the larger and the two smaller carriers? Can you give us that ratio?

Secretary BROWN. It is roughly a factor of two. Now, it won't be quite that, because the CVN-71 would be the last of this particular class, if it were built; there has been a learning curve and we are well down on it. The first of the CVV's would be more expensive than the subsequent CVV's, as is true of all new ships. I think the subsequent ratio would not be two for the price of one, it might be two for the price of one and a quarter. But as one continues building CVV's, they

would be expected to get down to half the price of a *Nimitz*-class carrier.

Chairman McCLELLAN. What about the operation and maintenance costs?

Secretary BROWN. Those would not be different by a factor of two, because the aircraft complement is only about 60 percent, or 50 percent—55 percent, I guess—of what it would be on a *Nimitz* class. The operation cost would also be less, but not as much less.

Chairman McCLELLAN. Senator Stevens, any questions of the Secretary?

Senator STEVENS. No, Mr. Chairman.

Chairman McCLELLAN. Before we hear from Admiral Holloway, we will interrupt in order to hear Senator Leahy. I believe he wishes to testify and we extend that courtesy to our colleagues.

STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman. I want to thank the subcommittee for allowing me this opportunity to testify in support of that portion of the proposed rescission which deals with the funds appropriated last year in the fiscal year 1977 Department of Defense appropriations bill for long lead items for a fourth *Nimitz*-class aircraft carrier. As members of this subcommittee know, for the past couple of years I have been interested in this item for some time now.

I think by now all of you are familiar with the major issues involved here, so I will be brief. The large-deck, nuclear-powered aircraft carrier was the subject of intense debate back in 1971, and was again debated at length last year.

Secretary Brown and Admiral Holloway have stated the reasons for the Carter administration's support of this rescission, which was originally requested by the Ford administration in January.

Recognizing their greater expertise on the subject, and knowing that they can answer in detail any questions you might have, I will only summarize what I see to be the major argument in favor of the rescission of these funds.

NEED TO ESTABLISH PRIORITIES IN DEFENSE EXPENDITURES

As the subcommittee considers this proposal, I think that what is most important is the recognition of the fact that in dealing with defense expenditures we are working with limited resources and with the need to establish priorities. The weapon system we are talking about now would have a minimum cost of \$2.2 billion, with about \$1 billion more needed to equip the vessel with its full complement of aircraft. Life cycle costs for this carrier have been estimated to be almost \$20 billion, and that figure does not include the effects of inflation or the cost of the escort vessels needed to protect and supply the carrier.

Because our global responsibilities are expanding and the threat to our control of our vital sea lines of communication is increasing, there is a very real need to disperse more widely our aviation capability at sea.

If we had unlimited defense resources, building more *Nimitz*-class carriers might be the path to follow. But I feel we cannot afford enough of these super ships to patrol all of the areas of the globe that we must patrol, and to minimize at the same time the possible consequences resulting from the carrier's increasing vulnerability to inexpensive antiship weapons.

NEED FOR SMALLER CARRIERS

Given these considerations, the path to follow is clearly the development of an aircraft platform that we can purchase in the needed quantities. The administration, in supporting the rescission and requesting instead funds for the development of smaller carriers, has chosen to follow this path. Although each smaller platform will not be as individually capable as the *Nimitz*-class carrier, the collective capabilities and security of these smaller vessels, which we can purchase in greater numbers, will be greater than a smaller number of *Nimitz*-class carriers purchased with the same amount of money.

I want to note that the Carter administration's decision is consistent with the conclusions and recommendations of last year's National Security Council study of future Navy programs and requirements. It was that extensive study that led the Ford administration to originally request this rescission of part of the \$350 million appropriated last year.

Although this subcommittee supported the request for initial funding last year, I hope that you will take a close second look at the program in light of the NSC recommendation, the Ford administration's recommendation, the new Carter administration's recommendation, and the overwhelming support of the House of Representatives, which last week voted 252 to 161 in favor of the rescission.

Mr. Chairman, I appreciate the opportunity to put in—I was going to say 2 cents—what I hope is my \$19 billion worth before the subcommittee. It is a matter that I have studied since I have been in the Senate. Probably the greatest opportunity I had in coming to the Senate was to spend the first 2 years under the careful tutelage of Senator Stennis, who encouraged me and gave me the opportunity to look into defense matters of all sorts.

I think he realized I strayed and became an errant pupil on occasion, but I think most of the time he realized my concern in this area and this is why I appreciate the opportunity to testify.

Chairman McCLELLAN. Thank you very much, Senator. Any questions? If not, we will proceed to hear Admiral Holloway.

STATEMENT OF ADM. JAMES L. HOLLOWAY III

Admiral HOLLOWAY. Thank you, Mr. Chairman. The Secretary of Defense has reported in his prepared statement before this committee that President Ford, following his review of the study of U.S. Maritime Strategy and Naval Force Requirements, decided to procure smaller carriers in lieu of a fourth *Nimitz*-class nuclear carrier and to delete the Aegis conversion of the U.S.S. *Long Beach*. As the Secretary indicated, the new administration is supporting that position.

RATIONALE FOR RESTRUCTURING CARRIER PROGRAM

The underlying rationale for restructuring the carrier program is one of the numbers of carriers available for a given expenditure, the varying levels of threat in different parts of the world, and the expectation of improvements in aircraft propulsion systems.

Procurement of long lead components for the fourth *Nimitz*-class CVN was authorized in the fiscal year 1977 budget with the intention of requesting authorization for construction of the ship in fiscal year 1978. The above considerations caused the Ford administration to decide that it would not request additional funds for that ship, but instead would move to an accelerated V/STOL program, and proceed with the design and construction of the smaller CVV, which will be designed to be operational when V/STOL aircraft have reached a more advanced stage of development.

The CVV in the fiscal year 1979 program would be configured to bridge the transition to pure V/STOL operation. Our plan is to design the CVV to have a capability for operating CTOL aircraft in the current and planned inventory, while optimizing it for the time when V/STOL aircraft can provide adequate tactical air capability to enable the U.S. Navy to maintain superiority over the Soviet Navy.

This does not mean an end to large deck carriers. There are 10 large deck carriers in the fleet today, and two more are under construction to provide the Navy with a total of 12 in 1980 when the *Vinson* is delivered.

SERVICE LIFE EXTENSION PROGRAM

The service life extension program (SLEP) will add 15 years to the life of the *Forrestal*-class and all later conventional-powered classes allowing the United States to maintain a force level of 12 of these ships, which are central to current Navy strategy in the 1990's.

Senator STEVENS. Does that mean a strategy to have 12 of those through 1990?

Admiral HOLLOWAY. Yes, sir, that is the Navy's strategy.

Senator HOLLINGS. Is there a difference, Secretary Brown, is that the administration strategy?

Secretary BROWN. I don't think there is a difference at this time; 1990 is a long time from now, but I don't think there is a different plan.

Admiral HOLLOWAY. Of the \$350 million appropriated in fiscal year 1977 for advance procurement for the CVN-71, \$268.4 million has been obligated by the Navy in prime contracts. The components under contract are also applicable to the three *Nimitz*-class carriers now in service or construction.

It would be prudent to continue with procurement of these components so that they will be available in stock to return one of these ships to service in the event of component failure or damage. No obligations will be incurred against the balance of \$81.6 million, and this money is proposed for rescission.

"LONG BEACH" CONVERSION

Turning to the second item, the *Long Beach* conversion, I testified to the Congress last year that while I supported all three ships being proposed for Aegis—the *Long Beach*, the DDG-47, and the strike cruiser—there weren't enough dollars available to proceed with all three programs simultaneously. This being the case, I considered the development of the DDG-47 and a modern nuclear Aegis ship to have higher priority than the conversion of *Long Beach*. I still consider this judgment to be a valid one.

