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Senate Hearings

Before the Committee on Appropriations

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Fiscal Year 1982

97th CONGRESS, FIRST SESSION

PART 1—POSTURE STATEMENTS (Pages 1–618)

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

FIRST SESSION

Printed for the use of the Committee on Appropriations

PART 1—Posture Statements (Pages 1–618)

Secretaries of:
Department of Defense
Department of the Army
Department of the Navy
Department of the Air Force

U.S. GOVERNMENT PRINTING OFFICE

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

MONDAY, MARCH 9, 1981

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

The subcommittee met at 8 a.m., in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Weicker, Garn, Andrews, Kasten, Rudman, Stennis, and Hollings.

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE

STATEMENTS OF:
HON. CASPAR W. WEINBERGER, SECRETARY OF DEFENSE
GEN. DAVID C. JONES, USAF, CHAIRMAN, JOINT CHIEFS OF STAFF

PREPARED STATEMENT OF HON. TED STEVENS

Senator STEVENS. The subcommittee will come to order.

Good morning, Mr. Secretary.

This is the first of our hearings on the fiscal year 1982 budget request for the Department of Defense.

We are pleased to have you here, and to have General Jones with us, to discuss fiscal year 1982 and the supplemental for 1981.

I have a statement here which I will put in the record, which discusses the presentation that you have given me.

[The statement follows:]

Today we begin our hearings on the fiscal year 1982 budget request for the Department of Defense.

We are honored to receive the testimony of the Honorable Caspar W. Weinberger, Secretary of Defense, and General David C. Jones, Chairman of the Joint Chiefs of Staff on the revised Defense Budget for fiscal year 1982 and the Supplemental for fiscal year 1981.

Gentleman, on behalf of all our members, let me welcome you. We are confident our relationship with you will be one of cooperation as we begin the consideration of the largest peacetime Defense budget ever presented to Congress. This $214.1 billion request is certainly a sign that our nation is serious in its determination to improve the qualitative posture of our armed forces.

However, I want to make it perfectly clear that the Subcommittee will carefully review the budget proposals for weakness as well as strength. And when we report this bill sometime later this summer, it is my intention that it will have the full support of all our members.

I believe that our hearing process will enable our members to receive the background necessary for all of us to base our decisions on the budget request. The

hearings which are scheduled through mid-June will cover all aspects of the Defense request, and I hope that our members will attend as many hearings as possible.

It is our understanding that the budget request for the Department of Defense that will be presented today consists of a request, as I mentioned earlier, of $214.1 billion in Total Obligational Authority (TOA) and $180.1 billion in outlays. Also to be presented is an additional supplemental request for fiscal year 1981 of $6.8 billion. The fiscal year 1981 outlays including the supplemental are estimated at $154.2 billion and fiscal year 1982 at $180.1 billion, an increase of about 17 percent.

The revised budget requests funds for an additional pay raise for the military of 5.3 percent to be effective July 1, 1981, improved readiness, additional aircraft, ships, tanks and weapons. A few of the items this subcommittee will be most interested in receiving detailed information on are: the Long Range Combat Aircraft, a new nuclear carrier (CVN-72), the Rapid Deployment Force, and the reactivation of the battleships New Jersey and Iowa as well as the aircraft carrier Oriskany.

It is the intention of the subcommittee to hold hearings open to the public to the maximum extent possible. However, when the witness or the subcommittee feels that the material to be covered cannot be fully and appropriately discussed in open session, the Chair will propose that the hearing be closed in order to protect security items in accordance with Senate Rules. When it is necessary to close the hearing, I will request the witnesses and members to hold their questions and remarks until all matters that can be covered in open session are concluded. Then, the hearing can be closed with minimum disruption and inconvenience to those who will be required to leave.

Again, Mr. Secretary and General Jones, welcome. You may present your statement as you so desire. If you wish, you may place your detailed statement in the record.

HEARING PROCEDURE

Senator STEVENS. This is also the first meeting of the Defense Subcommittee.

I have discussed this with the ranking minority member, Senator Stennis, who, incidentally, sends his regrets. He had to go home this weekend, and he has not come back into town yet. We did discuss the hour and both of us felt it was possible to have these hearings early and then enable the members to go on to their second committee meetings.

I am delighted to have you here and delighted to have my colleagues here with us this morning.

If there is no objection, we also intend to impose the 5-minute rule, gentlemen, so that everyone will have a chance to ask the Secretary and General Jones questions before we get into the details that may be required later on.

Mr. Secretary, please feel free to summarize your statement and we will print it in full in the record, and the supplemental statement that you also gave to us.

I did go over it last night and I am delighted to see the approach that the new administration is taking in the area of the jurisdiction of this committee.

U.S. MILITARY CAPABILITIES

Secretary WEINBERGER. Thank you very much, and it is a pleasure to be here, and we welcome the opportunity to meet with you and to discuss the plans that we have for this second half of the administation's program to revitalize the military.

Senator STEVENS. May I interrupt first? If you feel that it is necessary to go into matters which require a closed session, if you will indicate that to us, I will make a motion to close the committee's open session.

Secretary WEINBERGER. Very good. We will do that if it seems to be necessary to respond to your questions.

The first half of the program was presented in February, when the President took the major step proposing what amounts to ready an economic revolution with a total change of fiscal policy.

This is the second half. It is designed to show and to bring about the strengthening of America's military posture and military capabilities, which we feel have been allowed to fall into neglect in the last few years. We now need to have this balance redressed as quickly as possible.

The statement is a rather lengthy one, Mr. Chairman, and I will be glad to summarize it, since you have said that it will all appear in the record.

Basically, the points we wish to make are roughly the following:

SOVIET MILITARY STRENGTHS

Soviet strength has increased in a number of ways. The Soviet military buildup is particularly striking to one such as myself who had regular daily briefings until 1975 and then none at all until 1981. The difference in Soviet capability and postures during this time period are striking and disturbing, particularly on the naval side. Considering there was no change in the imbalances on the land side in the central front, and indeed in all areas where the Soviets improved both their strategic and their conventional forces.

These events, it seems to me, have not been paralleled in any respect by any of our own activities. As a result we find ourselves in a situation where if we wish to maintain the deterrents that are necessary to discourage attack from any quarter on us, it seems vital to me that we increase both our strategic and our conventional strength.

STRATEGIES AND PRIORITIES

We have two basic strategies and priorities:

The first is that we feel it is necessary to increase readiness in the very broadest sense of the term. That is, we need to persuade more and more of the people that we have in the service to remain, to attract more people on a voluntary basis, and to improve our conventional capabilities as well as make a major start on improving our strategic forces. This is so we can bring these forces back into sufficient positioning where they will operate as a successful deterrent, where they will make it clear to any foe that we have a basic response that should make the cost of an attack upon us unacceptably high.

This is basically what we are trying to do. We feel that it needs and requires improvements in readiness on the fiscal level for both conventional and strategic forces.

The budget we have presented, which is both an addition to 1981 and a revision of 1982, does not consist of what you might call the normal changes that an incoming administration would make in the budgets of their predecessors; they are, in fact, very complete revisions, to the point of being almost a fully new budget.

As such, these actions have been taken in a very short time, something under 4 or 4½ weeks for the most part, and still they

reflect a very substantial review of a number of these programs. In one or two cases the actual policy decisions have not yet been made, but in order not to delay any of these projects, because we do feel the imperative of speed very, very strongly, we have requested the necessary project funds, with formal policy decisions to be submitted later.

This is specifically true of the MX, where we have no doubt whatever as to the importance and necessity of the new missile, where we are still reviewing the basing mode and do not at this point recommend any particular course to you.

With the manned bomber, again, we have put funds in the budget and, again, we are not quite ready at this point to recommend precisely which of two or three alternatives we would ultimately suggest to you. But this is not an untenable posture to be in, because any incoming administration, with the responsibility for 4 years, would certainly want to have an opportunity to review major policy decisions that were made before, so long as there are no delays caused in meeting military necessities; and we feel that there would not be delays caused by our desire to review such matters.

BUDGET REVISIONS

The budget revisions, then, in terms of obligational authority, entail an increase of $6.8 billion for fiscal year 1981, and that would bring the total Defense budget for that period to $178 billion; and in fiscal year 1982 we ask for an increase of $25.6 billion, which would bring the total program to $222 billion. Outlays would go up about $5.8 billion for the 2 years together, bringing fiscal year 1982 outlays to a level some 17 percent higher than fiscal year 1981 outlays.

The revisions are designed to increase our readiness, to improve our ability to recruit, to retain personnel; to modernize the forces; to insure naval superiority, improve modernization and quality of life; and to address fact-of-life changes. Some of the revisions to the 1981 Supplemental are revisions necessary to fund the salary increase that was voted by the Congress last fall, and some are designed to bring about an increase of 5.3 percent, starting July 1.

We also have requests for increases in October and we think with these three together we will have the salaries of military personnel back to a reasonable and appropriate level. We are very hopeful that with these three increases we will be able to attract enough people and it will not be necessary to resort to the compulsive aspect of the draft. We certainly want to watch that very carefully, and we would not want any slight set back of our recovery by not having sufficient manpower, and would not hesitate to request a draft if needed. But we hope it will not be needed; because of the compulsory element involved which the President is very conscious of and very anxious to avoid, and because of the effect it could have on the general fabric of society.

In the course of doing all of this, we have not overlooked the need for economies and elimination of waste wherever we can find it. We have reported that the various revisions that we have made will, we believe, save the taxpayers about $4.5 billion, and $3.2 billion of that will be in the fiscal years 1981 and 1982. These are,

in effect, savings that eliminate the need for us to ask for more for the kind of readiness that we think is essential.

Since the proposed new outlays we are requesting in 1981 and 1982 amount to $5.8 billion, the budetary savings that we believe we have been able to report, $3.2 billion, is a substantial percentage although it is only a beginning. We will have much more time in the 1983 budget preparation to put into effect what I hope will be very substantial changes in both the procurement cycle and internal management, and to recommend some base realignments to you, all of which can result in additional savings.

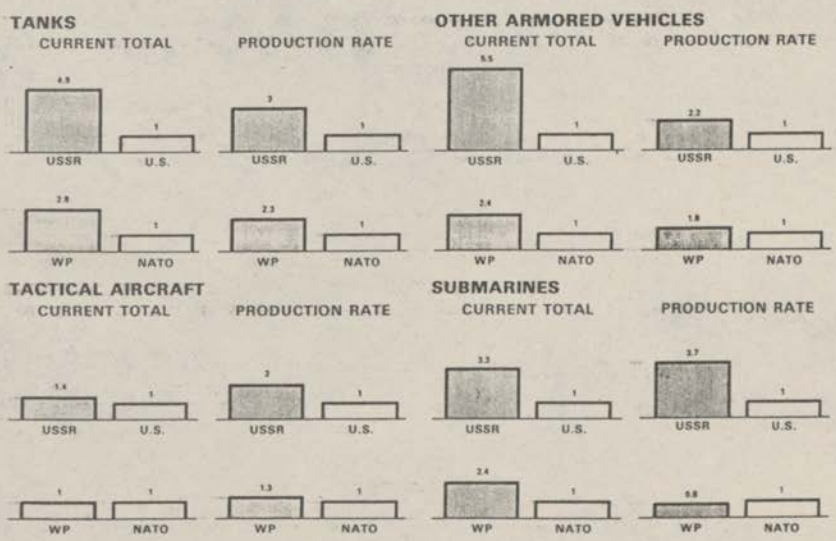
However, it should be clear we will need to have more funds to do the kind of revival of the defense capability we need, and these savings will primarily reduce the amount of increase we would otherwise have to ask for; but I think they are essential because they will bring, I hope, to the American people, the confidence that the money is being well and carefully spent.

We are not going to ask for anything more than we think is essential, and we certainly would hope, in the course of administering the funds that you will vote, that this administration can produce additional savings, which we will, of course, report promptly to you.

Mr. Chairman, that is a general summary of the matters that we would like to present.

We emphasize, again, the growing strength of the Soviets and the resultant imbalance we now have in a number of areas; and, particularly, these are set forth on the chart we have here.

RATIO COMPARISON OF PRODUCTION RATES (ANNUAL AVERAGE 1974-1980) AND CURRENT TOTALS (1980)



[CHART 1]

NATO AND WARSAW PACT FORCES

This shows the difference between the NATO forces—it is opposite page 5 in my statement, Chart No. 4—and it shows the differences in production rates as well as current totals of both our forces as opposed to the U.S.S.R. and the Warsaw Pact nations as opposed to the NATO nations.

You will see some very significant imbalances against our side in that chart, with respect to tanks particularly, armored vehicles, submarines, and a number of other very important categories.

Those would be essentially the points I would think should be emphasized, and I would be delighted to try to take your questions.

PREPARED STATEMENT

I have my prepared statement which I will submit for the record at this time.

[The statement follows:]

PREPARED STATEMENT OF CASPAR W. WEINBERGER

SECRETARY OF DEFENSE

Mr. Chairman, Committee Members:

It is a great pleasure to come before this Committee to present the second half of the Administration's program to revitalize America. The first half was presented to you by President Reagan on February 18th, and was directed to the revitalization of American economic strength. Today, I want to discuss the revitalization of American military strength.

The two are inseparable. Without an adequate defense, we cannot meet our responsibilities and protect our interests around the world.

The President has determined that our defense budget must be increased if we are to preserve peace and freedom.

Today, the budget is not sufficient for our strategic needs. It is clearly inadequate to support our widespread commitments in peacetime. Further, it constrains our ability to meet challenges to our interests in time of crisis. The result has been a diminution of confidence in the United States among our partners in the Western Alliance and elsewhere. The perception of our inability to respond adequately and promptly has served to encourage Soviet and Soviet-inspired exploitation of areas of instability.

Mr. Chairman, it is neither reasonable nor prudent to view the Soviet military build-up as defensive in nature. It would be dangerously naive to expect the Soviet Union, if it once achieves clear military superiority, not to try to exploit their military capability even more fully than they are now doing. We must assume some rationale behind the Soviets' enormous allocation of resources to the military at the expense of other basic human needs.

In fact, we have clear evidence of aggressive Soviet activity around the globe--including the training and support of terrorists; the use of military assistance and proxies, as in the case of El Salvador; the implicit threat of direct military intervention; and, in Afghanistan, actual invasion.

This Soviet activity, unchallenged in recent years by the United States, has led to Soviet gains and the growing perception that the Soviets and their proxies can act with impunity. This trend must be halted and then reversed. But that can happen only if we manifest the capability and the will to follow through.

As a response to the Soviet Union's massive arms build-up and its persistent attempts to destabilize selected legitimate governments and replace them with regimes of its own choosing, the Carter Administration proposed a modest increase in the real level of spending over the previous year. While such a proposal did represent a turnabout in the Carter Administration's own attitude, we do not believe that the increase proposed is adequate to the dangers that we perceive and that we must guard against. Our proposed increases would significantly and quickly strengthen our ability to respond to the Soviet threat at all levels of conflict and in all areas of the world vital to our national interest. They strengthen our forces today by emphasizing expenditures for readiness and personnel; they will strengthen our forces tomorrow by increasing and accelerating our investment in new weapons.

It is important to understand, in considering our supplemental request and budget amendment, that the principal shortcoming of the defense budget we inherited is not so much that it omitted critical programs entirely in order fully to fund others, but rather that it failed to provide full funding for many programs it conceded were necessary but felt unable to afford. To correct this defect requires, of course, that we propose corresponding increases in the same programs--programs that, in our view, we cannot afford <u>not</u> to fund adequately.