The importance of Aegis to the nuclear powered task force cannot be overemphasized. These forces must be Aegis equipped because of their exposure to the highest level of threat. This system will enable these fast moving and far ranging forces to defeat large numbers of sophisticated air weapons systems, including cruise missiles, thus complementing the carrier weapons system.

Mr. Chairman, I am prepared now to answer your questions concerning specifics of the rescission action.

SUPPORT OF RESCISSION

Chairman McCLELLAN. Thank you, Admiral. As I interpret your testimony, you are supporting the rescission without reservation?

Admiral HOLLOWAY. I support the rescission action of the administration, Mr. Chairman. I also would like to make it clear that there is no dissension in the Navy as was indicated to be a possibility earlier.

Chairman McCLELLAN. I understood there was some dissension. If I am wrong, just say so.

Admiral HOLLOWAY. In an official position there is none.

Chairman McCLELLAN. There is none at the level of the authorities having responsibility for the decision?

Admiral HOLLOWAY. That is correct. We are proceeding in the Navy with the refinement of the design of the CVV to have it ready in time to present it to Dr. Brown and his staff for inclusion in the fiscal 1979 budget.

Chairman McCLELLAN. Dr. Brown, I assume then what you recommend today is that the Senate follow the House action; is that correct?

Secretary BROWN. Yes, sir, Mr. Chairman. That is the recommendation.

Chairman McCLELLAN. Any questions, Senator Young?

Senator YOUNG. The position of the Ford administration on this is the same as the Carter, isn't it?

Secretary BROWN. That is right. There is one small difference in that we don't propose to rescind the funds that have already been obligated for some of the parts on the carrier because we think those are usable as spares.

COMMENTS BY SENATOR STENNIS

Senator STENNIS. I have a few questions but I want to make a very brief statement on this, Mr. Chairman, and members of the committee.

It is so clear to me that we are really caught in a bind here, so much so as to be in an awkward position in one of the major decisions that we will make all during the year on the various military budgets.

Now last calendar year, May 1976, we had a recommendation from the Ford administration in all good faith for this fourth *Nimitz*-size carrier that finishes out the plan, as I see it. But anyway the hearings were virtually closed in the Senate at that time and we went on to the floor with a bill without really getting into that budget amendment which included the carrier.

But by the time of the conference, we had held hearings and after going into it fully and consulting with the Chief of Naval Operations—an outstanding one, Admiral Holloway—the Senate yielded on the carrier and we brought it back to the floor where there was a full-scale debate on that issue and a special motion to strike that out of the conference bill and the carrier forces carried.

Now we went on then to the Appropriations Committee and you approved it and it was approved by the Congress.

Now just a few months later on the identical same question the same Ford administration in writing up its budget left the carrier out, a total reversal. Now that shows that there were good intentions but divisions of opinion, but the ones that were for it then still are, we settled that matter in conference and now, as I understand, even though you officially cannot support it.

Mr. Chairman, it is unfortunate that an amount of this import, when we have a carrier that is not just a carrier of planes, it is a floating airfield, we are having to make this decision before we have made the military budget for this year, before we have gotten into this matter of weaponry we are having to make a back-handed or left-handed decision here partly in the dark. Why do I say in the dark? Because all this talk about future carriers, that is just in the talk stage, it is not a blueprint or anything like that on it yet, as I understand it, I mean a final plan. The years there are highly speculative, the cost is highly speculative.

Now if this carrier was not so expensive—but all weapons are expensive now—I don't think Congress would take much time in deciding to go on and build this carrier. But I hate to see it come up in this way where perhaps the major decision in the military will have to be made because of this change of position, isolated and apart from everything else, almost, before we really get overall approval.

So, Admiral, just a question or two now. This new CVV carrier concept, what year now will the first one of those become usable, this shift over to another type carrier? Give us your best calculation, what year would it be before it is deployed out on the ocean?

OPERATIONAL DATE FOR CVV

Admiral HOLLOWAY. The CVV authorized and appropriated in the fiscal 1979 program should be operationally ready for deployment and operation as a component of the fleet in 1985-86.

Senator STENNIS. You are not even asking for any money for it until 1979, authorization or I mean, for a carrier?

Admiral HOLLOWAY. We would request \$1.25 billion in funds and authorization to construct that carrier in the same year, which would be fiscal year 1979.

Senator STENNIS. That is your present intention?

Admiral HOLLOWAY. Yes, sir.

Senator STENNIS. Secretary Brown, is the Carter administration committed to that position for the 1979 budget?

Secretary BROWN. It is our present intention. Having been in office only briefly, I think that we will have to look carefully at this when it comes up, but it is our present intention. We think the aircraft carrier is an important component of our force.

Senator STENNIS. Would that be your intention if the Congress goes on and declines to rescind this matter? What about that?

Secretary BROWN. If the Congress were to decline to rescind the fiscal 1977 funds, Senator Stennis, I presume it would also appropriate the remaining \$1.7 billion in fiscal 1978; then there would be full funding for that carrier, and we would then have to see what happened. I agree if that happened the situation would be different.

Senator STENNIS. No harm would have been done so far as military preparedness is concerned?

Secretary BROWN. It would have continued, Senator Stennis, a contentious matter, which is how I described this at the beginning. I think it would cause delay no matter how the argument came out.

Senator STENNIS. I don't want to belabor that, but we all agree what we want is the best Navy. As a naval officer you must believe about the need of this carrier as you have heretofore, otherwise you would certainly be under duty to tell us so as a naval officer.

Admiral HOLLOWAY. Yes, sir.

Senator STENNIS. We understand fully your official position.

When is the next one of these so-called smaller carriers to be built?

Admiral HOLLOWAY. The 5-year shipbuilding plan, which has been submitted by the present administration, includes a second CVV in the fiscal 1981 shipbuilding program at a cost of \$1.84 billion.

Senator STENNIS. I won't belabor this further now, Mr. Chairman. That is all the questions I have.

Chairman McCLELLAN. Senator Hollings?

Senator HOLLINGS. I am asking from the standpoint of design, you are not trying to oversimplify. There is no such thing as a small 5-ton elephant—a 5-ton aircraft carrier. I could see from Secretary Brown's testimony—maybe I am seeing the wrong thing, that is why I want you to tell me from a naval aviator and design standpoint, and Secretary Brown on technology, the new CVV in the 5-year defense plan is expected to provide a V/STOL platform. This platform would be considered a high-risk venture if designed only for V/STOL, because the Chief of Operations, that is Admiral Holloway, coming back and saying you still have the option of conventional aircraft.

I can see the immediate 2-for-1 cost ratio if you went from *Nimitz* to V/STOL but, when you make that decision to still include conventional capability, you really are not getting back into the same cost for the regular *Nimitz* class. You say No. 13 coming along, the experience had, less inflation and things of that kind. Has anybody realistically talked of the design? Where are the savings? When you get back to *Nimitz*, I think I understand, but when you come back to conventional and talk of medium, can either of you gentlemen answer this and educate me about aircraft carrier design?

DESIGN OF CVV

Secretary BROWN. Let me take a crack at the design question then the others may speak with more expertise than I. It is clear to me we have to get smaller carriers operating V/STOL aircraft, for all the reasons discussed earlier, and that is going to take some pushing.

We are going to have to push the V/STOL technology and push carrier design, otherwise we will keep building smaller and smaller numbers of larger and larger carriers. I think that would provide for a force of increasing vulnerability and decreasing effectiveness.

We are going to have to go through a transition, just as we went through a transition in shifting from the battleship to the aircraft carrier. During this transition there will be some problems. It won't be possible to design a single optimum carrier for 1985, when the CVV will first come into the inventory, and for the year 2000, when the CVV will be in the middle of its lifetime. That, I think, may lead to some of the problems that you describe, but the sooner we tackle them, the sooner we are going to get there.

Senator HOLLINGS. But designwise, engineeringwise, from your discussions with the experts in design, there is no way to go from the large to the small. The Soviets have V/STOL; is that right?

Secretary BROWN. Yes; but it is a carrier with a different order of capability. I think Secretary Claytor and Admiral Holloway would agree with that. I want to get to V/STOL as soon as possible, and I think we can get there. I am not certain, but I doubt we can get there in one jump with this transition carrier. We may have to go through the transition.

Senator HOLLINGS. Is it a hangup with Congress or the design?

Secretary BROWN. It is less with the Congress than it is with the design, although I think there are also institutional problems; people don't like to give up what they have for something with uncertain detailed characteristics and which embraces new technology.

Senator HOLLINGS. I am of the other school. I would like to get to the V/STOL and not go to the added cost. I am afraid we are going through a whole ritual. You have the decision and you have the new aircraft carrier, but if you come back in with conventional capabilities, you have the same thing.

Secretary BROWN. I share some of those concerns, and am glad to have them reinforced by a knowledgeable Member of the Senate.

REVERSAL OF DECISION TO BUILD NIMITZ-CLASS CARRIER

Chairman McCLELLAN. Admiral, may I ask you a further question?

Admiral HOLLOWAY. Yes, sir.

Chairman McCLELLAN. It has been brought to our attention by Senator Stennis that last year some of us in the Congress did battle for you to get appropriations for the *Nimitz*-class carrier. You were part of the Navy's decisionmaking team which was urging the Congress to appropriate the funds for the building of the fourth *Nimitz*-class carrier.

Admiral HOLLOWAY. Yes, sir, I was a part of that decisionmaking process.

Chairman McCLELLAN. We—with your support—went through the fight last year in the Congress to get this appropriation.

Admiral HOLLOWAY. Yes, sir.

Chairman McCLELLAN. Then, a few months later, that administration—the Ford administration—changed its mind and sent up a rescission proposal. The Carter administration comes along and supports the rescission made by the Ford administration.

Admiral HOLLOWAY. Yes, sir.

Chairman McCLELLAN. Tell me what occurred in the past few months that changed this picture? We have the request for rescission today, when you had us fighting to get you the appropriation 4 or 5 months ago. Give us the reason for this change in position.

Admiral HOLLOWAY. I will relate the events as I knew them, which is only to the extent of my participation.

Chairman McCLELLAN. In your position, I would think you would know.

Admiral HOLLOWAY. Yes, sir, I think I can give you a reasonable picture.

Chairman McCLELLAN. I think the record should show that reason. The Government looks bad when it performs in this fashion. It looks bad to the public and this kind of management confirms their suspicions about inefficiency and waste.

If you will, just explain for the record.

EXPLANATION OF RESCISSION ACTION

Admiral HOLLOWAY. In the formulation of the fiscal year 1977 budget, as far as carriers were concerned, the plan was to build a *Nimitz*-class carrier in fiscal 1979 and a second or additional *Nimitz*-class carrier in fiscal year 1981.

During the course of fiscal year 1977 I had determined as a result of a study conducted by my staff, that in planning the future we should not program arbitrarily a *Nimitz*-class carrier every other year into the indefinite future. Instead each budget year that a new carrier should be included in the program, we should examine the strategy, the threat and the technology available to us, and make a decision at the time we put the budget together as to the kind of ship to request.

TRANSITION TO V/STOL AIRCRAFT

In approaching the problem of air capable ships in the future, we looked at V/STOL very closely. In the spring of 1976 the Deputy Chief of Naval Operations for Air advised me that if the Navy considered it important to transition to V/STOL aircraft, the effort should be initiated soon, if we were to take advantage of any interest that might exist in industry. It was the staff's recommendation that Navy should transition to V/STOL.

Chairman McCLELLAN. When was that recommendation made?

Admiral HOLLOWAY. It was about February 1976, as a result of an extensive study in the Navy by the OPNAV staff.

The problem was one of transition, because, if we made the decision in 1976 to transition to V/STOL, we really couldn't start until

the late 1980's. It was the view of the technical people advising me that the first version of a V/STOL, a subsonic aircraft which would be capable of carrying out attack and antisubmarine missions, probably would not be ready until approximately 1988. A supersonic high performance V/STOL aircraft to replace the F-14 would not be available until 1992 at the earliest. One of the advantages of V/STOL was that it eased a fiscal problem facing the Navy.

We do need to expand the size of the fleet. We do not foresee any drastic increase in the funds which are going to be made available to the Navy. That means that we must buy less expensive ships. Less expensive ships equates to smaller ships.

The size of the conventional takeoff-and-landing carrier is pretty well fixed now by certain dynamic characteristics. As the aircraft come aboard they have to land, run out, and turn off the landing area, which has a minimum length of about 650 feet. Then there must be the straight part of the carrier deck for the catapults which amounts to 25 percent more length, so that the minimum length of a carrier which operates aircraft with tail hooks is about 850 to 900 feet.

When we put a hull beneath it, it means that we are approaching a ship of 50,000 to 60,000 tons displacement.

If we were to develop V/STOL aircraft which had the same combat capability of the conventional counterparts, the ship's flight deck would not have to be that long. As a matter of fact, a V/STOL aircraft could land on a very small platform, but we might not want to build a very small platform because it wouldn't have the shop space and the storage for combat consumables required to support the aircraft; so, V/STOL would give us virtually unlimited flexibility in the design of future aircraft carriers.

Our problem was one of making the transition from the conventional takeoff-and-landing aircraft to the V/STOL without causing one of two things. I didn't feel I could recommend to the Secretary of Defense that we lower our overall naval capability, in making this transition by dropping our carrier force levels to accommodate it.

At the same time I felt it was not reasonable to ask for additional funds which would be duplicative in effort by building two kinds of carriers and two kinds of aircraft.

So, I proposed that we maintain a force level of 12 deployable multipurpose carriers; that is a carrier approximately *Forrestal* size—which can support an air wing of across-the-board capability in aviation tasks such as attack, air defense, and early warning by taking these old carriers—such as the *Forrestal* which will soon be 30 years old—out of commission, and putting them into a service life extension program, which will rebuild the machinery and parts of the hull and extend the ship's life for an additional 15 years.

That means 1 of our 12 big carriers would be out of commission all the time and deployable carrier force level would drop to 11. It was on that basis that I recommended to the Secretary of Defense that we build another big deck carrier.

President Ford decided that it should be a nuclear-powered carrier which led us to the decision to make it a *Nimitz*-class carrier saving \$600 million by not having to design a new nuclear ship. In order to avoid disruption of the nuclear powerplant production lines, that

Nimitz-class carrier was moved from 1979 to 1978 and long leadtime funding was requested in 1977.

This was a program that had been recommended by the Navy, approved by the Department of Defense, and the decision had been made by the President. I was in full support of that program as the chairman well knows because of my appearance before this committee in support of it.

Chairman McCLELLAN. My point is this: If you thought these changes should be made, why did you have us over on the Senate floor fighting for the appropriation that you now want rescinded?