It is critical to recognize, however, that it is the across-the-board-suppression of past defense budgets that is the direct cause of the need now for across-the-board increases. Program levels in the budget submitted to the Congress in January were characteristically suppressed below optimum levels, not eliminated; programs were typically delayed as a result, not--with some notable exceptions--terminated. The budget, in short, temporized. We do not believe we

can afford to temporize any longer in the face of the Soviet threat; the time for taking our time has ended.

Mr. Chairman, the history of global conflict has taught us a major lesson: that the refusal to respond to a major challenge, by preparing for conflict, has invited conflict. There is another, potentially conclusive, lesson. It is that nations may reach such a level of unpreparedness that they will become afraid to redress the situation for fear of provoking the conflict they are seeking to prevent. We must never permit ourselves to slip to that level of unpreparedness.

Simply put, Mr. Chairman, we are being forced into a continuing and, apparently, long-term military and political competition with the Soviets, and we are not maintaining a competitive position. The CIA estimates of the dollar cost of the Soviet military effort show it to be approximately 50 percent larger than ours. It has been larger than our effort for more than a decade. Projections also show that the Soviet effort is likely to continue to grow at about three percent a year. Unless economic and other internal problems force some reconsideration by them later in the '80s, there is no prospect for any slowing of the pace that the Soviets have been maintaining since the early '60s.

But even more critical is the comparison of the investment portions of the Soviet and US programs. CIA estimates the Soviet investment (procurement, military construction, and research and development) has been larger than ours since 1971. In the last 10 years, the cumulative excess of Soviet investment over our own is $355 billion in 1982 dollars. The Soviet investment program is about 90 percent larger than ours, which means they are adding on the order of $50 billion per year investment more than we are.

I recognize that this does not take into account the total allied contribution. But even counting that, Soviet investment is still far ahead of the combined allied investment. Also, as the Soviets pursue their unstinting efforts to undermine Western European and Japanese defense relationships with the United States, it becomes increasingly important that we and our Allies maintain a strong allied defense commitment.

The United States is faced now, and has been for some time, with a very basic strategic decision. If we continue at anything like the levels of expenditure of the recent past, by the middle '80s we will clearly be second in military power to the Soviet Union, with all of the consequences that would entail for our own security, the cohesion of our alliances, and the worldwide protection of our interests. The alternative is to increase the level of our expenditures for the things that will most strengthen our defense. If we are to make up for lost ground, we have to get the US investment substantially above the annual growth rate that has been planned.

We must begin now. We no longer have the luxury of a leisurely period in which to correct years of neglect. We no longer have that comfortable, reassuring abundance of economic, political, and military power, which permitted us to withstand and overcome error in earlier periods. The margin for error is gone. Someone, comparing my prior post with my present one, said, "The difference is that at HEW, you could afford a mistake."

We begin with the recognition that we have not, as we thought, saved money by reducing military spending in the last decade; we have merely postponed spending. And now we must resume it in a time when high inflation gives a false impression of just how much we are really devoting to our defense needs.

We request no more than we can spend efficiently. But it is fair to tell you that our expenditures will increase substantially, as we increase our ability to spend efficiently and effectively.

The efficient application of our defense capabilities requires efficient spending. As I have indicated, the Soviet challenge is not static, but takes different forms at different times in different areas of the world. These circumstances militate in favor of a US strategy of countervailing power. Belaboring the obvious, Mr. Chairman, the aggressive actions of the Soviets are not directed to points of maximal US strength. We must not pursue a defense strategy that anticipates a point-to-point response to these actions, but rather one which permits us to take full advantage of Soviet vulnerabilities.

Though such a strategy multiplies our options and maximizes our capabilities, it must still be anchored in certain geopolitical realities. One of those realities is our dependence on foreign energy sources. The umbilical cord of the industrialized free world runs through the Strait of Hormuz into the Arabian Gulf and the nations which surround it.

That area, Southwest Asia and the Gulf, is and will be the fulcrum of contention for the foreseeable future.

Within that future, the Soviet Union will almost certainly become a net energy importer. Thus, coupled with their economic necessity for eventual access to the Gulf oil basin is their long-range objective of denying access to oil by the West, and, short of that goal, increasing the economic and political cost of our access.

We cannot deter that effort from seven thousand miles away. We have to be there. We have to be there in a credible way.

Neither our present strategic doctrine nor present military capability allow for that necessity. Today, we are borrowing from strained resources to maintain any presence there at all. Our ability to project force into the region is inadequate, and unfortunately dependent on our willingness to reduce our strength on other fronts so as to respond to a major challenge there. It is for this reason that we must have a presence in the region, and there must be facilities there that we can use to make our presence credible. There must be no doubt about our intentions toward this region, Mr. Chairman. Our vital interests are involved there, as are of course the vital interests of our allies and of the independent nations of that region, and we will confront by military force, if necessary, any Soviet or Soviet-inspired threat to those combined interests.

We have gone through a period of national uncertainty as to our proper role in the world, thus projecting an image of weakened will and irresolution, and sowing doubt among our allies. We are determined to demonstrate once again to our allies the reliability and value of American friendship, and we are confident that they will want to join with us in assuming a fair share of an enhanced defense effort. Already, the allies contribute substantially to the collective Western capabilities; indeed, one of the great strengths

of our Alliance is that, unlike the Warsaw Pact, no one partner dominates the others, in terms of military or political contributions. The realities confronting us, however, dictate even greater efforts by all in the future.

We cannot fault our allies for insufficient contributions to the common defense, when they have merely duplicated our own behavior. We may have set a bad example of ourselves, doubling the proportion of GNP devoted to social spending and to major efforts to redistribute income, while cutting in half the level of effort devoted to defense.

In one respect, we are even falling behind our allies' contribution and that is in the capacity of our industrial base. The restoration of that base will come with the revitalization of our economy. But it will not come overnight, and it is inadequate now.

It is essential that we develop a more rational "division of labor," under which our NATO allies and Japan will be asked to join us in contributing more to the common defense. This division of labor will be a major thrust of the Reagan Administration's defense policy.

Ultimately, it is the task of political leadership to reinstate, re-invigorate and re-direct a unified response by the Western Alliance to its and our vulnerability. Let there be no doubt that President Reagan will provide that leadership in full measure. Let there be no doubt either, that America can and will respond, as of old, to such leadership.

There are two broad ways of achieving greater collective defense capabilities: one is for each ally to spend more; the other is to achieve greater multi-national capability in what we do spend collectively. We will propose cooperative ventures in the development and production of new weaponry and high technology equipment as a means of modernizing allied as well as US forces. The greater the efficiency in coalition defense, the less added spending will be needed. My meetings with several NATO defense and foreign ministers lead me to be quite encouraged as to the prospects for this approach.

We will work to promote greater commonality in doctrine, tactics,

training, and procedures. The recent agreement among 12 NATO nations for joint undergraduate jet pilot training provides one useful model for expanded cooperative efforts along these lines.

The modernization of theater nuclear forces is another important program for the defense of Europe, to which the United States is committed. In December 1979, a consensus was reached in the Alliance to proceed with the deployment of these weapons, while pursuing parallel arms control efforts with the Soviets. The budget before you incorporates the necessary funding to proceed in accordance with that agreement. As we proceed with implementing this dual-track approach, it is absolutely essential that we and all our NATO partners continue to support and uphold that agreement.

While security requirements for Southwest Asia and in Europe loom particularly large in our budget, our commitments and interests in other regions will not be neglected. We have important obligations towards our Allies in Asia and the Pacific region and towards our friends in Africa. We have a vital concern for the peace and stability of Central America and the Caribbean.

But the ultimate back-up for our defense posture resides in our nuclear forces. While modernization of theater nuclear forces will alleviate the nuclear imbalance in Europe, one of the most disturbing developments we confront is the continuing deterioration of the balance in intercontinental nuclear arms. We must make large investments in this area to deter the ultimate catastrophe. It is unacceptable to find ourselves today facing the prospect of Soviet strategic superiority and to watch the Soviet Union mass-producing both land-based missiles and a manned bomber fleet, while the United States has an open production line for neither.

Our descent from a position of clear strategic superiority, to the present perilous situation concided with our strenuous attempt to bring the arms competition under control through negotiated agreements with the Soviet Union. Rarely in history have we or any great nation pursued such noble goals, risked so much, and yet gained so little.

In no area have we ignored reality so long as in our effort to negotiate and enforce arms control. We have pursued the elusive

hope that by setting an example by our own actions, we might stabilize and then reduce the level of armaments of others.

But what was the result?

We did succeed in restraining our own strategic arms programs, but certainly not those of the Soviet Union. The SALT I accord on offensive arms did not significantly impede the growth of the strategic offensive capacity of the Soviet Union; as for SALT II, had you ratified it in the form proposed, that treaty would have permitted an enormous further increase in Soviet offensive capacity, while presenting the danger of lulling us into a false sense of security.

This Administration remains committed to equitable and verifiable arms control. But, our experience over the last two decades has demonstrated that we are not going to be able to limit the growth in Soviet strategic weapons unless we ourselves are fully prepared to compete.

We are not abandoning hope for arms control, but we are abandoning unwarranted illusions. We must work hard now to design a realistic approach to the limitation of armaments, an approach that will help preserve the peace. We intend to consult our Allies shortly to design such a realistic approach.

Now let us proceed to the question of military capability and the defense budget.

Mr. Chairman, we are asking for a supplemental appropriation of $6.8 billion in Total Obligational Authority (TOA) for FY 1981 and a $25.8 billion amendment to the FY 1982 budget request for TOA. These represent increases of 4 percent and 13 percent, respectively, over the budget and the program we inherited. In terms of real growth, our 1982 budget request is nearly 15 percent over the revised 1981 level. Included in these totals are $2.3 billion for FY 1981 and $.9 billion for FY 1982 that we estimate are necessary just to fund the programs in the Carter budget.

These increases will be directed to the following broad categories.

First, readiness. Our forces now are consuming themselves. Before even considering the necessity for improved strategic and conventional force requirements, we have been left with insufficient funds for operation and maintenance of existing equipment. This forces us to cannibalize some equipment to keep other equipment operational. At the same time, equipment lost in training is frequently not replaced, and training in general is inadequate due to the need to conserve fuel, ammunition, and other expendables. We do not have adequate reserve stocks to meet our own resupply requirements, much less for pre-positioning or for foreign assistance.

We propose to make significant increases to enhance the readiness of our forces. Specifically, we seek $2.8 billion more in FY 1981 and $8.7 billion more in FY 1982 for additions rejected or not considered by Mr. Carter. These funds will not only augment or accelerate on-going programs, but will give current forces capabilities not affordable in the Carter budget, in areas such as prepositioning, sealift and replenishment, communications, and electronic warfare.

Our priorities are to remove known peacetime deficiencies first, and then to enhance the war-fighting capabilities of our forces, including some type of forces that can be rapidly deployed. We must be able not only to maintain our present peacetime training levels, but also to improve these levels without drawing down our limited war reserve stocks, as we have done in the past.

For the Air Force, we plan increased flying hours, additional war reserve spares procurement, more training, and reduced depot maintenance backlogs. For the Army, we are proposing additional POMCUS and combat engineer support equipment, additional war reserve ammunition and tactical and support vehicles, increased O&M for new equipment, and reduced depot maintenance backlogs. For the Navy Department, we propose to increase the strategic mobility, sustainability, firepower, and logistics readiness of the Marines; to procure additional missiles, torpedoes, aviation and ship spares, and ammunition; and to reduce the backlog of depot maintenance.

Second, personnel. The most serious single readiness problem we have today is the shortage of experienced personnel, in parti-

cular in the senior enlisted ranks and in certain critical job skills both for officers and for enlisted personnel. The compensation initiatives enacted by the last Congress have put us back on the right track. The latest recruiting and retention figures are very encouraging. This Administration is committed to restoring the pay of military personnel to the level of pay comparability with their civilian counterparts that existed when we started manning our forces entirely with volunteers in 1973. We believe that a return to pay comparability is essential to retaining our most experienced personnel. The Reagan budget asks for an additional $400 million in FY 1981 and $1.8 billion in FY 1982 to cover a 5.3 percent military pay raise to start in July of 1981; this is over and above the 11.7 percent pay raise already in effect for this fiscal year. We will review military pay in the summer months to determine the exact amount needed for FY 1982 in order to maintain comparability. Our recommendations should finally secure decent incomes for our uniformed services.

We also are requesting about $245 million in FY 1981 and $.9 billion in FY 1982 beyond the direct pay increase to improve the quality of life of our service members. The costs of attracting and retaining the necessary manpower in the All-Volunteer Force are not insignificant. But President Reagan made clear his pledge to recognize the sacrifices our men and women in uniform make for all of us. Under the Reagan Administration, our military personnel will become first-class citizens once again.

Educational benefits for military personnel are extremely important factors in retention. We now offer educational assistance of up to $14,100 to some recruits, and (as part of a Congressionally-mandated experiment) we are testing programs in FY 1981 that are worth up to $20,100. The purpose of the test is to find out which programs will work best to recruit and retain the people we need. We will report on the test and on the basis of the results, recommend a permanent program in time for next year's authorization hearings. To do so before those test results are known would be premature and frustrate the study mandated by the Congress. What we do not want

and need is legislation that hinders rather than helps the total All-Volunteer Force.

Third, modernization. While we must be ready to go to war today if necessary, we must also be prepared to fight tomorrow's battles against tomorrow's adversary. To do this, we must invest far more heavily than we have in future military capability. We must begin to offset the more than $300 billion investment gap between the Soviets and us, which President Reagan underscored in his address to the joint session on February 18.

We must exploit two of America's greatest potential resources--our technological genius and our industrial prowess. Nowhere is the interdependence of our economic vitality and our defense capability more evident than here. The greater aggregate resources we are asking you to provide will enable us to produce more of the best weapon systems on line now and to forge ahead in designing even better weapon systems for the future. Therefore, the largest increases we are seeking are for modernization--$2.0 billion in FY 1981 and $13.7 billion in FY 1982. This intensified modernization effort is the Defense Department's contribution to the revitalization of our industrial base.

These funds for modernization will begin to correct deficiencies in the quantity and quality of equipment in the hands of the Services--resulting in more tanks, helicopters, infantry fighting vehicles, air-defense and anti-tank capability for the Army; more tactical aircraft, conventionally-armed sea-launched cruise and other missiles, torpedoes, assault weapons, and anti-submarine warfare weapons for the Navy and Marine Corps; and more tactical aircraft and electronic warfare capability for the Air Force.

Fourth, and finally, shipbuilding. We are, in a very real sense, an island nation. American commerce and industry, access to vital resources, and the sinews of the Western Alliance depend on our ability to control the seas. We must be able to defeat any military adversary who threatens such access. This is not an area in which the terms equivalence or parity or other such formulations have any meaning. We must have naval superiority. Control of the seas is as essential to our security as control of their land

borders is to the Soviet Union. Almost any crisis or war would require us to project larger forces across vast distances from the United States. This is not a conclusion that permits temporizing or equivocating. We have permitted our naval capability to deteriorate, and now we have to restore it.

To that end, we propose to add $367 million to the FY 1981 budget and $3.8 billion in FY 1982 to the amounts requested for shipbuilding by the last Administration. These additional resources will go towards the reactivation of the battleships New Jersey and Iowa and of the carrier Oriskany, while adding another CG-47 and SSN-688, two additional frigates, added strategic sealift, and starting us on the long path to a new aircraft carrier and additional amphibious ships. These ships will make an impressive addition to the fleet's war-fighting capability.

Just as we are committed to increasing defense capability, we are also resolved to improve the efficiency of defense operations. As President Reagan said, there will be "no exemption" from the requirement on all of us to streamline government operations. One of my high priorities as Secretary of Defense will be to make our defense operations as efficient and as effective as I can. There is, as I have testified, no doubt that we must significantly enhance our defense capabilities, and to do so we must significantly increase defense spending.