Admiral HOLLOWAY. I felt it was essential before we moved to all V/STOL type carriers that we should have one more *Nimitz* type carrier.

I think my testimony of last year establishes that fact. This was considered part and parcel of the transition from conventional take-off and landing aircraft because the V/STOL aircraft would not come along until about 1990. I felt it was essential to maintain our current level of carriers.

Chairman McCLELLAN. You would have preferred to do that?

Admiral HOLLOWAY. Yes, sir, as a matter of fact, when President Ford made the decision not to include the *Nimitz*-class carrier, both through the Secretary of Defense and in a personal meeting with the President, I urged him not to cancel the *Nimitz*-class carrier.

Now I will say that, at that time, when we first planned for the *Nimitz*-class carrier, there were no small carriers in the budget.

But my personal view was, and I so expressed to the President, that we continue with the construction of the *Nimitz*-class carrier.

Chairman McCLELLAN. I am not trying to be critical, but we here in the Congress have to rely on you for information on which to make a judgment for these appropriations. You are the ones who have the specialized knowledge in the field of defense, military technology, and so on. There are those during the floor debate who challenge you and I try to sustain you. A situation like this just gives those challengers a citation, as we say in the law, when they argue that you are wrong about something. They will say: "Look back to the carrier situation; look what happened. We tried to tell you and now the military have changed their minds."

I know this sort of situation happens sometimes in human operations, but it does leave us who try to keep defense appropriations from being cut without proper reason in an awkward position when we cite your testimony in debate in support of an appropriation.

That is what I am talking about exactly.

This decision may be the right decision; I am not questioning that.

AIRCRAFT CARRIER FORCE STRUCTURE

Senator STENNIS. The significance of four of these *Nimitz*-class, why four? I don't believe you brought that out this morning?

Admiral HOLLOWAY. The significance was more than 4, it was 12. This would provide us the 12th operating and deployable carrier. My rationale was that if we compare the Soviet Navy versus the U.S. Navy today, they lead us in submarines, frigates, destroyers, and

cruisers. The one area in which we have a lead is carriers, so I felt, in view of the buildup in Soviet naval capability which now includes carriers, that I could not recommend that we reduce our deployable carrier force level from 12 to 11. It was on that basis that I recommended that we not reduce our force levels and therefore, build an additional *Nimitz*-class carrier.

Senator STENNIS. Four of the nuclear class carriers would give you one of the three key positions, plus one going or coming or in repair?

Admiral HOLLOWAY. Yes, sir, that was in my testimony, I said, as an ultimate objective, the high end of the number of nuclear powered carriers ought to be six, so we could have three in each ocean. This could be accomplished by a fourth and a fifth *Nimitz*-class carrier.

Senator YOUNG. One question along the line of the chairman's question. It does put us in an awkward position after having fought for that carrier last year and now trying to have to explain to someone, at least my constituents, why I changed my mind. Does the Navy consider the big carriers not as necessary in the future? Are we getting rid of the carriers?

Admiral HOLLOWAY. No, sir, we consider a strong and modern sea-based tactical aviation absolutely essential if we are going to maintain the kind of naval capability that this country, which is a maritime nation, needs to have in the future.

We do think that in the next 15 years we must take advantage of everything that technology has to offer. I could not come before the Congress, for example, and recommend that in fiscal 1979 or in fiscal 1981 that a pure V/STOL carrier be constructed. My reason is that we do not have these high performance V/STOL aircraft to populate such a carrier.

Senator YOUNG. It is a money problem, too; isn't it?

Admiral HOLLOWAY. Yes, sir.

Senator YOUNG. This is an area that concerns me. Can the United States compete with the Russians in the future? Can we ask our people to sacrifice for defense? The Russians can. They can make their people do without in order to build a tremendous military power. If we pursue the direction we are going now, the Russians are sure to have a superior power to the United States.

Chairman McCLELLAN. Senator Hollings?

CARRIER DESIGN REQUIREMENTS

Senator HOLLINGS. I was following right on down logically, Admiral Holloway, when you said 650 feet to land, then the catapult area was about 25-percent additional deck space or length of carrier, which would be 850 to 900 feet. You said once you got that you put below a tonnage vessel of to 50,000 to 60,000 tons. How do you get to that smaller vessel? How are you going to get away from the 50,000 to 60,000 tons?

Admiral HOLLOWAY. We can only get below that size when we go to a pure V/STOL-type carrier.

Senator HOLLINGS. Once you get the conventional capability, you are back to what we rescinded?

Admiral HOLLOWAY. No, sir, the cost is considerably different. We have done a study of a carrier of the minimum size from which we could operate, F-14 and F-18 aircraft that are currently in the inventory or planned.

Senator HOLLINGS. Give me the comparison on that.

Admiral HOLLOWAY. It would be a carrier of 50,000 tons standard displacement. The light displacement would be about 44,000 tons and the full load displacement would be about 58,000 tons. I include those figures specifically because quite often displacements are looked upon as a commitment to a certain size.

The ship would have two screws and a speed of about 28 to 30 knots, two catapults, three arresting gear wires and carry about 60 percent of the aircraft of the *Nimitz* capacity.

In comparison, *Nimitz* has four catapults, four arresting gear wires, and four elevators as compared to two for the smaller carrier. The thought would be, that in developing from this a V/STOL carrier in the future, the V/STOL carrier would probably be the same up to the flight deck level. The cost of arresting gear engines and catapults is not very significant.

NEED FOR THE CVVS

Chairman McCLELLAN. Secretary Claytor, did you wish to make any comment?

Secretary CLAYTOR. It is a great pleasure to be before the committee for the first time and I look forward to other appearances in the future. Although I have only been aboard for about 3 weeks, I have had an opportunity to look into this question. One point I would like to make, as an outsider, one of the most compelling arguments for rescinding the appropriation for another large nuclear carrier seems to be the need to provide balance and flexibility for those responsible for our naval defense in the years ahead, including the period after the turn of the century.

It is really sobering to one who comes from the business community, where 5-year advance planning is about as far as we would normally go, to realize that a major ship we authorize today will spend more than half of its service life in the 21st century and will still be in the fleet in the year 2015, as Dr. Brown mentioned.

We already have four large CVN's that will still be in service in the year 2000. It seems to me that we need more flexibility than another big carrier can provide. We will need more platforms. If we could be sure that we would have V/STOL planes that were fully capable at about the time this ship comes in, we ought not to build one or two 50,000-ton ships, we should build three much smaller platforms for the same price.

I cannot predict, none of us can predict, with confidence what we will be building or want to use in the 1990's, but we should have more flexibility by having more smaller ships at that time to take care of whatever developments take place. The reason for the CCV, I think, is a transition ship to take care of the gap.

The CVV plans will provide more platforms when we have the V/STOL, but will be an interim ship, capable of carrying F-18's for that period when it comes into service before the time when we have the V/STOL as well as V/STOL when they are available.

Secretary BROWN. A big carrier cannot be in two places at once.

Chairman McCLELLAN. Didn't you think of that when you were planning the building of them?

Secretary BROWN. I think the threat has been increasing and the vulnerability, I think, is now more clearly understood. Moreover, the costs have been growing and that has made it clear to all of us that we are going to be able to build more carriers if we make them smaller and less expensive.

COST FACTOR

Chairman McCLELLAN. The cost is a factor in the decision?

Secretary BROWN. Yes, indeed; the \$2 billion initial procurement cost for just the carrier itself, I think, is a very sobering figure.

Chairman McCLELLAN. Was that not one of the prime factors in making the decision?

Secretary BROWN. It is a fact that total expenditures are going to have to be limited. I agree with Senator Young. If we are to preserve our defense, we are going to have to be prepared to spend whatever is necessary, but we have to spend it in the most efficient way.

Senator HOLLINGS. I thank the chairman and particularly this panel for bringing it into sharp focus for me. We have to emphasize costs and other things. Secretary Claytor's statement really gives a primary thrust to the primary problem, namely, the flexibility. That change-over, as Secretary Brown pointed out, and the conventional requirements by Admiral Holloway, we didn't agree just as a decision to save money, we agreed to move the Navy forward and get the flexibility and move into a smaller carrier rather than just carrying out a political pledge to cut the defense budget by 5 percent. It takes it out of that and brings it into the realm of where we can explain it and be proud of it.

FY 1978 FUNDING OF CVV

Senator STENNIS. It seems to me that before we make a decision we should have more support about the so-called little carrier and more of a commitment by the Navy and the administration, too, as to what is going to be the situation about this little carrier. If we are going to maintain the supremacy, there is no law that I know of against putting it in this year's budget, in 1978.

If we are going to rescind what we put in a few months ago, we should put something in and start something new in place of it.

Chairman McCLELLAN. What would be your recommendation on advance procurement for the small carriers? Would you have to get budget approval before you make comment on it?

Admiral HOLLOWAY. Mr. Chairman, I always feel that is earnest money, and it would be very important to us. We could go ahead with planning.

Chairman McCLELLAN. Mr. Secretary?

Secretary BROWN. I have never known a Service to turn down money, Mr. Chairman, but I have a somewhat different responsibility; I do not believe that we have thought through this design to the point where it is ripe for fiscal 1978 moneys. I think we can do the studies we need to do this year, and I think the presentation of the fiscal year budget

1979 is the right time to come in with a specific proposal for the Congress.

Senator STENNIS. The Secretary proves my point. They haven't made enough study, yet they are doing it.

Secretary BROWN. We want to get a different kind of carrier, but we are going to preserve 13 large carriers in the force. That is a great many large carriers.

Chairman McCLELLAN. That is not the issue, whether we build another large carrier or go to the smaller one. You have made the decision to go to the smaller. Will we lose a year's time by not making an advance procurement appropriation in fiscal year 1978 for the CVV?

SCHEDULE SLIPPAGE

Secretary BROWN. I don't think you will lose a year. You may lose a few months.

Chairman McCLELLAN. Is there any way to avoid that? That is what we are trying to find out.

Secretary BROWN. Because it is not a nuclear carrier, as Secretary Claytor points out to me, you don't need such kind of long lead times. The moneys which we obligated will buy components which will be used for spares.

Senator HOLLINGS. One of the points you make is that this is what the Ford administration recommended and we are going along, saving the parts and so on.

Secretary BROWN. That is correct.

Senator HOLLINGS. I am reading from the Chief of Naval Operations:

The above considerations caused the Ford administration to decide it would not request additional funds for that ship but instead would move to an accelerated V/STOL program.

That is the chairman's question and Senator Stennis' question and mine. Are you going to accelerate and go with that part of the Ford program?

Secretary BROWN. Well, the Ford program did propose rescission of the fiscal 1978 money and proposed a CVV for fiscal 1979 and another in 1981. We are going along with that program.

The pacing item to get us to really small, fully capable, less expensive carriers in the V/STOL technology and the development of V/STOL aircraft, and that is where we should put our emphasis, in my opinion. And there are funds in the fiscal 1978 budget to that end. I forget how much but I think I heard Admiral Holloway say two—

Admiral HOLLOWAY. For the advanced V/STOL, the high performance aircraft, \$37 million in fiscal year 1978 and a total of almost \$90 million in fiscal year 1979.

Secretary BROWN. That is the pacing requirement on shifting to small carriers.

V/STOL AIRCRAFT FOR CVV

Senator STENNIS. I understand we were going to use present type planes on the new little carriers.

Secretary BROWN. Only on the transition carrier, the one that leads us into the smaller carriers of the future which will operate V/STOL aircraft.

Senator STENNIS. Just one of those will use the old planes?

Secretary BROWN. As I understand it, that is the plan.

Chairman McCLELLAN. Senator Young?

Senator YOUNG. Admiral Holloway, is it possible to make a V/STOL fighter plane as good as the type we have now, the F-14 or F-18?

Admiral HOLLOWAY. No, sir, in my judgment it would not be until the mid-1990's after the turn of that last decade of the century that we would be able to have a V/STOL aircraft that would have a performance equivalence to the F-14.

Senator YOUNG. Can speed be built into a V/STOL?

Admiral HOLLOWAY. Yes, sir, one of the technologies that we are investigating is a thrust augmented wing which could provide supersonic V/STOL aircraft.

Chairman McCLELLAN. Any other questions?

Senator STENNIS. The question is simply this. Gentlemen, as to the so-called new carrier, in order to have continuity, how many will have to use the present type plane rather than the V/STOL?

Admiral HOLLOWAY. It is my belief that the 1979 and the 1981 carriers which are in the 5-year plan would be of the same design, which would be to handle transition aircraft.

Senator STENNIS. I have heard it as high as four now besides the one you mentioned, or the two. Will another, a third or fourth one have to be built?

Admiral HOLLOWAY. If the high performance V/STOL comes in approximately 1990, for any carriers that are delivered for service prior to that date, I think some consideration has to be given to their being able to operate aircraft available in the fleet at that time.

Senator STENNIS. You wouldn't put them in unless they could be operated?

Admiral HOLLOWAY. That would be my view.

Senator STENNIS. That is on then up through 1990?

Admiral HOLLOWAY. A 5- to 6-year building period between authorization and delivery would mean a V/STOL carrier authorized in 1984 would be operational in 1990. At that time, I think pure V/STOL carriers would be feasible. This, of course, has to be judged anew each year as we look forward to estimate when the high performance V/STOL will be operational.

Secretary BROWN. I think, as one projects the technological situation that we might expect to prevail in 1984 or 1990, we are gazing into a cloudy crystal ball, Senator Stennis. I, myself, think that V/STOL, if we push it hard enough, might come even sooner, and we might not have to have even the second one, the 1981 carrier, which would be delivered in 1987. However, the 1981 carrier might need to be as fully operable with conventional aircraft as with V/STOL aircraft. It might well be that the first two CVV's would have to be transition carriers. I am not convinced that any beyond that would have to be.

Senator STENNIS. A carrier is the most complicated ship ever built; large ship.

Secretary BROWN. Yes; it is a very complicated ship.

QUESTIONS SUBMITTED BY CHAIRMAN McCLELLAN

Chairman McCLELLAN. Mr. Secretary, I have some additional questions. You may respond to them for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for responses subsequent to the hearing:]

NUCLEAR POWERED CARRIER

Chairman McCLELLAN. Studies received by the Committee during the hearings on the Fiscal Year 1977 budget request indicated that a large nuclear carrier was more cost effective than a smaller carrier. Why did the Ford Administration change its mind on the large carrier?

ANSWER. The CVNX Study compared smaller nuclear carriers to the *Nimitz* class, using the *Nimitz* as a reference in terms of capabilities. The effectiveness comparisons were relative in nature and primarily based on sortie rates. The study did not explicitly derive the numbers of sorties or capabilities required for sea control or power projection missions in well defined threat areas and DoD force planning scenarios. Therefore, the study does not support a conclusion that a large nuclear carrier is always more cost effective than a smaller one, because the full sortie capability of a *Nimitz* carrier and air wing would not be efficiently utilized in open ocean sea control operations.