At the same time, I am mindful of President Reagan's unwavering commitment to get our nation's economy back on its feet again. This means reducing federal expenditures wherever we can--including defense. I am still a fiscal Puritan on these matters, and I am determined to give the taxpayers the maximum return possible for the money we spend at DoD.

Both by some old-fashioned belt-tightening and by the application of innovative managerial techniques, we can, I am convinced, effect significant savings in our defense program. The recent report by the Comptroller General is very useful in this regard. We take this report very seriously. We do not take issue with it. And, in the near future we will be back to the Congress with our specific proposals for follow-through.

We have been at it only a few weeks, but already we believe we have identified significant savings from efficiencies and reforms in current operations. The money saved in this way can then be applied to enhancing our military capability.

A major area for our efficiency campaign is the procurement process. We will have to strengthen and revitalize our industrial base, and this will bring significant cost-savings. At my direction, Deputy Secretary Carlucci has launched a major internal DoD review of the entire acquisition process. We look forward to working with the Congress and with industry to make significant efficiencies and other improvements in this area.

* * *

Mr. Chairman, this is a large agenda, but it is absolutely essential for the security of this nation.

For too long, the resources available for defense have been too limited. Given these inadequate resources, my predecessors, in designing their defense programs, and the Congress, in approving or amending them, continually had to rob Peter in order to pay Paul. As demands in one area increased, other areas suffered.

Now, we have an unprecedented opportunity to bring our military capabilities up to a level that is consistent with our military requirements. We can do this because the American people are prepared, for the first time in two decades, to make major increases in the aggregate resources available for defense.

The budget we are proposing makes a major start on meeting needs too long unmet. But we do not propose merely to accelerate or complete the programs of the past Administration. There are some new emphases in our program. The turbulent world of the 1980s dictates flexibility, and our budget reflects this imperative by greatly increasing the amounts we invest in these aspects of military capability.

In our proposed application of additional resources, there is a discernible trend, which may well be accelerated in the future as our studies and reviews reach fruition, towards greater U.S. capability in Southwest Asia, improved naval forces, and greater worldwide mobility. I am confident that our allies will help us in

picking up more of this global burden, wherever our Alliance interests are threatened.

We look forward to working with you in the weeks and months ahead. We cannot, as I said earlier, do it all at once or alone. We must be responsible. But we must start now. As President Reagan said in his address to the joint session February 18, "The people are watching and waiting. They don't demand miracles, but they do expect us to act." And act we will.

I will be happy to take your questions now.

PROGRAM ADDENDUM

Mr. Chairman, we are asking for an additional supplemental appropriation of $6.8 billion for FY 1981 and a $25.8 billion amendment to the FY 1982 budget request, which represent increases of four percent and 13 percent, respectively, over the budget and the program we inherited. In terms of real growth, our revised FY 1982 budget will be nearly 15 percent larger than the FY 1981 budget. Included in these totals are $2.3 billion for FY 81 and $.9 billion for FY 82 that we estimate are necessary just to fund the programs in the Carter budget.

These are sizable increases. They are necessary increases. And they will be carefully applied. Without getting bogged down at this point in the details of specific programs, let me highlight a few of the areas in which we are asking for additional funds in the current fiscal year and the next one.

- Readiness. Our forces are now consuming themselves. Before even considering the necessity for improved strategic and conventional force requirements, we are faced with insufficient funds for operation and maintenance of existing equipment, which forces us to cannibalize some equipment to keep other equipment operational. At the same time, equipment lost in training is frequently not replaced, and training in general is inadequate

because of the need to conserve fuel, ammunition, and other expendables. We do not have adequate reserve stocks to meet our own resupply requirements, much less for prepositioning or for foreign assistance.

We propose to make significant increases to enhance the readiness of our forces. Specifically, we seek $2.8 billion more in FY 1981 and $8.7 billion in FY 1982 for additions rejected or not considered by Mr. Carter. These funds will not only augment or accelerate on-going programs, but will give current forces capabilities not affordable in the Carter budget, in areas such as prepositioning, sealift and replenishment, communications, and electronic warfare.

Our priorities are to fund known peacetime deficiencies first, and then to enhance the war-fighting capabilities of our forces, including for RDF scenarios. We must be able not only to maintain our present peacetime training levels, but also to improve these levels without drawing down our limited war reserve stocks, as we have done in the past.

For the Air Force, we will increase funding for readiness initiatives by $1.0 billion in FY 1981 and $2.7 billion in FY 1982. Included in these totals are $220 million for increased flying hours, $358 million for procuring additional peacetime operating spares, $420 million and $394 million to procure war reserve spares for TACAIR and airlift forces respectively, $355 million for training, $508 million to procure war reserve munitions, and $255 million for RDF-related support equipment. We are also seeking $53 million to reduce depot maintenance backlogs and $116 million to improve the level of the JCS Exercise Program.

The investment in peacetime operating spares and TACAIR war reserve spares will permit known deficits to be fully funded by FYs 1982 and 1983, respectively. This represents a one-year acceleration of the "get-well" program requested by the outgoing administration.

The actual realization of enhanced readiness will not occur overnight; it is a function of at least two-year production lead-times. Therefore, the impact of this funding on better physical spares availability will not be realized until FYs 1984 and 1985.

The investment in accelerating the purchase of war reserve spares for our strategic airlift resources is the least expensive and quickest method of increasing our organic airlift capability. Our inability to meet projected wartime C-5/C-141 utilization rates has been allowed to persist for too long.

The investment in RDF-related support equipment is designed to decrease the burden on our airlift resources by prepositioning close to probable trouble spots key equipment required early in contingency deployments--materiel handling equipment, vehicular equipment, housekeeping needs of deployed personnel, and aviation ground support equipment.

For the Army, we are proposing readiness increases of $1.2 billion in FY 1981 and $3.1 billion in FY 1982. Included in these totals are $457 million for additional tactical and support vehicles, $396 million for war reserve ammunition, $816 million for additional POMCUS equipment, $143 million for combat engineer support equipment, $103 million for increased stock fund purchases, and $202 million to increase training readiness. We are also requesting $121 million to reduce depot maintenance backlogs, $96 million for aircraft spares, $104 million for missile modifications and spares, and $232 million in operations and maintenance funds to support fielding of additional equipment. Some of these items are designed to improve our readiness for both an RDF scenario and a European conflict.

The acceleration of Army equipment and ammunition procurement programs will enable the Army to obtain the major items needed to fill shortfalls existing in its forces and to support its POMCUS/PWRMS program by FY 1984. Examples include 5- and 10-ton trucks,

improved conventional munitions, spare parts, water support equipment, NBC protective gear, and critical items of organizational clothing and equipment. However unglamorous these items are, they are the nuts and bolts of readiness. Unless we increase spending for those items now, previous plans would make it impossible to realize any sizeable improvement in force readiness prior to FY 1986-1988.

The procurement of combat engineer support equipment will include state-of-the-art commercial construction equipment--graders, loaders, scrapers, and other earth moving equipment. This initiative will significantly enhance the capability of our combat engineers to conduct sustained combat operations.

For the Navy Department, we propose to increase funding for readiness initiatives by $276 million in FY 1981 and $2.6 billion in FY 1982 over that requested by the previous administration. Included in the totals are $686 million to increase the sustainability of the Marines in terms of support equipment, spare parts, and ammunition; $429 million to procure additional missiles and torpedoes; and $381 million for aviation and ship spares; and $230 million to procure additional ammunition. We are also seeing $98 million to reduce the backlog of depot level maintenance and to improve the near-term readiness of our Naval forces.

While these funds are needed now, it is not possible to change the readiness of our Naval forces overnight. For example, the additional funds for aviation spares will not improve Navy aircraft mission capable rates significantly until FY 1984-1985. The increase in funds for missiles and ammunition will accelerate procurement and allow us to reach the same inventory position about two years earlier than the program contained in the initial budget request. Lasting readiness improvements will require a significant commitment of resources over an extended period of time. Nevertheless, I believe we can--and must--make improvements in this area.

- Personnel. The most serious readiness problem we have is the shortage of experienced personnel, in particular in the senior enlisted ranks and in certain critical job skills both for officers and for enlisted personnel. The compensation initiatives enacted by the last Congress have put us back on the right track. The latest recruiting and retention figures are very encouraging. This administration is committed to restoring the pay of military personnel to the level of comparability with their civilian counterparts that existed when we started manning our forces entirely with volunteers in 1973. We believe that a return to pay comparability is essential to retaining our most experienced personnel.

This Reagan budget includes an additional $400 million for FY 1981 and $1.8 billion in FY 1982 to cover a 5.3 percent military pay raise to start in July of 1981. This is over and above the 11.7 percent pay raise of last year. We will review military pay in the summer months to determine the exact amount needed for FY 1982 in order to maintain comparability. The FY 1982 budget presently includes a 9.1 percent increase in military pay. Our recommendations should finally secure decent incomes for our uniformed services.

We also are requesting an additional $245 million in FY 1981 and $893 million in FY 1982 beyond the direct pay increase, in order to improve the quality of life of our service members. We seek funds to help reduce the out-of-pocket costs they incur when forced to move because of transfer or reassignment. We also propose to improve the houses and barracks in which our military personnel live, the bases where they work, the schools their children attend overseas, and their facilities in remote areas like Turkey. In addition, we want to provide better community services to support them and their families.

The costs of attracting and retaining the necessary manpower in the All-Volunteer Force are not insignificant. But President Reagan made clear his pledge to give our men and women in uniform the compensation and lifestyle they and their families deserve in light

of the sacrifices they make for all of us. Under the Reagan Administration, they will become first-class citizens once again.

Educational benefits for military personnel are extremely important factors in retention. We now offer educational assistance of up to $14,100 to some recruits, and, as part of a Congressionally-mandated experiment, we are testing programs in FY 1981 that are worth up to $20,100. The purpose of the test is to find out which programs will work best to recruit and retain the people we need. We will report on the test, and, on the basis of the results, we will recommend a permanent program in time for next year's authorization hearings. To do so before those test results are known would be risky. What we do not want and need is legislation that hinders rather than helps the total All-Volunteer Force.

- Modernization. While we must be ready to go to war today if necessary, we must also be prepared to fight tomorrow's battles against the enemy forces of tomorrow. To do this, we must invest far more heavily than we have in future military capability. We must begin to offset the more than $300 billion investment gap between the Soviets and ourselves, which President Reagan underscored in his address to the joint session on February 18.

We must exploit two of America's greatest potential resources--our technological genius and our industrial prowess. Nowhere is the interdependence of our economic vitality and our defense capability more evident than here. The greater aggregate resources we are asking you to provide for defense will enable us to produce more of the best weapon systems on line now and to forge ahead in designing the weapon systems of the future. Therefore, the largest increments we are seeking are for modernization--$2.0 billion in FY 1981 and $13.7 billion in FY 1982, excluding shipbuilding, which I will treat separately.

These funds for modernization will begin to correct deficiencies in the quantity and quality of equipment in the hands of the Services.

The Army's ability to fight will be enhanced by the addition of weapons, modern air defense systems, and tactical mobility improvements. During this period, about $1.6 billion will be used: to increase M-1 tank production to 90 per month in 1985, as well as to add more than 230 infantry fighting vehicles (about 5 battalions), 6 advanced attack helicopters, and 200 additional M-198 towed howitzers. To enhance the mobility of the force, we propose adding 18 Blackhawk utility helicopters, modernizing nine CH-47 helicopters, replacing 8,600 1 1/4-ton tactical wheeled vehicles, and adding 180 armored recovery vehicles at a cost of $546 million. To improve our air defense capabilities, we propose a $300 million increase for DIVAD gun procurement, restoration of the four-battalion Roland program, a battery of Patriot, and restoration of the Stinger weapons program to its original level. We also will build an additional 120 ground laser locator designators, nearly 1,200 night vision sights for TOW and Dragon anti-tank missile systems, chemical agent alarms, and modern communication equipment to increase the capability of our land forces.

We will also initiate critical research and development into new technology for laser weapons, ballistic missile defenses weapons, aircraft components, and a new light armored vehicle.

The levels of Navy modernization funding for tactical air are and have been totally inadequate. Aircraft production rates have been particularly low and inefficient for a number of years. Navy R&D programs have also been underfunded. In order to begin to address these problems, we have added $410 million to the FY 1981 program and $3.1 billion to the FY 1982 budget request. Included in the FY 1981 Supplemental are $122 million to finance cost growth in several ongoing aircraft programs, $119 milion to increase the production rate of the F-18 from 53 to 60 aircraft, and $84 million to cover cost growth in the TOMAHAWK, HARM, and other Marine Corps programs. Two important development programs--DDGX and MK-48 ADCAP--need $31 million in FY 1981 to accelerate their IOC dates.

For FY 1982, the bulk of Navy modernization funding other than shipbuilding is earmarked for aircraft and missile procurement. We proposed adding $903 million for accelerated production of ongoing programs (+8 A-6Es, +4 EA-6Bs, +5 F-18s, +6 F-14). For FY 1982, the bulk of Navy modernization funding other than shipbuilding is earmarked for aircraft and missile procurement. We proposed adding $1.1 billion for accelerated production of ongoing programs (+8 A-6Es, +4 EA-6Bs, +5 F-18s, +6 F-14s, +3 CH-53Es, and +6 P-3Cs). We are also proposing to add more than $1.0 billion for initial production of other aircraft for the Navy and USMC (+10 SH-60Bs, +12 AV-8Bs, +18 SH-2Fs). Our request for FY 1981 includes $374 million for additional procurement of HARM and TOMAHAWK missiles, and $121 million in R&D funds to accelerate DDGX development to permit lead-ship procurement in FY 1985 rather than FY 1986. Our request for FY 1982 also adds $140 million for several important R&D programs, such as the new shoulder-launched assault weapons for the Marine Corps, ASW standoff weapons, and torpedo developments that will allow technological opportunities to be exploited fully so we can meet the future threat.

In the past, the Air Force has also been forced to procure aircraft inefficiently. Therefore, we propose to accelerate several of the tactical aircraft programs and thus complete planned quantities earlier than previously scheduled. Of course, we will be reviewing our force structure needs over the coming year to determine what changes may be required in aircraft types and numbers to be procured over the longer term.

Air Force fighter/attack aircraft procurement requested for FY 1982 will be increased from 126 aircraft to 222. In FY 1982, F-15 air superiority fighter production will be increased from 30 to 42, and advance procurement is requested for 42 in FY 1983 rather than 18--at a total added cost of $364 million. The previously planned 729 aircraft program will be increased to 765, the additional 36 aircraft to serve as peacetime attrition replacements in the tactical fighter force. These additional aircraft will extend

the full-strength life of the 17-squadron F-15 tactical force by about three years. The F-16 production will be increased from the previously proposed 96 per year to 120 per year, costing $334 million in FY 1982, and accelerating the transfer of older F-4s to the Reserve Components. We propose the addition of 60 anti-tank A-10s in FY 1982 for $554 million, including 46 single-seat attack and 14 two-seat trainer variants. The added A-10s will serve as peacetime attrition replacements, sustaining the full-strength 23-squadron force through the late 1980s.

A variety of other Air Force tactical air force modernization measures are proposed, including procurement of two E-3A airborne radar surveillance aircraft (AWACS) in FY 1982 instead of FY 1983, accelerated acquisition of comparatively low-cost anti-jam communications equipment, electronic warfare and support equipment, additional munitions production, and other research and development. Together, these other activities would total about $501 million in FY 1981 and about $1.7 billion in FY 1982.