We concur with the decision of the previous Administration that the Navy should plan for a more flexible replacement for large deck carriers than would be provided by continued procurement of the *Nimitz* class. We plan to explore new technologies in ship, missile, and aircraft systems which may offer alternatives to large deck carriers through a combination of new capabilities. We should proceed now with design and procurement of smaller, less expensive but capable carriers in order to help mitigate, to a degree, the increasing vulnerability of our surface Navy by providing larger numbers for a given total cost.

The four nuclear-powered carriers either in the fleet or currently under construction provide a sufficient capability to successfully carry out the Navy's missions in those scenarios in which the benefits of nuclear power can be fully exploited. The smaller conventional carriers (CVV) in the current shipbuilding plan are intended primarily for the sea control missions which would not include large numbers of strike aircraft. The CVV would emphasize anti-air warfare while providing sufficient offensive capability to engage Soviet surface ships. The smaller number of aircraft required for the sea control mission allows construction of smaller carriers.

CARRIER FORCE LEVELS

Chairman McCLELLAN. Have you re-studied the carrier force levels? What is the basis for your decision to support the rescission?

ANSWER. The NSC Study, U.S. Strategy and Naval Force Requirements, examined a series of carrier force levels, ranging from a low of 10 to a high of 20 carriers. President Ford's decision not to procure an additional large-deck carrier was based on the conclusion that the U.S. needs to develop a more flexible replacement for large-deck carriers with the implication of a somewhat larger number of aircraft carriers, not all as individually capable as the *Nimitz* class. The Chief of Naval Operations has indicated that, if whatever smaller carrier we build were designed to be capable of operating some of the conventional aircraft which will be in the inventory during the 1980s, the risk would be markedly reduced. We believe that we should explore new technologies in ship, missile and aircraft systems which may offer prospects of fulfilling the requirements of sea-based air at the lowest possible cost, through a combination of new capabilities. At the same time, we recognize the desirability of designing the CVV to include some V/STOL capability for first-line Navy fighter and attack aircraft, within reasonable limits of carrier size and cost, to give adequate weight to the need for larger numbers of platforms for a given total cost.

FUTURE CARRIERS

Chairman McCLELLAN. Are you serious about building any further carriers?

ANSWER. The Five-Year Defense Plan includes a CVV in fiscal year 1979 and one in fiscal year 1981. Conceptual design studies in support of such a ship have been conducted, and the Navy is directing efforts to commence preliminary design at this time in preparation for authorization in fiscal year 1959. Although the CVV, like all ships in the program, will be subject to review during the preparation of the fiscal year 1979 budget, my current intention is to request funding of a CVV next year.

CARRIER FORCE LEVEL IN FUTURE

Chairman McCLELLAN. What will be the carrier force level between now and the year 1995?

ANSWER. The Navy's current carrier force level is 13. The *Dwight D. Eisenhower* (CVN 69), now under construction, will replace the USS *F. D. Roosevelt* (CV 42) in fiscal year 1977. The *Carl Vinson* (scheduled for delivery in 1980-81) will be nominal replacement for one of the *Forrestal* carriers that will be out of commission while in the carrier service life extension program (SLEP). Approval of the Five-Year Defense Plan will deliver a CVV in 1986 and a CVV in 1987. In 1985 the *Midway* will reach the end of its nominal service life but it should be kept in a non-deployable status depending upon the situation at the time. Thus, in the late 1980s we will have 8 large-deck, conventional carriers (1 in SLEP out of commission), 4 nuclear carriers (3 *Nimitz* class and USS *Enterprise*), 2 CVVs and possibly the *Midway*. Based on the progress of V/STOL technology the Navy envisions the introduction of a new class of aircraft carrier, a CVV, optimized for V/STOL aircraft, in the 1990s. These carriers could replace the *Forrestal* class carriers at the turn of the century.

CARRIER DEPLOYMENT

Chairman McCLELLAN. How do you plan to deploy these carriers in peacetime? In wartime?

ANSWER. In peacetime, we currently maintain about one-third of our carriers forward deployed overseas as combat ready, on scene forces to protect our national interests, encourage our allies, and deter our enemies. These forward deployed carriers and other units are organized into task groups which could be augmented with other forces in periods of tension or crisis. We do not envision a significant change in overall forward deployment levels in the foreseeable future.

In wartime, carriers would be concentrated in the primary theaters of operations to assist in sea control operations and to carry out projection operations as required. Carriers in overhaul or undergoing repair would be readied for combat as rapidly as possible. Operating with surface combatants and submarines, the carrier task force provides the primary offensive power of the Fleet.

LAND-BASED VERSUS SEA-BASED AIRCRAFT

Chairman McCLELLAN. Would it be feasible to drastically reduce the surface Navy and depend on land-based air?

ANSWER. Not in the foreseeable future. We have very effective land-based patrol in the Fleet today. As I am sure you are aware, we are studying the feasibility of extending the Navy's sea control capability with much larger, long range, high endurance aircraft, but we have some very challenging range/endurance/payload problems to solve in Navy land-based aircraft before we can consider further reductions in our sea-based air capability. Even with those major technical problems overcome, it doesn't appear likely that land-based aircraft could provide the visibility, staying power, and flexible response for crisis management that are provided by surface ships on the scene. There is no foreseeable change in the requirement for balanced naval forces—surface, subsurface, and air.

NATO DEFENSE STRATEGY

Chairman McCLELLAN. The Congressional Budget Office suggests that the U.S. should prepare primarily for a central NATO war of short duration and forget about the NATO flanks. Do you agree?

ANSWER. No, sir. The central region of NATO is critical, and we must ensure that our conventional forces are adequate to stop any attack in this region with minimum loss of territory and then to gain the initiative and restore the prewar boundaries. However, placing the primary emphasis on the central region should not be interpreted as a denial of concern for the flank regions. We should also be prepared to stop any invasions by the Warsaw Pact in these areas recognizing that the concentration of force that could be attained in these areas is less than for the central region.

Although the major threat is clearly poised in the NATO center region, the Warsaw Pact possesses the capability to launch attacks in other geographic areas. We can never be sure of Soviet intentions; therefore, structuring forces solely on the basis of a single scenario could leave NATO poorly equipped to cope with other important contingencies, thereby increasing the risk of Soviet miscalculations and aggressions.

Chairman McCLELLAN. Do you agree with studies indicating that a long war in Europe is impossible and that to plan a long term resupply is a waste of money?

ANSWER. The Department does not agree that a long war is impossible, even though its likelihood may be low. The expansion of the production base and the continued production of modern military equipment and ammunition by the Soviet Union and its Warsaw Pact allies is clearly resulting in a growing capability for varying levels and lengths of conflict, including high intensity sustained conflict. Therefore, it is prudent for U.S. and allied planners to consider a long conflict by ensuring that at least an austere level of resupply could be maintained.

Chairman McCLELLAN. In other words, should we depend on forces in place and airborne replacements and then go nuclear if we lose the short conventional war?

ANSWER. It is important to a successful execution of the current NATO forward defense strategy that forces in place and early reinforcements be sufficient to blunt any initial Warsaw Pact attack. Failure to achieve this initial objective would require either an early decision to escalate to nuclear warfare or the mounting of very complex and demanding sustained effort to expand conventional forces to the point where they would be capable of regaining the territory lost due to the failure of the initial defenses. On this basis, an adequate early defense capability must have the highest priority. However, there appears to be a continued need for a full spectrum of defensive capabilities beyond the initial stages of a conventional conflict, that includes an adequate conventional sustaining capability, an effective theater nuclear posture, and reliable strategic nuclear forces.

SHORT-WAR STRATEGY

Chairman McCLELLAN. If we chose a short-war strategy, could we then do away with most of the aircraft carriers?

ANSWER. There are two reasons why we would not do away with our carriers if we chose a short-war strategy.

First, the forward deployed, immediately available striking power of our carriers could be invaluable in the event of sudden, intense conflict, when the demand for tactical air forces will be at a maximum.

Second, our carrier task forces are one of the most influential and effective of our forward deployed forces in terms of their presence value and their capability for crisis response. This last capability, in particular, is one that we would not wish to relinquish, so would probably not want to reduce the carrier force level even if a short-war strategy were adopted.

In addition, there is the question of hedging against the possibility that, even though we planned and structured our forces for a short war, we might find ourselves in a protracted conflict. In that case, carriers would be needed to defend the sea lanes.

PROCUREMENT OF SPARES

Chairman McCLELLAN. Do you really need the spares to be procured with the presently obligated \$268.4 million, or is that a waste of money?

ANSWER. Spare propulsion plant components are needed to support the Fleet operations of the *Nimitz*-class carriers, and procuring needed spares with the presently obligated \$268.4 million is not a waste of money. There is no way to forecast when or in what manner some component, or how many, may fail in

service, or be damaged by unexpected casualties. Likewise, there is no way to predict when space components may be needed to repair battle damage. Therefore, it is prudent to have available, in stock, spare components to return the ship to full operational capability with minimum time out of service in the event of failures, casualties or battle damage.

The components in question include steam generators, reactor coolant pumps, pressurizers, and control rod mechanisms. It is advantageous to procure these required spares now, since delay would significantly increase costs.

TENNECO SHIPYARD

Chairman McCLELLAN. What will you do with the shipyard at Tenneco after the last nuclear carrier is built?

ANSWER. The loss of CVN (nuclear carrier) construction will release resources for other current backlog work and could create a slight void in the years after CVN 70 is completed, depending on the nature or types of work the company is able to attract.

Newport News Shipbuilding and Drydocking Company of the Tenneco Corporation will be a likely contender for construction of CVV conventional-powered carriers and any other large ship programs of the Navy. Also, this capacity could be readily used for construction of SSN 688 class submarines. Moreover, the yard has indicated a desire to increase the amount of commercial business it engages rather than relying on Navy contracts.

Chairman McCLELLAN. Has Tenneco decided to build nuclear liquified natural gas tankers with nuclear capability at the yard?

ANSWER. Newport News has signed a letter of intent with Globtack Tankers U.S. Inc. to build three 600,000 ton vessels with delivery dates in the 1980s. They could start construction upon completion of their current unfinished commercial tankers at the new north yard, or the new tankers could be built in the carrier building dock at the south yard.

Chairman McCLELLAN. If they do, should the U.S. Government insist on a recoupment for the federal funds that have built up the capability Tenneco will inherit from the Navy program?

ANSWER. No federal funds have been directly used to establish CVN program construction capacity at Newport News Shipbuilding and Drydocking Company. In any event, the nuclear tankers will most likely be built in the new north commercial yard, now nearing completion, which can more efficiently build ships of this type. This new yard was built entirely with Tenneco funds.

FUNDING FOR NUCLEAR CARRIER

Chairman McCLELLAN. What would it cost in addition to the funds appropriated in fiscal year 1977 to complete the nuclear carrier?

ANSWER. In addition to the \$350 million appropriated in fiscal year 1977, the Navy had originally requested \$410 million in fiscal year 1978 and \$1223.5 million in fiscal year 1979 for a total program cost of \$1983.5 million. This additional *Nimitz* carrier would have been delivered in fiscal year 1984.

CVV FUNDING ESTIMATE

Chairman McCLELLAN. Will you be able to design and procure a smaller carrier for that amount?

ANSWER. The latest estimate for a CVV, authorized in fiscal year 1979 for delivery in fiscal year 1986, is \$1,250 million. This does not include approximately \$31 million for design efforts in fiscal years 1977, 1978, and 1979.

USS LONG BEACH CONVERSION

Chairman McCLELLAN. When would the Navy start an Aegis conversion in the *Long Beach* if this rescission was not approved? How long would it take?

ANSWER. The conversion could start two years after funds were made available to the Navy. The conversion would take about three years to complete.

Chairman McCLELLAN. How much would the total cost of the *Long Beach* overhaul and modernization be?

ANSWER. The total cost of conversion of *Long Beach* to a Strike Cruiser including the Aegis system, would be \$790 million in fiscal year 1978 dollars.

Chairman McCLELLAN. How much of that will be for Aegis?

ANSWER. Of that figure, \$257.3 million is for Aegis.

Chairman McCLELLAN. What will it cost to overhaul and modernize the *Long Beach* without Aegis?

ANSWER. The ship overhaul and some modernization of the existing combat system will cost \$257 million in fiscal year 1978 dollars.

Chairman McCLELLAN. How long a life would you expect from an Aegis equipped *Long Beach*?

ANSWER. The Navy has estimated *Long Beach* could operate until the year 1996 (35 year service life) but could be extended until 2006 (45 year service life) if given a service life extension.

Chairman McCLELLAN. Will you have any Aegis equipped nuclear escorts without *Long Beach*?

ANSWER. The Department is examining various alternatives for putting Aegis aboard nuclear ships. When this examination is complete, we intend to recommend a program to provide Aegis equipped nuclear escorts.

Chairman McCLELLAN. Would one nuclear capable Aegis ship give you any significant capability over a DDG-47 force?

ANSWER. Yes. We would then have the ability to operate on all nuclear-powered task force with the protection Aegis affords. In some situations, with only a DDG-47 force, we would have to choose between limiting the speed of advance of the nuclear-powered carriers to those of the conventionally powered escorts, or leaving the Aegis equipped ships behind to use the full capabilities of nuclear power.

Chairman McCLELLAN. Where would you conduct an overhaul of the *Long Beach*? Why there?

ANSWER. The Navy selected Puget Sound Naval Shipyard for the overhaul. There were a number of considerations, but the capability to perform work on a nuclear power plant and the proven ability to conduct a weapon system modernization were important considerations in the selection.

Chairman McCLELLAN. Aegis is too large for the DDG-47. It was designed for a large nuclear ship. Why not cancel the Aegis and build a system to fit on the smaller ships?

ANSWER. Although Aegis was originally intended for a large nuclear ship, the research and development effort was redirected in December 1971 to make the system compatible with smaller ships. Aegis now fits the DDG-17 and provides adequate room and margins for the other essential weapons and sensors. Since Aegis began engineering development in 1969 and provides a quantum improvement in anti-air warfare capability, we can ill afford to cancel it and begin the long research and development process which would be required for a new system. Aegis development is mature and the system is essentially ready to go into production. Aegis is the only shipboard anti-air warfare weapons system in existence or under development capable of countering the present and future anti-ship missile threat, and for that reason we need to get it to sea as soon as possible.

RETIRED PAY

Chairman McCLELLAN. Explain the calculation behind the \$143.6 million proposed rescission for retired pay?

ANSWER. Based on latest available actual experience, current OMB economic assumptions, and the recently enacted annuity adjustment mechanism, the current estimate of funds required for fiscal year 1977 is \$8,238.1 million, or \$143.6 million less than the \$8,381.7 million appropriated for fiscal year 1977. Accordingly, rescission of the \$143.6 million is proposed.