We also propose spending $61 million in FY 1981 and $826 million in FY 1982 to improve modernization of our mobility forces to support either a NATO or an RDF contingency. We have included funds for eight additional KC-10 aerial tankers, for re-engining about one-half of our KC-135 tanker fleet, and for procurement of seven Boeing 707s and 18 modification kits for these aircraft.

Our request includes modernization for our nuclear forces. To bolster our strategic nuclear forces, we are requesting an additional $2.4 billion in 1982 for a new manned bomber. This sum will support development of any of the candidates now under consideration--including a B-1 type bomber, the FB 111B/C modification, or an advanced technology bomber that incorporates stealth technology. Because of the complexity and importance of the bomber issue, I intend to withhold decision until receiving the final information on performance, cost, and schedule. I expect to announce the decision on June 15. An interim report will be submitted to Congress on

March 15. I continue to support the MX missile with its greater capability, and we are reviewing the question of the basing mode for this missile.

Shipbuilding. We are, in a very real sense, an island nation. American commerce and industry, access to vital resources, and the sinews of the Western Alliance depend on our ability to control the seas. We must be able to defeat any military adversary who threatens such access. This is not an area in which the terms equivalence or parity or other such formulations have any meaning. We must have naval superiority. Control of the seas is as essential to our security as control of their land borders is to the Soviet Union. Almost any crisis or war would require us to project larger forces across vast distances from the United States. This is not a conclusion that permits temporizing or equivocating. We have permitted our naval capacity to deteriorate, and now we have to restore it.

To that end, we propose to add $367 million in FY 1981 and $3.8 billion in FY 1982 to the amounts requested for shipbuilding by the last Administration.

-- Specifically, we request $129 million of additional funding in FY 1981 for the previously authorized CG-47 class procurement, in order to cover cost growth in these ships. In FY 1982, we are requesting $840 million for an additional CG-47 class anti-air warfare cruiser. As the Chief of Naval Operations has said, anti-air warfare remains a great problem to the Navy, so it is imperative that we get these ships, equipped with the Aegis anti-air warfare system, into the fleet in numbers as soon as possible. They are an impressive addition to the fleet's war-fighting capability.

-- We also request funds for the reactivation of three Navy ships to augment the firepower of the fleet. We are requesting $91 million in FY 1981 to start reactivation

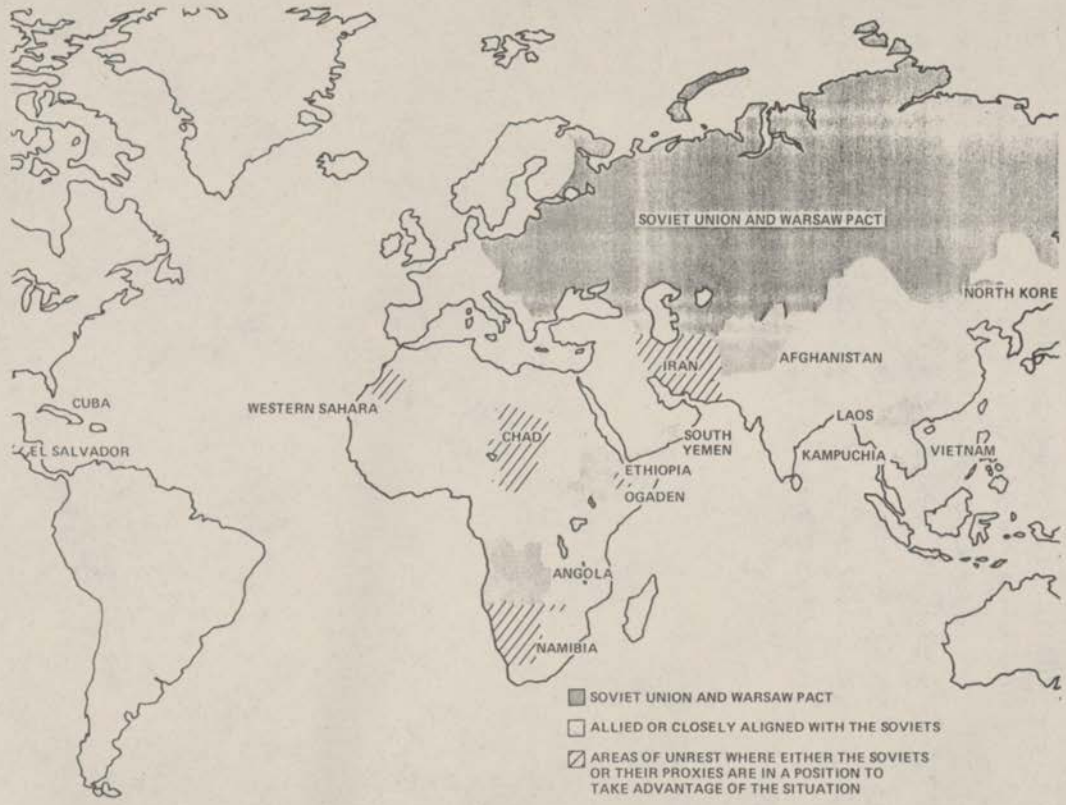
of the battleship New Jersey and $160 million in FY 1982 to complete the job. We also wish to make a modest start on reactivation of the battleship Iowa with $1 million in FY 1981, another $90 million in FY 1982, and the balance of the funding in the subsequent year. Finally, we will request funds for reactivation of the aircraft carrier Oriskany, $146 million in FY 1981, and $372 million in FY 1982. These three ships, two battleships and one carrier, will add an impressive capability to our fleet in a relatively short time and at a relatively small cost. No other ship in any modern navy is as impressive or as survivable as the battleships of the Iowa class, and the Oriskany will enhance our ability to respond to crises wherever and whenever they may occur.

-- I am requesting $491 million for two additional frigates of the FFG-7 class in FY 1982. It is vital that we have adequate local anti-submarine and anti-air warfare defense for our convoys, underway replenishment groups, and amphibious forces. These frigates, equipped with the towed array sonar, LAMPS MK III helicopters, and the Tartar surface-to-air missile, add an impressive capability for those purposes.

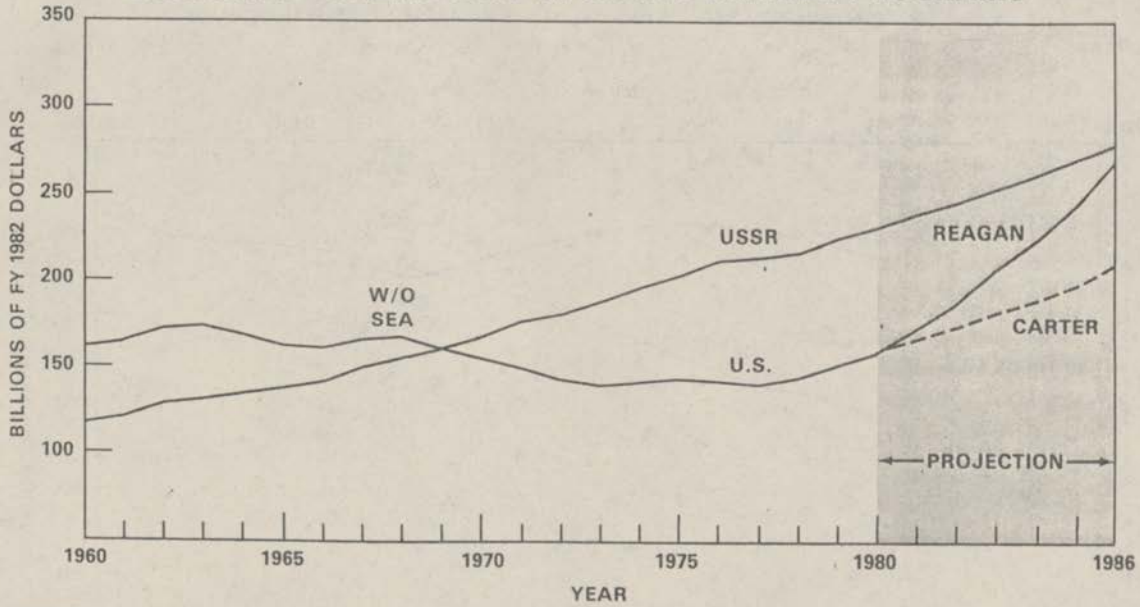
In order to avoid a serious shortfall in amphibious ships, I have included a request for $34 million in long-lead money for an LSD-41 class ship to be included in the FY 1983 shipbuilding plan. Without these ships, we face a shortage of amphibious capability starting in the late 1980s and early 1990s.

-- The FY 1982 Amendment includes approximately $452 million to expedite conversion of fast sealift ships (SL-7) from the current three-year schedule to one year. Acceleration will ensure early availability of this valuable strategic mobility resource to move Army equipment in support of either a NATO or an RDF contingency.

-- Finally, we are requesting $658 million long-lead money for another nuclear aircraft carrier. I expect to ask for the remainder of the funds for this ship in the FY 1983 shipbuilding request. Carriers form the backbone of our Navy. While this particular ship will not enter the fleet for nearly ten years, we must start looking now to the future of the Navy.


SOVIET UNION AND WARSAW PACT
NORTH KORE
AFGHANISTAN
IRAN
CUBA
WESTERN SAHARA
LAOS
CHAD
SOUTH YEMEN
KAMPUCHIA
VIETNAM
EL SALVADOR
ETHIOPIA
OGADEN
ANGOLA
NAMIBIA
SOVIET UNION AND WARSAW PACT
ALLIED OR CLOSELY ALIGNED WITH THE SOVIETS
AREAS OF UNREST WHERE EITHER THE SOVIETS OR THEIR PROXIES ARE IN A POSITION TO TAKE ADVANTAGE OF THE SITUATION

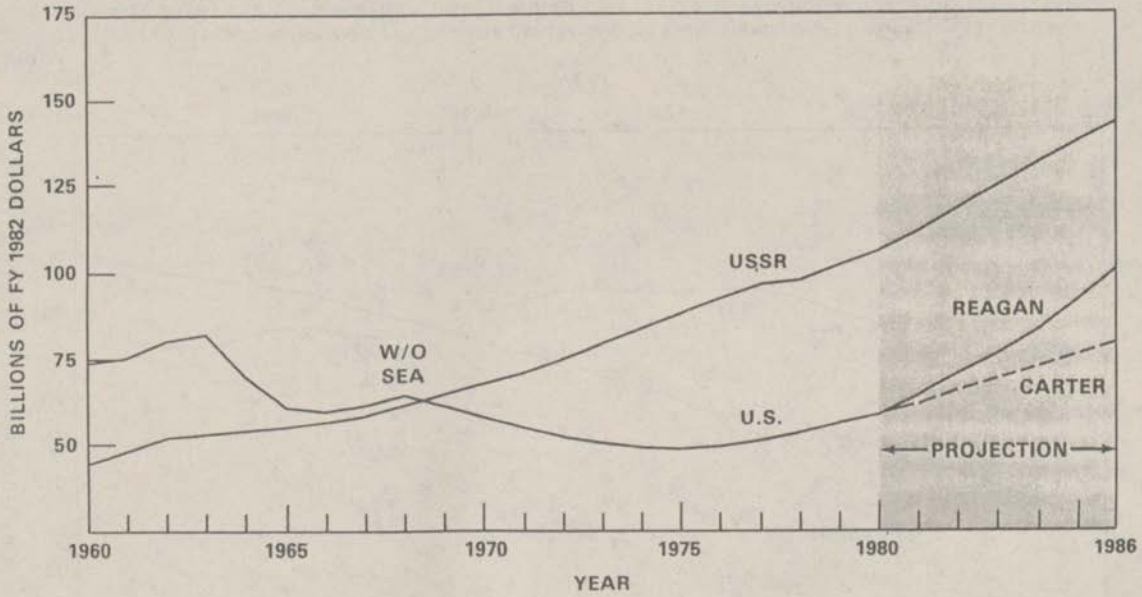
COMPARISON OF U.S. DEFENSE OUTLAYS AND ESTIMATED DOLLAR COST OF SOVIET DEFENSE PROGRAMS



NOTES:

1. U.S. OUTLAYS EXCLUDE RETIREMENT PAY. INCLUDE DEPARTMENT OF ENERGY AND COAST GUARD DEFENSE OUTLAYS.
2. ESTIMATED SOVIET COSTS ARE BASED ON WHAT IT WOULD COST THE U.S. TO PRODUCE AND MAN THE SOVIET MILITARY FORCE AND OPERATE IT AS THEY DO.
3. PROJECTIONS ARE BASED UPON THREE PERCENT ANNUAL REAL GROWTH FOR USSR. FOR U.S., REAL GROWTH IN OUTLAYS IS PROJECTED AT ABOUT NINE PERCENT FOR REAGAN PROPOSAL.

COMPARISON OF U.S. MILITARY INVESTMENT OUTLAYS AND ESTIMATED DOLLAR COST OF SOVIET MILITARY INVESTMENT



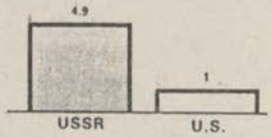
NOTES:

1. INVESTMENT INCLUDES RDT&E, PROCUREMENT, AND MILITARY CONSTRUCTION.
2. PROJECTIONS ARE BASED ON FIVE PERCENT ANNUAL REAL GROWTH FOR USSR. FOR U.S., REAL GROWTH INVESTMENT OUTLAYS PROJECTED AT ANNUAL RATES OF ELEVEN PERCENT FOR REAGAN PROPOSAL.

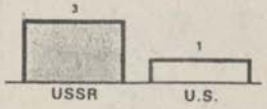
RATIO COMPARISON OF PRODUCTION RATES (ANNUAL AVERAGE 1974-1980) AND CURRENT TOTALS (1980)

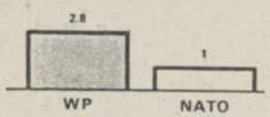
TANKS

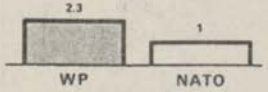
CURRENT TOTAL



PRODUCTION RATE

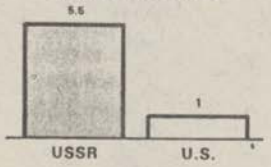




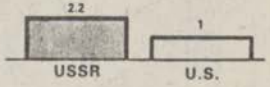


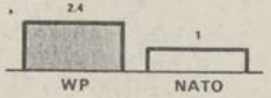
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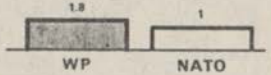
CURRENT TOTAL



PRODUCTION RATE

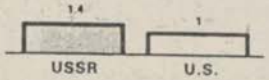




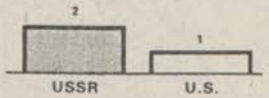


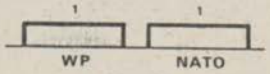
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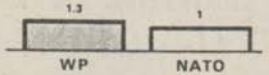
CURRENT TOTAL



PRODUCTION RATE

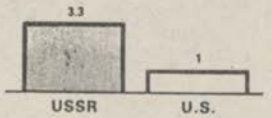




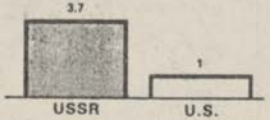


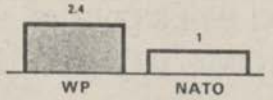
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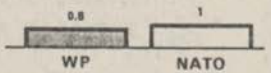
CURRENT TOTAL



PRODUCTION RATE

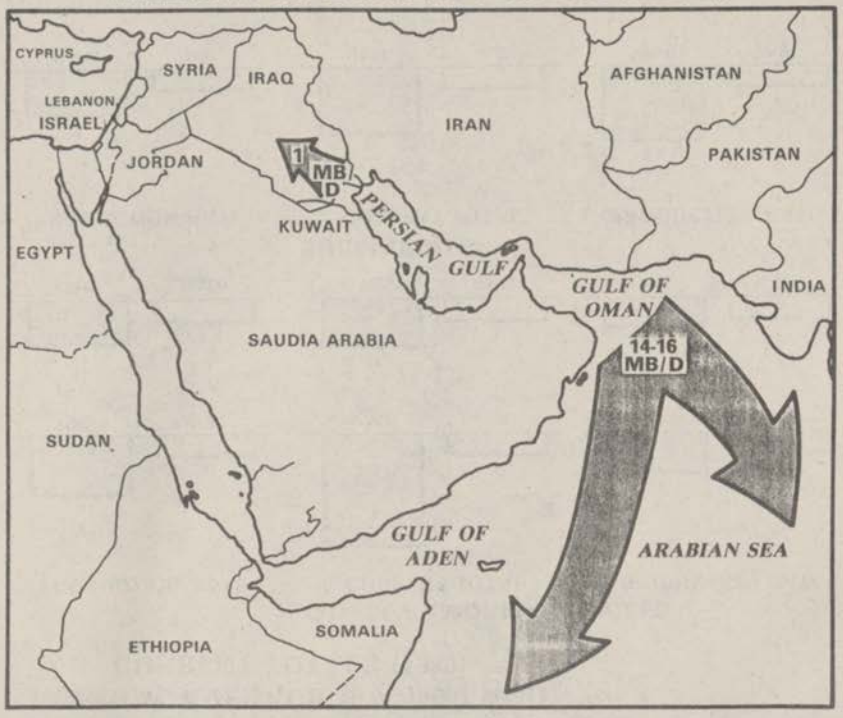






WORLD CRUDE OIL MOVEMENTS

MILLIONS OF BARRELS PER DAY (MB/D)



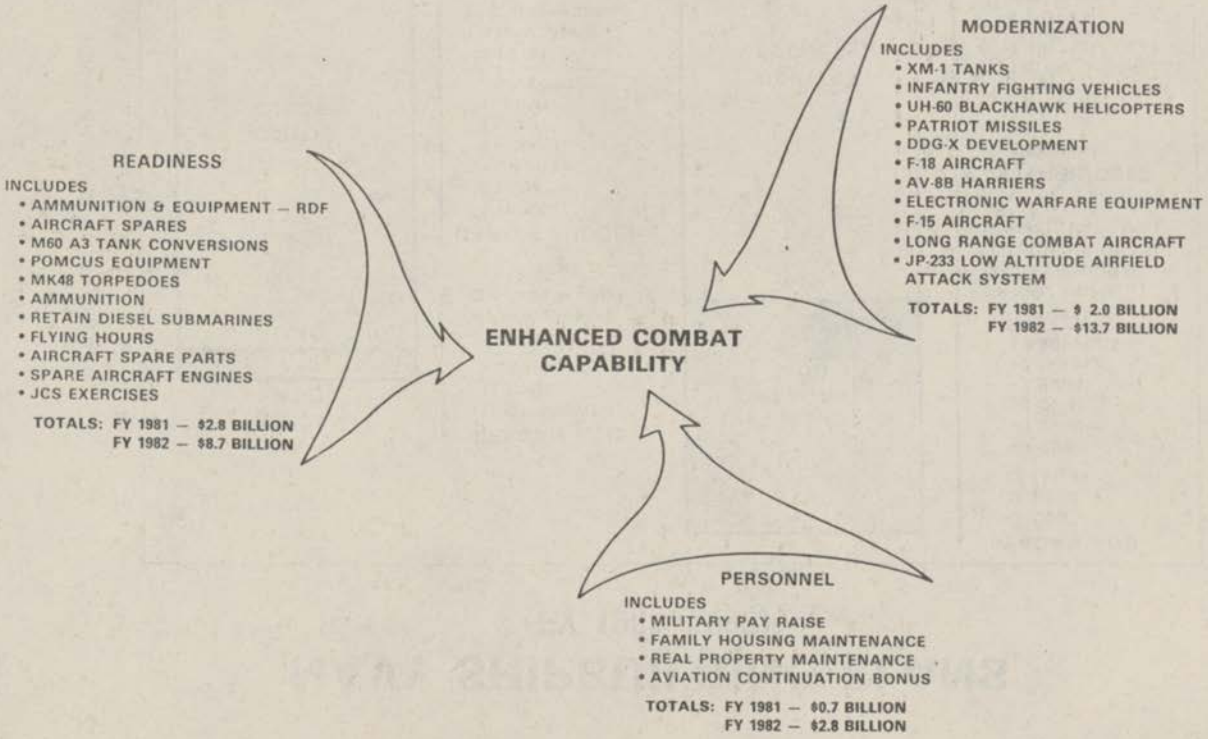
COOPERATIVE VENTURES

- SCIENCE AND TECHNOLOGY EXCHANGES
- MUTUAL WEAPONS DEVELOPMENT
- DUAL PRODUCTION
- STANDARDIZATION AND INTEROPERABILITY OF EQUIPMENT
- NATO COMMON TRAINING

DEPARTMENT OF DEFENSE
BUDGET TOTALS
$ BILLIONS

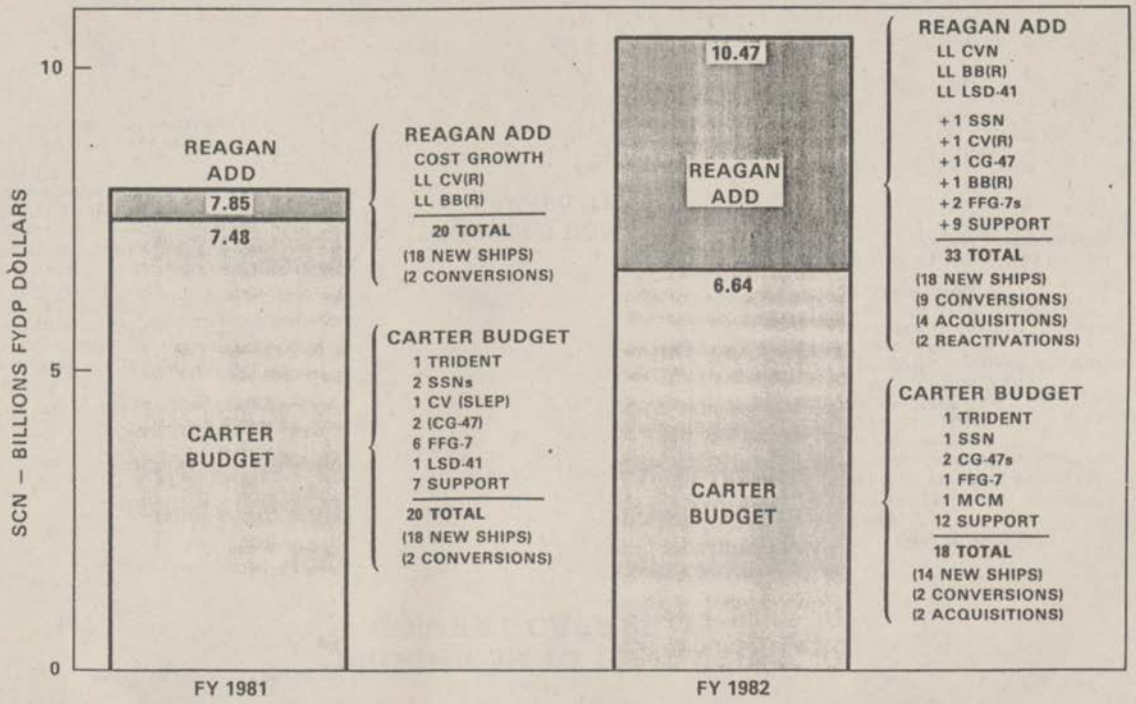
	FY 1981			FY 1982		
	CARTER	REAGAN	NET CHANGE	CARTER	REAGAN	NET CHANGE
TOTAL OBLIGATIONAL AUTHORITY (TOA)	171.2	178.0	+ 6.8	196.4	222.2	+ 25.8
OUTLAYS	157.6	158.6	+ 1.0	180.0	184.8	+ 4.8

PROGRAMS TO ENHANCE COMBAT CAPABILITY

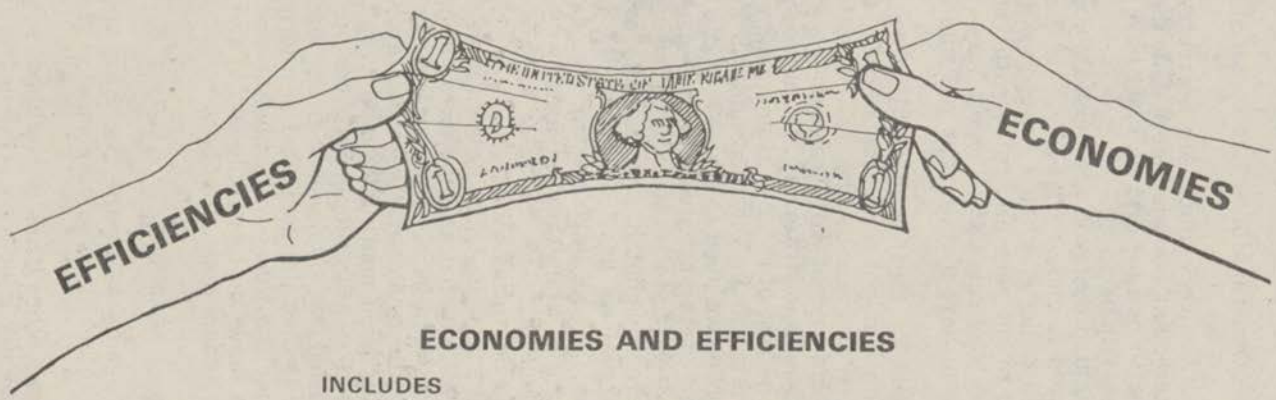


NAVY SHIPBUILDING PLANS

(FY 1981–1982)



STRETCHING THE DEFENSE DOLLAR



ECONOMIES AND EFFICIENCIES

INCLUDES

- IMPROVED ACQUISITION MANAGEMENT
  - BUYING MORE ECONOMICAL QUANTITIES
  - MULTI-YEAR CONTRACTING
- ELIMINATION/REDUCTION OF MARGINAL PROGRAMS
- INCREASED PRODUCTIVITY
  - INCREASED INVESTMENT IN PRODUCTIVITY ENHANCEMENT EQUIPMENT
- REVISE PPBS AND DSARC PROCESSES
- REDUCTION IN TRAVEL, CONSULTING SERVICES AND OFFICE FURNITURE PURCHASES

STATEMENT OF GEN. DAVID C. JONES

Secretary WEINBERGER. General Jones has some comments he would like to make.

Senator STEVENS. Thank you very much, Mr. Secretary.

I want to revise the statement I made before. Our distinguished Senator Stennis is here with us now and he must have had to get up very early to make this trip back.

And, John, we are delighted that you are here. Do you have any opening statement you want to make?

Senator STENNIS. I will make it when I have questions. Thank you. And I am delighted to get here and to be with you and your associates. I am the man who came the longest way to get here.

Senator STEVENS. Did you have a statement you wanted to make now?

General JONES. I submit for the record my Posture Statement, with my personal overview. I might make some brief oral remarks.

In the 1950's, 1960's, and even in the 1970's, although with greater risk, we could afford to deal with issues on a regional basis. In the 1950's, in Korea we could literally decimate our military capabilities in much of the rest of the world and get by with it. In the 1960's, we could fight a war in Vietnam and rob Peter to pay Paul and get by with it. Now we need to address events on a global basis, and when we look at the greatest danger—several events occurring simultaneously—we have what the JCS have stated for a long time—a strategy/force mismatch, the inability to protect all our interests with the forces we have available. We also have a geographic asymmetry, in that we have vital interests close to the Soviet Union and far from us while they have no truly vital interests far from them and close to us. So they have a geographic advantage, particularly in Southwest Asia.

Also, from an economic standpoint, the Soviets have a much less fragile economy. We have one that is subject to disruptions with the interruption of imports of minerals and particularly oil.

Finally, there is the military imperative—their growth of military capability which has been continuous and very substantial.

In the budget presented to you, along with the supplementals and amendments, we tried to emphasize, first, readiness. The budget which was submitted in January had a priority on readiness but did not cover all the items we thought were important, and there were additions made in the supplemental and particularly in the fiscal year 1982 budget amendments.

READINESS

First, our concern on readiness, as the Secretary mentioned, is personnel, and the need to get on in solving some of the personnel problems.

Secondly, there are many other items of readiness, some of which are very mundane. We finally have a constituency in this country now for readiness. Before, we really didn't have enough of a constituency for spare parts and weapons to go in the weapon storage sites and so forth.

As to mobility, the geographic disadvantage requires greater mobility on our part than with any other country's forces.

MODERNIZATION

Modernization is another budget priority, with production rates that are reasonable both in terms of need and economic production.

INDUSTRIAL PREPAREDNESS

Finally, industrial preparedness; we are in very sad shape in this country on industrial preparedness. Our productivity and our quality are not what they should be. You authorize and appropriate money for us to acquire new hardware, and it is 3 or 4 or 5 or 6 years before major elements of that hardware come out at the other end. So we must do something to improve the industrial preparedness of this country.

Mr. Chairman, we look forward to receiving your questions.

Senator STEVENS. Thank you very much, General.

[The prepared statement of General Jones follows:]

MILITARY POSTURE FOR FY 1982

An Overview By

GENERAL DAVID C. JONES, USAF

Chairman of the Joint Chiefs of Staff

With Supplement Prepared By

THE ORGANIZATION OF THE JOINT CHIEFS OF STAFF

PERSPECTIVES ON SECURITY AND STRATEGY IN THE 1980s

The crises and conflicts that have crowded the recent international landscape have underlined the increasing complexity and interdependence of our world. We live in an era in which a coup, a major strike, a terrorist attack or a remote war between contentious neighbors can, to an unprecedented degree, trigger worldwide consequences affecting our national welfare and security and those of our allies. Consequently, these times require a comprehensive strategic vision that integrates regional issues within a larger global framework in order to manage change. Nowhere is this need more apparent than in the area of military strategy.

Not since World War II has the United States had a truly global military strategy, complete with sufficient resources, industrial base, military forces, and national consensus to execute it. (Even that conflict can reasonably be viewed as a composite of regional campaigns. Our adversaries failed to coordinate fully their war aims and military strategy and, wartime mobilization notwithstanding, our men, weapons, and supplies had to be allocated among competing priorities between and within the European and Pacific theaters.) With the war over and no enemy in sight who was capable of mounting a global threat to United States' interests, we quickly began to dismantle our newly achieved capability to project and sustain military power worldwide. To a nation that was at first the only and later the predominant nuclear power, adequate security seemed attainable with a strategy of nuclear deterrence and constrained regional conventional capability.

By the mid-1960s, however, a number of trends could be discerned which began to cast considerable doubt on the adequacy of this strategy. These trends continued and, for the most part, worsened through the 1970s. The loss of US strategic superiority, extensive modernization of Soviet ground, sea, and air forces, sustained improvements in Soviet force projection capability, Soviet use of proxy forces to support revolutionary factions around the world, increased turbulence in areas of vital economic importance to the industrial democracies—these and other developments have transformed the character of the world and of our strategic requirements without a corresponding transformation in our strategy and the forces needed to carry it out.

Throughout this period, the professional military has attempted (not always with complete success) to focus attention on the risks inherent in these trends and to reverse the steady decline in United States defense spending. Long before I became a member of the JCS and every year since then—first as a Service Chief and later as Chairman—the senior military leaders of all the Services have documented the mismatch between announced national strategy and available forces. The thrust of our case has been that our overall military capability is formidable in most dimensions, but that our security reach exceeded our military grasp, the trends in the military balance were unfavorable, the risks were increasing, and the necessary get-well measures were either absent or insufficient when viewed in a global perspective.