The revised estimate reflects a number of increases and decreases from the estimates upon which the fiscal year 1977 appropriation was based. Increases are related to higher-than-budgeted average manpower strength, October 1, 1976 pay raise costs, Survivor Benefit plan changes enacted in October 1976, and a revised estimate of the fiscal year 1977 impact of the March 1976 CPI increase. Decreases are related to lower-than-estimated average rates (exclusive of CPI adjustments) and to the changes in the amount and timing of CPI-related annuity adjustments based on later economic data and the revised annuity adjustment mechanism.

The following table shows the amounts related to the various changes:

	<i>In millions</i>
Average strength change.....	+\$47.2
Average rate change.....	-142.3
October 1976 military pay raise.....	+7.5
Survivor benefit plan change (Public Law 94-496).....	+7.0
Revised March 1976 CPI impact.....	+27.6
Fiscal year 1977 CPI amounts and adjustment mechanism differences...	-104.2
Other adjustment.....	+13.6
Total	-143.6

Chairman McCLELLAN. Is there any more recent information that would tend to increase or decrease the rescission originally submitted?

ANSWER. No, sir. Data based on current experience indicates that the \$143.6 million is still a reasonable estimate of the amount which will not be required.

Chairman McCLELLAN. Do you feel comfortable about rescinding all of the funds proposed?

ANSWER. While it would be more comfortable to have fewer months remaining in the fiscal year, we are reasonably confident that the \$143.6 million proposed for rescission will not be required. It is not possible at this time to predict the precise amount that will be needed for the year, but our best judgment is that it will be slightly below the amount available after the rescission.

Chairman McCLELLAN. What have been the monthly retired pay obligations and expenditures to date in fiscal year 1977? What do you project for a monthly average for the remaining months?

ANSWER: The information follows:

[In millions of dollars]

Fiscal month	Obligations		Expenditures	
	Month	Cumulative	Month	Cumulative
Actual:				
October.....	653.8	653.8	652.3	652.3
November.....	654.7	1,308.5	654.9	1,307.2
December.....	657.0	1,965.5	657.2	1,964.4
January.....	658.8	2,624.3	658.5	2,622.9
Estimate:				
February.....	663.6	3,287.9		
March.....	697.1	3,985.0		
April.....	699.0	4,684.0		
May.....	700.9	5,384.9		
June.....	703.5	6,088.4		
July.....	706.7	6,795.1		
August.....	709.8	7,504.9		
September.....	733.2	8,238.1		

¹ Includes 4.8 percent CPI increase.

² Includes 2.7 percent CPI increase.

It is currently projected that a monthly average of \$701.7 million will be obligated for the remaining months in FY 1977.

ADVANCED LOGISTICS SYSTEM

Chairman McCLELLAN. Discuss the total amounts appropriated for the Advanced Logistics System (ALS) and indicate how much has been obligated and expended to date.

ANSWER. A total of \$35.8 million in "other procurement funds" was appropriated for ALS in fiscal year 1975. The Air Force obligated and expended \$21.4 million of these funds as follows: \$8 million to extend the Air Force's option to purchase the CDC equipment and protect approximately \$55 million in accrued credits, and \$13.4 million for purchase of the equipment in accordance with the Congressional direction. The balance of the appropriated funds (\$14.4 million) was not obligated and was the amount proposed for rescission. All other expenditures for ALS development were operating appropriations. These expenditures were terminated on 15 December 1975.

ALS CONTRACT STATUS

Chairman McCLELLAN. What is the current status of the ALS contract?

ANSWER. The ADP equipment to support the Advanced Logistics System (ALS) was acquired under a standard competitive ADP type contract and provided for normal lease, maintenance, and purchase option in accordance with GSA ADP procedures. There was never a contract with the Control Data Corporation to provide an Advanced Logistics System. Provisions of the ADP support contract permitted the Air Force to purchase the equipment as directed by the Committee. Follow-on maintenance for the purchased hardware was also available under the contract, and the Air Force determined that it was in the best interest of the Government to continue maintenance of the hardware under the contract. The only other option, competitive selection of a new vendor for follow-on maintenance, was judged to be more costly. Consequently, termination of ALS development, in accordance with Congressional direction, necessitated continuation of the CDC ADPE support contract.

CURRENT SYSTEM IN USE

Chairman McCLELLAN. What is the current system being used instead of ALS?

ANSWER. The AFLC logistics management system consists of many interfacing functional systems rather than one fully integrated system. The systems existing today are those systems which were operating prior to and during the Advanced Logistics System (ALS) development. These systems run on a variety of ADP equipment. Certain mission-essential, non-deferrable functional applications have been approved for improving current systems. These improvements are consistent with Congressional guidance for interim development.

AIR FORCE PLANS FOR ALS REPLACEMENT

Chairman McCLELLAN. What are the Air Force's plans for an ALS replacement? What is its estimated cost?

ANSWER. Future development efforts within the AFLC (Air Force Logistics Command) will be based on the recognition that the AFLC logistics management system consists of several interfacing functional processes rather than one, fully integrated system. A concept of modular upgrading, or a build-in-present-capability approach, logically follows. Implementation will be incremental, so that capability can be added without the trauma and disruption often associated with major turn-key system implementations. Changes to systems will occur according to priority, as resources are available. Validation and approval will be done as functional requirements are identified, defined, and developed.

A requirements validation process has been developed within AFLC which will critically review any future proposed changes to the baseline systems and ensure that valid requirements exist. This process will allow effective management of logistics systems improvements from the inception of the concept through implementation.

Currently, the AFLC is developing a long-range logistics Management Information System Master Plan. This plan will consist of a long-range Logistics Capabilities Plan and a supporting long-range ADP Capabilities Plan. Together they will provide the architecture for future AFLC functional requirements and ADP support. This plan will be submitted to the Secretary of Defense for approval in late fiscal year 1977, as directed by the Committee.

Estimated costs are unknown at this time.

QUESTIONS SUBMITTED BY SENATOR YOUNG

Senator YOUNG. I, also, have some additional questions which may be answered for the record.

[The following questions were not asked at the hearing, but were submitted to the Department for responses subsequent to the hearing:]

COMBAT CAPABILITY

Senator YOUNG. Mr. Secretary, this rescission that pertains to shipbuilding brings up the issue of the big nuclear carrier versus a smaller conventional carrier. How does the combat capability of the big nuclear carrier compare with the smaller conventional carrier?

ANSWER. A measure of effectiveness for aircraft carriers in projection operations (conducting strikes against targets ashore) is the number of aircraft sorties which can be generated for a sustained period. On this basis alone, one could conclude that a *Nimitz* class carrier would be slightly less than twice as effective as a conventional CVV. However, for sea control operations (such as defense of the sea lanes against aircraft or surface combatants) in which a high sortie rate is not required and for which the CVV is very well suited, a more appropriate measure of effectiveness is the extent of the geographical area which can be covered by the available carriers. Since we can afford more CVV's than *Nimitz* carriers, it follows that on a force-wide basis two CVVs will be much more effective in sea control than would one *Nimitz* carrier.

Senator YOUNG. How many and what type of combat aircraft would you plan to put on the smaller carrier? How does this compare with the larger carrier?

ANSWER. As presently envisioned, the CVV will support 50-55 combat aircraft. This figure compares to 90-95 combat aircraft carried on the *Nimitz*-class carriers. The CVV will be capable of operating the Navy's present inventory of aircraft, including the F/A-18.

CONCLUSION OF HEARING

Chairman McCLELLAN. Thank you very much, gentlemen.

The subcommittee will now stand in recess and reconvene at the call of the Chair.

[Whereupon, at 11:45 a.m., Tuesday, March 8, the hearing was concluded and the subcommittee was recessed to reconvene at the call of the Chair.]