However, military advice is but one of many voices that influence the distribution of finite national resources. Other voices have been more persuasive in declaring the risks acceptable and in elevating the priority of non-defense spending. Not until recent years, when the effects of the trends began to become manifest in the military balance and Soviet or Soviet-supported activities began to show that the effects were not confined to charts, has the steady downward trend in defense resources been reversed. Even this modest upturn is no more than a step on a long path toward restoring the kinds and quantities of capabilities needed for defense in the 1980s. As I pointed out in last year's Posture Statement, we have a lot of "catch-up ball" to play.

Therefore, the thrust of my overview on our military posture for 1982 will be to restate the fundamental strategic imperatives on which I believe realistic United States security planning must be based. I will then highlight the major concerns and priorities that I think must be accommodated in order to achieve a reasonable measure of security and stability in what will surely be an inherently dangerous and unstable decade.

THE GEOGRAPHIC IMPERATIVES

In the early years of our country's development, the oceans off our shores were both a bridge linking us with trading partners abroad and a barrier shielding us from the conflicts that ravaged much of the rest of the world. In a modern age of supersonic transoceanic travel it is often overlooked that the US is still fundamentally a maritime power.

The world's oceans are still vital as a commerical bridge across which travel many of the raw materials, strategic minerals, trade goods, and energy supplies needed to sustain a vigorous United States economy. Moreover, as a superpower with worldwide interests and global commitments, the US needs unimpeded access across and over the seas to project whatever mili-

tary power may be needed to protect those interests and meet those commitments.

The major difference is that our former protective barrier no longer exists; although we cannot be conquered by invasion, the technology of strategic weapons has made us (and all nations) subject to devastating attack from intercontinental distances. The expanse of the oceans has, in many respects, become a US liability in our changed world. Western Europe—the largest industrial concentration in the world—and East Asia—the most populous—are closer to the USSR than to the US. So is Southwest Asia on which the other two depend for the majority of their energy needs. All three areas would demand a much heavier logistics effort by the US in helping to defend than by the Soviets to attack—quite aside from the issue of the greater conventional forces at the Soviets' disposal. The country is only now beginning to face up to the true dimensions of this impediment in terms of the maritime forces and the airlift/sealift mobility requirements it imposes.

Geography confers a somewhat different set of strategic advantages and liabilities on the Soviet Union. By virtue of its resources and deliberate Soviet policy, it is much closer to being economically self-sufficient than the US. (An important exception is the chronically inefficient Soviet agricultural system which normally has to be supplemented by significant imports.)

With respect to energy, there is considerable uncertainty as to whether or when the USSR may become a net importer rather than a net exporter of petroleum. In any case, the geography of oil has already assumed critical importance in the security equation, both for us and for our allies. This aspect of the world energy problem is separate from questions of price and availability; the key issues are these:

- The industrial democracies are dependent to a varying but vital degree upon a resource that is produced and shipped far from their shores.

- All are working to reduce dependence on imported oil, but there is no feasible way to eliminate major reliance on Southwest Asian energy supplies in the next two decades.

- The relative proximity (including overland access) of the USSR to the key producing countries in Southwest Asia introduces a serious asymmetry between the Soviet potential for aggression and US and allied capacity to help friendly nations in the region resist external interference in their affairs.

- The consuming nations face the choice of either taking cooperative security action to offset this asymmetry (and permit market forces to determine access) or living in perpetual risk of seeing an unfriendly hand grip their economic lifeline.

Another fact of geography that weighs heavily in Soviet policy is their "encirclement" by a host of historical adversaries. This accounts in part for the significant force deployments along the lengthy Soviet-PRC border (despite the lack of any substantial Chinese offensive threat against Soviet territory) and for the "buffer" role imposed by force on the captive nations of Eastern Europe. Concern over the integrity of this buffer also helps to explain the violent Soviet reaction whenever one of its "allies" strays too far from orthodoxy. However, we must look to other factors to explain the sustained buildup over the past 15 to 20 years of an offensive capability far out of proportion to any rational calculation of Soviet defensive needs.

THE POLITICAL IMPERATIVES

I have frequently made the point that, although the Soviet Union has political and economic clients throughout the world, its major source of influence—and the only dimension in which it qualifies as a superpower—is its massive military capability. Nevertheless, the corollary to this observation is that, within the Soviet sphere of control, the political influence due to the preponderance of this dimension of power ranges from pervasive to total.

This is not to say that this power increases the appeal of the Soviet system. There are no reports of refugees clamoring for entry into the Soviet Union and their satellite allies are of questionable reliability. Nevertheless, most governments within this sphere faithfully carry out the bidding of the Soviet Politburo and any deviation from Soviet policies clearly brings the threat of Soviet use of military force. As this sphere continues to widen to more distant parts of the world, supported by an increasingly more sophisticated Soviet force projection capability, the danger of attempted infringement on the most vital interests of the US and its allies increases proportionately. Resisting the spread of Soviet political influence into such vital areas must be seen as one of the key competitive aspects of the superpower relationship.

Certainly, our diplomacy, economic policy, and cultural values can help develop "antibodies" against the appeal of Soviet "assistance" to those nations who

are still unsure of any distinction between the motives of the US and the USSR. In my travels through the Middle East, in particular, I have seen evidence of the "plague on both your houses" attitude (a combination of the legacy of past colonialism, a fear of getting caught in the middle of great power rivalry, and a perception that Western interest in the region is confined solely to cheap oil at high production rates). We must broaden our efforts to identify and nurture the community of political, economic, and security interests with these and other nations of the world.

However, we must also recognize the reality that the non-military elements of our national power provide necessary but, by themselves, insufficient leverage to counter a Soviet seizure of political control by the threatened or actual use of military force. I do not suggest that the only, or even the first, response to threatened Soviet penetration should be United States military intervention. However, a key imperative for the 1980s will be to demonstrate that we have the power, the will, and the wisdom to prevent these interests from being undermined by hostile forces.

THE ECONOMIC IMPERATIVES

One of the paradoxes of the late 20th Century is that, the more sophisticated the industrial economies become, the more vulnerable they have grown to disruption. The "oil shocks" of the 1970s, industry-wide strikes, power blackouts, natural disasters—all have provided recent glimpses of how fragile modern economies are in the face of interference with sources of supply, energy, and distribution systems.

However, the broader implications of this vulnerability are still not being fully appreciated or acted on in many world capitals. I believe the potential impact is far more fundamental than reduced standard of living. As I indicated last year, I am deeply concerned that the values and institutions of free nations could be in grave jeopardy in the event of major damage to their economies. Moreover, the sovereignty and independence of our allies as well as the whole edifice of collective security could crumble in a desperate "every man for himself" scramble for accommodation if the Soviets gained control of vital sources of energy. Much of the industrialized world could be brought to its knees without a single enemy soldier crossing a Western frontier.

It is ironic that, if a national security threat of this magnitude were being posed by an imminent threat of physical attack on the homeland, most countries would likely be mobilizing their full national resources for defense and closing ranks with similarly threatened allies.

However, the threat of subjugation by hostile control of an absolutely vital resource which is remote from the homeland is less apparent than the threat from armor massed on a territorial border. This indirect threat has thus not yet spurred sufficiently vigorous and concerted action among friendly nations.

It would be difficult to overstate the urgency I attach to gaining a comprehensive allied appreciation for the seriousness of this threat; otherwise, the decisions and choices needed to deter or to counter it decisively may be difficult or impossible to achieve.

A related imperative that flows logically from the above discussion is that we and our allies must reexamine past assumptions about priorities for apportioning national resources. For the better part of two decades the watchword within the democracies has been a variation of "reordering priorities between guns and butter." Some factions in the West and Japan have implicitly chosen to declare the Soviet threat either contained or irrelevant and we have gradually but substantially shrunk the shares of national wealth allotted to defense. While we have been living off the capital of earlier investments, however, no such "reordering" has taken place in the USSR.

Although the disparity in spending patterns has clearly been adverse to the West, my concern goes beyond the analytical calculations of marginal percentage of gross national product and centers on the steady flow of new missiles, tanks, artillery, ships, aircraft, and other military hardware issuing from Soviet factories and shipyards. If, as I believe, this massive buildup of arms and forces has a political, economic, and military purpose beyond purely defensive requirements, I consider it critical that the US and its allies move at a rapid and orderly pace to improve our individual and collective military capability.

THE MILITARY IMPERATIVES

During the past year, much of the world has rediscovered a principle that some had mistakenly thought obsolete in the 60s and 70s: military strength counts. We still live in a world in which the use and potential use of decisive military power can influence policies, alignments, and actions. What has sometimes been overlooked is that such influence can be either constructive or disruptive for our security interests, depending on who is wielding it and toward what end. There is no instance since the end of World War II in which Soviet or proxy military intervention has benefited Western interests and I sense a deepening public concern, at least in this country, that disruptive Soviet capabilities and inclinations are on the upswing at a time

when our capability to defend distant interests is less than optimum.

I attribute the major impetus for this reawakened concern to three major factors. First (in order of occurrence, if not in importance), the Joint Chiefs of Staff made a conscious decision in the summer of 1979 to frame our testimony on the SALT II Agreements in the broader context of the overall strategic balance with the Soviet Union. There was very little discussed in those hearings that had not been repeatedly documented in earlier testimony, but the glare of publicity surrounding the SALT debate provided concentrated public illumination on issues that had heretofore attracted only scant coverage. Americans were clearly not reassured by what they heard about the sustained adverse trends.

Second, I believe the trauma of Iran's lawlessness added a significant measure of frustration, not simply over the shortage of good military options after the former hostages were taken, but over the contemptuous attitudes that permitted them to be kidnapped in the first place.

Finally, through their own activities, particularly in Afghanistan and Poland, the Soviets have permitted the velvet glove to slip somewhat, revealing an unmistakable view of the mailed fist and the way it can be used when it suits the Soviet purpose.

Despite my deep concern over the trends, I do not share the judgment that our limitations in some areas would or should prevent our taking appropriate action to respond to a challenge to our vital interests. The United States has formidable and highly professional military capability. However, we are not well configured for certain kinds of combat in certain areas of the world, particularly if we must project and sustain forces close to the Soviet periphery. There are a number of shortfalls across the board and major improvement programs that we must initiate or accelerate in our strategic, theater, and conventional forces.

Strategic Capability

The flexibility and survivability inherent in the strategic TRIAD concept have stood the test of time, but the forces themselves are seriously in need of modernization. A very serious weapon system concern is the growing vulnerability of our land-based/ICBM force, the key contributor to our time-urgent hard target kill capability. Without a high degree of survivability afforded by the MX missile system, the deterrence and crisis stability of this most precisely controllable component of our strategic force mix could be seriously compromised.

We must also continue the modernization of our highly survivable SLBM force. The deployment of the TRIDENT submarines with their complement of TRIDENT-1 (C-4) missiles, as well as the ongoing program to backfit C-4 missiles into 12 POSEIDON submarines, will greatly enhance both the lethality and survivability of this essential portion of the TRIAD. I strongly solicit the continued support of Congress for these significant improvements in our strategic deterrent.

Finally, the air-breathing leg of the TRIAD, which is the most flexible and versatile element of our strategic deterrent, is also the most obsolescent and urgently requires modernization. The air-launched cruise missile (ALCM) program is proceeding well and shows great promise as a near term extension of the striking power of our current bombers.

However, the ALCM is at best a partial solution to the larger and longer term problem of correcting the limitations and vulnerabilities of our aging B-52 fleet. Only a manned penetrating aircraft combines all the necessary characteristics—such as speed, stealth, range, payload, offensive and defensive countermeasures, target discrimination, post-launch control, and reusability—to assure our capability for global nuclear and nonnuclear applications across the entire spectrum of potential conflict. Deploying a new manned penetrator should be a top priority among the new strategic initiatives that we need to pursue in the days ahead.

Beyond our weapon system modernization needs, I see a requirement for significant improvements in the survivability, reliability, redundancy, and flexibility of the strategic warning and control systems supporting the National Command Authorities (NCA). Generally referred to under the umbrella term "connectivity," this combination of facilities, systems, communications, and procedures must be virtually invulnerable to a surprise knock-out blow so that the NCA "head" can never be severed from our surviving retaliatory capability.

A key yardstick for strategic modernization is that our programs must both benefit our deterrent posture and contribute to a climate in which mutually beneficial and politically acceptable arms reductions are possible. One of the acknowledged disappointments of SALT II was that it failed to go far enough in reciprocal restraints on strategic capability. Arms control agreements should not be sought as ends in themselves, but as part of the framework for stability and security for both sides. I believe that neither we nor the Soviets would benefit in the long term from an unbridled arms competition. They have a significantly greater near term "breakout potential"—the ability to increase rapidly the number of war-

heads and vehicles deployed—while we retain a substantial edge in potential for technological breakthroughs. I favor a strategic approach that recognizes the competitive nature of the US-USSR relationship and places top priority on protecting our security interests while attempting to moderate destabilizing tendencies.

Theater Capability

Significant gaps remain between United States and Soviet theater nuclear force (TNF) deployments, both long and short range. The major concern is the disparity in Europe between modern mobile and highly capable Soviet long-range theater systems (the SS-20 missile and the Backfire bomber), and the older United States systems assigned and earmarked for NATO. This concern is compounded by the even wider gap in chemical warfare (CW) capabilities.

There is no "quick fix" available in either area. We are embarked on a Long-Range Theater Nuclear Force (LRTNF) modernization program in conjunction with our NATO allies through which 464 ground-launched cruise missiles and 108 PERSHING II launchers will eventually be deployed to several European nations. However, it will be several years before these systems are available in the forward area in significant numbers and even later before we can program, develop, and deploy the chemical defensive and offensive measures needed to offset the one-sided Soviet CW advantage. We need to move ahead vigorously with these improvements. Furthermore, in the dangerous years ahead it will be essential that any potential aggressor realize that the US has the capability for a global response with appropriate weapons of our choice regardless of where the aggression occurs.

Conventional Capability

The overriding reality in assessing our conventional capability is that our force posture concedes certain advantages to an opponent. For example, the enemy will usually have the initiative in time and location. In most engagements, we would likely have to fight outnumbered and outgunned, at least initially. In case of conflict with the Soviets, particularly in Southwest Asia, there would be no way for the West to match the weight of effort that the Soviets could hurl into a conventional battle. The technological edge on which we have long counted to compensate for Soviet numerical superiority has been seriously offset, both by the increased Soviet numerical margin in a number of areas and by major qualitative improvements in later generation Soviet systems. Finally, our reinforcing and sustaining forces must travel over long distances by sea and air over exposed lines of communication.

Our NATO forces are undergoing steady improvements in a number of key areas for better defense against a combined arms armored assault in Europe and the ongoing replacement and modernization programs for all the Services merit the full support of Congress. However, we have not done well enough in broadening and adapting our concepts, force structure, and capabilities to the newly emerging threats elsewhere in the world. I consider it imperative that we undertake a major reassessment of the ends and means of conventional defense of global interests. Some specific recommendations will be posed in the next section.

PRESCRIPTIONS AND PRIORITIES

The foregoing discussion on the imperatives for security in the 1980s outlines a number of specific requirements and points the way toward others. Both need to be amplified. Therefore, I would now like to shift the focus from diagnosis to prescriptions for therapy. What follows will be a more detailed summary of the major initiatives that I believe must be pursued in tailoring our national capability to the challenges the country will face in the years ahead.

Domestic and Allied Consensus

I recognize that gaining a workable consensus among sovereign allies on the larger issues of the magnitude and proximity of a common threat falls into the "easier said than done" category. Even more difficult will be hammering out a coordinated approach for dealing with the threat. Not all nations view the world through the same political and economic prism as the US and, until events in 1979 and 1980 dramatized the problems, it would have been difficult to find a consensus on the urgency of action even in this country.

Nevertheless, I believe the threat makes such a consensus essential and the timing makes it attainable. It is essential because there cannot be adequate national security without collective security and no fundamental shifts to meet the common threat are possible without a net increase in combined United States and allied capability. The US cannot and should not carry the sole burden for the increase. Moreover, although our European and Pacific interests remain vital, the most critical and immediate vulnerability to our collective interests lies in the Southwest Asia/Arabian Gulf region. I believe these points are sufficiently self-evident to be made without risking a breach in our alliances.

As to the timing, due to the convergence of several circumstances—especially the advent of a new US Administration with a clear and growing public mandate for an improved defense capability, a violent "reminder" from Iran and Iraq to our allies about the potential impact of interrupted energy supplies, and the recent employment of the Red Army in Afghanistan and around Poland, both Soviet allies—we may have the most fruitful opportunity since the formation of NATO to help forge a comprehensive allied understanding of the global nature of the threat.

Strategy Modifications

I believe we need to broaden our strategic focus beyond nuclear deterrence and a relative handful of theater and regional contingencies. Initiatives to adjust to the new realities in the Arabian Gulf (such as the formation of the rapid deployment forces; facilities access agreements with Oman, Somalia, and Kenya; pre-positioned ships in the Indian Ocean stocked with key supplies for initial combat; and major Service programs to improve airlift and sealift) are important and necessary measures but they must be seen as first steps in addressing a regional problem, not as ultimate solutions to a global problem.

When I speak of a global strategy I mean a framework for appropriate levels of response to infringement on our vital national interests. This should not be interpreted as advocacy for either automatic, unrestrained intervention by US troops in every brushfire or a United States role as the world's policeman. The key word in my definition is "appropriate;" we must have the capability to act when, where, and how it serves our interests, not simply react to crisis at the point of attack.

A representative, but by no means complete, spectrum of desirable options, many of them already being worked on, includes:

- A modest stockpile of military hardware maintained in such a manner that rapid foreign military sales (FMS) or grant aid assistance to a friendly nation could be made without drawing down United States combat stocks. (Funding for such a stockpile was requested last year, but was not granted by Congress.)

- Improved military and civil airlift capabilities, both to transport United States forces and to assist less mobile allied forces in a crisis.

- Long term increases in maritime capability for mobility, for naval force projection, and for protection of vital sea lines of communication.

- Improved access to a wider range of forward facilities, along with broader planning initiatives for host nation support.

- Highly mobile and compact force packages with a high state of readiness, including training for combined arms operations worldwide.

Beyond these measures which are essentially resource dependent, a number of policy and procedural steps will be required to lend a truly global character to our national strategy:

- Closer cooperation with allies in formulating national policies with multinational impact. Part of the consensus I spoke of earlier must be a recognition that, within the context of collective security, "national interest" must frequently be defined with reference to "coalition interest."

- Better integration of US policies (economic, technological, diplomatic, and military) to insure a cohesive and consistent whole greater than the sum of its parts.

- Improved flexibility for timely aid to friends and allies. In particular, I believe circumstances in the world require a more forthcoming US stance in direct economic assistance, concessionary military assistance, and sales of military hardware.

- More vigorous capability to mobilize the nation's full resources rapidly in a crisis, to include substantial improvements in our industrial preparedness.

In the event of conflict, our strategy should be to apply our strengths against the weaknesses of the adversary, not just necessarily at the point of attack (which may be the enemy's strength) but across a wide array of painful vulnerabilities. The Soviets must be continually faced with the certain prospect that a military move against US or allied interests risks a conflict that could be wider in geography, scope, or violence than they are prepared to deal with. In particular, they must be convinced that an infringement on our vital interests in Southwest Asia would trigger a confrontation with the United States that would not be confined to that region.

Force Structure and Configuration

For many years, the Joint Chiefs of Staff have been citing the mismatch between strategy and forces, even under the earlier, more limited tasking. Expanded requirements in the Southwest Asia/Arabian Gulf region have stretched this asymmetry even further and I see no

way that a credible global strategy can be supported without sustained and substantial improvements in United States and allied capability. This will require sustained and substantial increases in defense resources.

We must confront the reality that most of the current shortfalls in US strategy and military capability are the consequence of a long term decline in our defense spending. Conceptually, our current "one and a half war" strategy has been defined more by resource constraints than by rigorous analysis of national interests, vulnerabilities, and threat. At the operating level, the Services have been subjected to years of mandated peacetime "efficiencies." Some of them were appropriate but many of them were the product of well-intentioned and superficially appealing slogans (such as "tooth-to-tail" ratio) rather than a practical understanding of what it takes to deploy, employ, and sustain a modern fighting force. The cumulative impact of these constraints over time has been to compound the force structure shortages by cutting into the readiness of those forces.

Readiness has also suffered because there has traditionally been no "constituency" to provide the necessary emphasis. The major attention in programming and resource allocation has gone to the more visible and glamorous weapon systems; force readiness has tended to be what was left over after the decisions on these other programs had been made. The senior military leadership successfully articulated the need to include readiness as a vital and inseparable component of both strategy and force planning and a broad-based constituency for improved readiness has been formed within the past year or two.

The strategy this nation requires in the coming years will call for continued support for a high state of readiness and for the funds needed to breathe life into the concept. Due to the severity of the threat and the deficiencies in capability, our readiness for defensive action in the Southwest Asia/Arabian Gulf region will require priority attention. As I indicated earlier, a number of good first steps have already been taken. Also, to integrate these measures into our broader planning for possible conflict in the area, the Rapid Deployment Joint Task Force (RDJTF) was established last year.

The RDJTF has faced its growing pains, but has made considerable progress in carrying out a complex and difficult mission involving force requirements, mobility, pre-positioning, access to forward facilities, command and control, etc.—in short, improving our readiness to defend vital interests in that volatile part of the world. Much more remains to be done and I believe the RDJTF is the right vehicle to continue to tie together our military planning efforts in the region.

Role of the Military Profession

I have a deep professional concern that cuts across all these issues of strategy, coalition defense, resources, and weapon systems and reaches to the very core of United States military capability. That core is the people who must prepare for war and go fight if the country's security requires it.

In a nutshell, for nearly eight years, the US has been enjoying the political benefits of an all-volunteer force without being willing to pay the price to make it succeed. While there are questions concerning the basic concept of volunteerism, for now I am more concerned with the impact of two facets of execution.

First, the present all-volunteer force was implemented with an explicit linkage to marketplace values. The inevitable consequence was erosion of the professional and institutional values, traditions, and prerogatives that define the profession of arms as a "calling to serve" rather than a "job." By de-emphasizing discipline, esprit, and service to nation above self in favor of a market-force appeal to self-interest, the architects of the current system created enormous pressures on the officers and enlisted professionals charged with the training, discipline, morale, welfare, and combat readiness of our armed forces.

Second, the men and women in uniform at all levels have had to make disproportionate sacrifices because their living standard—from both their pay and their unique military benefits—has been allowed to lag sharply behind that of the society they serve. The expected "savings" from holding down equitable increases in compensation can now be seen as illusory; we are now paying far higher costs (in dollars for recruiting, retraining, replacement and, more important, in lost capability) as experienced professionals take their skills into more rewarding civilian employment.

I believe this country needs a fundamental reassessment of the citizen's obligations and the society's incentives for national service. I am deeply concerned that, without a broad commitment to a national cross-section in uniform, economic and demographic pressures could produce a "volunteer" armed force peopled by economic conscripts—and one without the discipline, aptitudes, or cohesiveness needed for a modern global strategy. There is much that can be done to provide the incentives necessary to attract a cross-section of America. A good first step would be to reinstate a GI Bill.

CONCLUSION

In summary, my view of the US military posture and prospects is a blend of mixed judgments and a collage of pessimism and optimism. Our capability remains formidable in most key areas and is better than some people believe. However, measured against the challenges and imperatives of the 1980s, there are many critical improvements to be made. I am pessimistic in the near term because the risks are here now and will grow in the years ahead, while the remedies will take time even under the best of circumstances. I am more optimistic over the longer term because I detect a reversal of public attitude and a greater determination to correct the consequences of our long slide down the slippery slope of wishful thinking, lost momentum, and aging capability.

The great question for the latter years of the 20th Century will be whether the world's democracies will do what is necessary to assure their survival. Self evidently, the answer to that question lies within the collective will of the free citizens of those countries. I have greater confidence today than I have felt in many years that the vision and wisdom of our own people and our allies have engaged the problems of peace and survival and will produce the concerted action necessary to achieve both.

INCREASE IN ARMED FORCES MAJOR ELEMENTS

Senator STEVENS. Mr. Secretary, could you give us for the committee—and I am told it would probably be classified and we will treat it as such—a statement on the projected increase in the major elements of the armed forces over the next 5 years, have your staff do that for us? We don't need it now.

Secretary WEINBERGER. We can do that for you.

[The information follows:]

OVERALL BUDGET

Because of the compressed time schedule for preparation of a revised fiscal year 1982 DOD budget submission, there was insufficient time to develop revised force structure data for the out-years. The process of developing the fiscal year 1983 and out-year program is currently on-going, and related force structure changes will be disclosed with the President's fiscal year 1983 budget request.

FUNDING FOR NEW EQUIPMENT

Senator STEVENS. In going over your budget, could you tell me why should we put two-thirds of additional funding on new equipment when we apparently aren't capable of maintaining and operating what we have already?

Secretary WEINBERGER. Mr. Chairman, I think we have the capability of maintaining and operating what we have, although it certainly isn't as high a capability as we think it should be. The modernization of new equipment which is an essential part of readiness in the broad way I have defined it, seems to me to be essential because we have been utilizing, as General Jones said, many of the stocks of equipment. We have been drawing those down and when we have operations of any kind to do, or even training, we have to cannibalize a lot of equipment, utilize it, and take it from other units.

As we replace our inventory and as we add to our stocks, we want the most modern equipment we can get. If we accept the lowered maintainance capability you referred to now as a given and as a permanent fact of life, perhaps we shouldn't ask for more. But it seems to me we cannot accept that, but must maintain and preserve the equipment we have, getting it ready to use is a critical part of readiness, and we should always strive to improve that.

Also, because of the increases we are asking, we want to have requests before you for the additional support for this equipment. So, I think it is all part of what we are looking forward to as a renewed and increased capability for the future in all ways.

General JONES. May I add to that, Mr. Chairman. In the budget that was submitted by the previous administration, there was an emphasis on readiness and quite a bit of money, billions of dollars, migrated from the modernization account into readiness. Therefore, we were particularly short in the modernization, and when you add funds in they go more proportionately to modernization.

But if you look at the budget as a total, the amendments and supplementals as well as the basic budget, you will see a very substantial emphasis on readiness.

PROJECTED INFLATION RATE

Senator STEVENS. You projected some savings, but you also project, don't you, an inflation rate that is much lower than actually persists now?

Secretary WEINBERGER. We do reflect an inflation rate that is lower, and we do that on the basis of the President's economic program which we think will have the effect of reducing inflation.

Now, one of the problems with overruns in the past has been an incorrect estimate of inflation and of inflation rates. It was decimated without any particular basis for it. We believe there is a basis for a lowered estimate of inflation and we think that is largely because the President has proposed a program of reduced Government spending over all, and a program that involves a very substantial reduction in much nondefense activity.

We think that since the principal engine that drives inflation is Government overspending, that we will have a reasonable basis for assuming that we will have a lower rate. Assumptions have to be made and we think there is every reason to hope and expect that the President's action will result in lowered inflation.

A lot of inflation, as you know, is due to inflationary expectation, and if it is clear that the Government is embarked on a course that will lead to a balanced budget at a lower rate and not a balanced budget at a higher rate of expenditure because of higher revenues, then it seems to me there will be good reason to expect that the economy and the market generally will expect this and will agree that there is going to be less need for price and other increases. That is based on what seems to me to be a logical acceptance and follow-on to the President's economic proposals.

BUDGET CUTS

Senator STEVENS. What cuts in this budget have been made except those related to this inflation-related savings concept?

Secretary WEINBERGER. We have a summary of those cuts and I will be glad to submit that for the record.

Senator STEVENS. We will put it in the record.

[The information follows:]

SAVINGS FROM THE JANUARY BUDGET—BUDGET AUTHORITY

[Dollars in millions]

	Fiscal year 1981	Fiscal year 1982
Category I:		
Efficiencies:		
Personnel savings and other administrative measures	100	100
Reduce purchases of marginal equipment	107	.....
Reduce administrative travel	13	20
Reduce reliance on consultants	50	100
Contracting practices reform	.....	70
Subtotal	270	290
Productivity enhancing investment	.....	100
Reduce marginal programs:		
Excess National Guard items	.....	25
Reduce oversea station allowance and subsistence	50	89

SAVINGS FROM THE JANUARY BUDGET—BUDGET AUTHORITY—Continued

[Dollars in millions]

	Fiscal year 1981	Fiscal year 1982
Miscellaneous Army O. & M. savings		184
Special training		5
Excess Army Reserve items		8
Army technology base program		29
IMAAWS		29
Fire and Forget HELLFIRE		28
8" ARP		13
Army Anti-Standoff Jammer		4
Corps support weapons system		8
Unexecutable Army vehicle buys		58
National Oceanic satellite system	9	46
SEAFIRE		18
Tactical electronic warfare deception systems		9
Human effectiveness (Navy R.D.T. & E.)		3
Manpower effectiveness		5
Navy OSHA		7
Navy weaponizing (prototype)		2
Anti-ship torpedo defense		2
Super torch IR countermeasures		1
Over the Horizon targeting		3
Special test systems		81
Stratified charge rotary combusion engine		10
VCX		33
Cargo aircraft minelaying		6
SSN integrated communications		4
AEGIS (CSED)		13
Navy Standoff Jammer suppression		10
Follow-on submarine development		13
Additional Air Force consultants		20
Air Force cost-of-living allowance	13	22
Air Force management headquarters		20
Air Force OSHA		23
Laser acquisition device		7
High mobility vehicle		3
C^3 advance development		5
TITAN II C^3		13
CRAF		37
B–52 electromagnetic pulse mod		83
FIREBOLT		4
Subtotal	72	[1] 981
Category II:		
More efficient acquisition planning	197	484
Category III:		
Civilian pay cap (4.8 percent)		1,625
Retired Pay COLA	68	380
Subtotal	68	2,005
Total savings	607	3,860

[1] Does not add due to rounding.

CATEGORIES OF BUDGET CUTS

Secretary WEINBERGER. Generally, they come in three categories, and in total, as I said, we believe we will save the taxpayers about $4.5 billion in budget authority and $3.3 billion in outlays in fiscal years 1981 and 1982.

There are three broad categories. The first is reductions in programs that were actually requested by the previous administration, and that is about $342 million in fiscal year 1981, and $1.3 billion in fiscal year 1982.

The second category will come in efficiencies, multiyear contracting to the greatest extent we can do it, and procurement in more economical quantities. Out of something like 18 major line items, we have estimated that the quantities in the Carter budget will cost us about $197 million less in 1981 and $485 million less in 1982.

The third category consists of Defense's share of the costs that will be avoided as a result of President Reagan's restraints on civil service and retired pay. As I said, I have this statement which is about seven pages, and we would be glad to put it in the record, but these are the broad, general categories.

Senator STEVENS. We will be happy to do that.

To live by my own rule, my 5 minutes are up. Senator Stennis, do you have any questions?

Senator STENNIS. Well, Mr. Chairman, and gentlemen, I have already had an opportunity to hear you gentlemen before the Authorization Committee on this proposal, and it is well that you start early; but the membership of this subcommittee will have to fasten their seatbelts. This bill is going to ride long and hard and we are not willing to finish it up quickly. It will go through all the ramifications of budget debate, in the Senate and the House, and back and forth.

The great climax will be the final conference with the House of Representatives where we will find the experts, but you have to assume a rate of inflation, and you have discussed that.

If you are going to put your program over, though, I think we have to figure some kind of a rate of inflation to start you off with. There has to be some kind of a rate of inflation that is not quite as optimistic as yours is now; and I say that not in derogation of your judgment at all, of course not, nor the administration's, but I just know that we entered into this thing gradually over a long period and I think it is going to take a good long while to get out. I mean the inflation impact.

I have seen these programs, expensive programs, in the military get bogged down because of growing inflation.

MANPOWER PROGRAMS

I have already mentioned to you my concern about the manpower, and that is shared by a great many of us. This is an open hearing, and it is shared by a great many of us, especially with the Army, and that is no reflection on the Army. The Air Force has a tremendous sophisticated appeal to youngsters, you know, to get them to join; and the Army tries hard.

I don't mean to flatter you, but you ought to make a separate and special investigation on the manpower problems, Mr. Secretary, and just start out like in the old days when we were out fox hunting, or wherever. We are going to run this rabbit until we find him. If you find someone to make that survey for you and you can make a more or less independent judgment about those

needs and how the situation is now, I believe that would be very timely. This program will eventually rise or fall on the manpower, that is, the quality of manpower, this whole program.

Secretary WEINBERGER. I think you are right.

SELECTIVE SERVICE PROGRAM

Senator STENNIS. There are remedies and it won't be too hard, and I appreciate the President's position. He is honest about his conclusions, but if he runs into facts that will change his mind, I believe he will say so, on a selective service of some kind. Certainly it won't have to be a Selective Service Act like we had heretofore and it can be greatly improved on. This is no new thought with me. I have been saying this every year as we consider the appropriations bills and the main problem is manpower.

INDUSTRIAL PREPAREDNESS

Now, on this industrial preparedness, I want to reiterate what both of you said about that. It is a newcomer to the front. I have gotten into it to know that you are certainly right; it is the lack of sufficient industrial preparedness for your special needs. I am relying, too, on your promise to effect economies where you can. You will just have to.

In a big program like this, I think you have to do it in such a way that you have done it, and maybe you will have to rely mainly on the civilian power and authorities in the Department of Defense rather than the military people. I say that with all deference to them. They have other missions and they have other problems they are charged with. So you are the one who has the power there; you can follow up. And Congress can't do it.

We are going to get the reactions from all of these reductions which you are going to make. We will take that. I can see it coming. I am not just handing out advice; I am expressing confidence in you two gentlemen to a large degree, and you can stay with these problems. I think you will get your money this year but the problem will be 2 years from now.

All right, thank you. I won't get into specifics.

Secretary WEINBERGER. I would like to say, Senator, that I agree fully, and I think this rather fragile coalition that is now behind the increased defensive strength of the country that General Jones referred to is indeed fragile. We have to make perfectly sure everyone is satisfied with the increases we urgently believe are necessary and they are increases we make with a minimum or absence of waste and with an ability to make the major savings possible.

We would understand there is, as with all reductions in expenditures, always some heat and criticism; therefore, we are prepared to share as much of that with you as we can, because we do think it is essential that the people be convinced and that we are doing this in the most economical and efficient way possible.

Senator STEVENS. Thank you, Senator.

WORLDWIDE THREAT BRIEFING

I might say, I have discussed with the Senator the possibility that we might ask you to invite the subcommittee over to give us a sort of overall worldwide threat briefing within the security of your facilities, which we don't have, and we will pick an appropriate time to do that.

Secretary WEINBERGER. We would like to do it. It is a disquieting briefing but it is essential you have an opportunity to see it, and to ask questions, so any time you are ready, we would be prepared.

Senator STEVENS. We would like to see that happen and have it periodically updated so we can keep abreast and know what is going on.

Senator Weicker?

PREVIOUS PREPARATIONS AND POLICIES

Senator WEICKER. Mr. Secretary, you indicated that this indeed was not an alteration of a budget but a brand new budget?

Secretary WEINBERGER. Pretty close to it, yes, sir.

Senator WEICKER. And I would suspect that certainly is owed in the sense of the new administration, except for one thing, that is, there is a continuing institution you have sitting next to you over here in the person of General Jones, who has been aboard more than 4 to 4½ weeks.

I suppose the first question that would come to my mind is that the presentation of this budget would indicate that our previous preparations and policies have been totally inadequate, and yet I have not heard such a comment from the continuing institution as personified by General Jones.

And so maybe you, General Jones, would like to respond to that?

General JONES. Senator, last year, as an illustration, in testimony before the House Armed Services Committee, when asked what budget we thought was necessary in order to reduce the risk to a level we would consider acceptable, and that would be a recommendation, it was about 6 or 7 percent of the gross national product, which was substantially above the budget then before the Congress.

We have stated to the Congress that the trends have been very adverse and they have continued to be adverse. I don't see any inconsistency in the testimony.

Senator WEICKER. You don't see any inconsistency with the positions taken in this enormous increase requested here by this administration?

General JONES. No, we had previously recommended additional budgets.

Senator WEICKER. To the extent that it is being requested here for fiscal years 1981 and 1982?

General JONES. We have recommended internally within the Defense Department, for example, increases in past years of larger amounts.

Senator WEICKER. Had you made these requests before the committee?

General JONES. It was not appropriate for us to make requests to this committee, but when asked in congressional committee ses-

sions, we stated our concerns about the inadequacies of the defense budget.

Senator WEICKER. Well, I don't dispute that there is always going to be the question of concern raised, but we are talking about the amounts and substance that are being presented before this committee now. This is pretty much a departure from anything that I have heard certainly as long as I have been on the Appropriations Committee. I am excluding concerns, and concerns have always been expressed.

Whom are we to rely on, in other words, if we can't rely on the spokesman for the services involved?

General JONES. I think if you go back and look at the testimony over the last few years, the concerns are expressed. I think it is also understood that we will not go out and try to undercut any President or any Secretary of Defense. But when asked and when responding to questions, we give our candid views.

Last year we did express serious concerns about the trends, and those trends, as I mentioned, continue to be adverse.

Most of this new procurement won't come out the other end for a number of years, and therefore it is to redress those trends that the primary action is being taken.

Secretary WEINBERGER. With a view to the future as well as the past, I think we have to note that constitutional provisions do put civilians in charge of the defense agencies and I don't think anyone quarrels with that. General Jones has outlined the delicate and difficult ground that exists before military personnel. They do, when requested, give their personal opinions if those opinions have not prevailed internally within the debate in the Department; but if the civilian leadership of the Department has taken a different tone, then I think it is the only view the Department as a department can present to the committee.

But you certainly have been free in the past to extract personal opinions of the Service Chiefs and the Joint Chiefs. I say with full knowledge that the civilian leadership of the Department today differs markedly from the past civilian leadership and has taken what you correctly have indicated to be a very major change in approach in presenting this budget to you.

WASTE IN PENTAGON BUDGETS

Senator WEICKER. The Comptroller General recently wrote to you, Mr. Secretary, outlining several recommendations which could have saved several billions of dollars. I want to know what you response was to that letter and how much waste would you say occurs in an average Pentagon budget in excess of $200 billion?

Secretary WEINBERGER. I have not precisely figured out how much waste occurs and I hope it is not a regular, fixed percentage each year. Whatever it is, we seek to eliminate it.

With respect to Elmer Staats' letter to me, I have the greatest respect, and always have had, for the Comptroller General. We prepared a quite detailed response which went to him last Thursday, I believe, and I would be glad to furnish a copy to the committee.

In general, we advised him that we were already putting into effect some of the suggestions he made, having found somewhat the

same things in the course of our very brief examination of the budget and our very brief incumbency thus far.

In his other recommendations we advised him that we have a departmentwide examination being made in detail. In many of them, the individual steps he has required, involve such things as multiyear procurement and buying in larger quantities the first, year, and in giving more assistance to industry that there can indeed be some confidence placed that orders will not be curtailed or changed on short notice.

We are looking at and we hope to make other internal management improvements. On the basis of my past experience, I would assume a large number of the Comptroller General's recommendations are very good ones, and we would want to put them into effect.

CORRESPONDENCE

As I said, we have a quite detailed response which I would be delighted to furnish for the record here.

Senator STEVENS. Your time is up.

Mr. Secretary, we would appreciate the opportunity to review that response, and I have not had your comments in your statement.

[A copy of the letter from the Secretary of Defense to Comptroller General Elmer Staats dated March 6, 1981, follows:]

LETTER FROM SECRETARY OF DEFENSE WEINBERGER

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

6 MAR 1981

Honorable Elmer B. Staats
Comptroller General of the United States
441 G Street, NW
Washington, D.C. 20548

Dear Elmer:

This is in further response to your letter, dated January 21, 1981, which provided me with a "Proposed Agenda of Significant Management Improvements and Cost Reduction Opportunities." You also indicated in your letter that there existed a potential "several billion dollars a year of savings" and that the time had come when opportunities to cut costs "must be dealt with more aggressively."

I want to reiterate the general position I outlined in my letter to you dated February 11, 1981; that is, I share your concern about the sound management of available resources and have placed a high priority on the identification and review of potential cost reductions in existing Defense programs.

At my direction, the various elements within the Defense Department, are taking a vigorous look not only at the 15 general agenda items provided with your letter, but also at the 26 individual audit reports you cited in support of the agenda items. Deputy Secretary Frank Carlucci emphasized the need for a positive approach in this review in a recent meeting with the Secretaries of the Military Departments.

I am hopeful that after the completion of these individual review efforts, my Comptroller, Jack Borsting, and others concerned can meet with your representatives to pursue further actions, beyond individual report recommendations, which may be appropriate. In the meantime, I trust that the general comments which follow will provide some indication of the seriousness of our review effort. These comments are structured along the lines of the three major categories covered in your letter.

A. Logistical Support Economies

We can agree in general that there are savings to be made through economies in supply, maintenance and distribution. The six agenda items identified in your report are as follows: (1) consolidate military base support activities; (2) consolidate supply activities; (3) begin to establish single management of aircraft depot maintenance; (4) consider the application of the single manager concept to transportation activities (5) use repair parts inventories more effectively; and (6) consider early in the planning cycle logistics and backup equipment requirements.

With respect to these six items, because of past concerns about mission impairment and impacts on readiness, I will doubtless need to review specific proposals for consolidation of base support activities, consolidation of supply activities and a single manager for aircraft depot maintenance, before any final decision to move ahead. We are already considering the application of the single manager concept to transportation, and will press to use spare parts inventories more effectively, and to consider early in the planning cycle requirements for logistics and backup equipment.

B. Major Procurement Economies

My preliminary assessment indicates that we should and must seek out and exploit procurement economies at least in part along the lines postulated in the four agenda items. Specifically, we can accept in general the thesis that weapon system funding should be consistent and better managed. I can also accept in principle related observations on OMB Circular A-109 which would require more effort in analyzing missions and determining needs. However, the A-109 acquisition process itself should not necessarily be accepted at face value; improvements may well be feasible. We also support the concept of "multi-year contracting." If this concept can be effectively implemented, there could well be several billion dollars of savings over the longer term. The achievement of such savings, however, will require statutory changes and strong Congressional support, including some changes in existing Congressional review procedures affecting our specific proposals as they may be subsequently identified and presented to Congress. Similarly, I can support a call for examination of lower cost alternatives before approval of new systems and your expression that impediments to reducing the cost of weapon systems should be one of my prime concerns.

C. Manpower Issues

As you know, the Administration is committed to taking another look this year at the military retirement question. Other issues posed by your five manpower agenda items may very well be sufficiently interrelated that a coordinated overall review and assessment is required. And this obviously will take time.

In this respect, there has been some concern expressed that while GAO recommendations in the logistics and procurement areas are usually the product of specific audits of operating systems, its findings in the manpower area appear to be more often the product of general policy preferences. For instance, no particular GAO audit finding apparently suggests that a military salary system would be preferable to the present pay and allowance system. Rather, there is a general belief that the salary system would be better. On the other hand, the concern in the past within the Department has been that the benefits of such a radical transformation have not been demonstrated. There may well be a question, not so much whether the audit findings are correct, but whether the policy preferences expressed by the GAO offer attractive benefits. I believe this concern should be addressed in the forthcoming meeting between GAO and DoD.

Nonetheless, DoD in fact has responded favorably to and has begun implementing many of the manpower proposals in GAO reports.

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o DoD has developed a proposal for substantial reform of the military retirement system which, as earlier indicated, is now being reviewed by the Administration. It is responsive to many of the issues raised by the GAO.

o DoD has made substantial improvements in its ability to manage enlisted personnel systems, and this is particularly apparent in our increasing ability to target enlistment and reenlistment bonuses to specific skills.

o DoD has made substantial improvements in our management of morale, welfare and recreation activities, and we have reduced the number of military spaces in these programs by almost 3000 since 1976.

o DoD is presently completing a study of military pay setting, and will be reporting the results to the Congress in April.

Our major concern in the manpower area is that the actions we take contribute to the overall goal of fielding a military force composed of able and dedicated men and women. Often narrow studies of specific areas in the manpower arena miss the interactions with other related subjects. For example, reducing support for community programs, while it may save some manpower, could also lower the quality of life of members, especially at remote locations, and cause them to leave the Service. The same sort of interaction is even more pronounced in the compensation area.

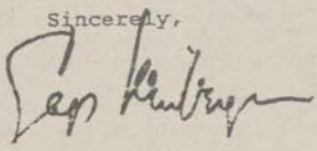
We welcome the review of manpower programs by GAO and others, but in the end I must retain the responsibility to present to the President, and defend before the Congress, a balanced and low-risk defense manpower program.

In summary, let me reassure you that in the coming months we will pursue to decision each agenda item you provided with your letter of January 21, 1981. Where decisions can be made now, we will make them. Where specific proposals need to be developed for review and further study, we will develop such proposals and follow the studies to completion and subsequent decision.

For the future, as I indicated in my February 11, 1981 letter, I look forward to a continued close and productive working relationship between the Defense Department and GAO. The recent implementation of a comprehensive audit follow-up program in Defense should provide increased assurance that we will effectively come to grips with audit findings. In this respect, I want to thank you for the remarks in your recent interview which appeared in the Washington Post on March 3, 1981, indicating that there has been some response in the past to audit findings. While the thrust of the article is that more can and should be done, you are also reported as saying: "At the same time he praised DoD for accepting GAO recommendations that in the last 5 years produced measurable savings of $8.9 billion - 54 percent of the total for the entire government. The DoD share of the budget has been much smaller, about 24 percent."

Finally, in light of your retirement, I want to express my personal thanks for your faithful service to the nation throughout a long and distinguished career.

Sincerely,



BUDGET RECOMMENDATIONS FROM MILITARY OFFICIALS

Senator STENNIS. May I take just 1 or 2 minutes, not over 2, to relate something which Senator Weicker mentioned?

Mr. Chairman and gentlemen, for many years it has been customary for this committee and the Armed Services Committee to examine the military officials closely about their recommendations to the Budget Bureau, and to the President, whoever he was. I know these things going back from Eisenhower right on down the line, and their testimony would be what they originally requested. Sometimes that would come out and be debated on the floor, back and forth.

That was true, and I point out 2 years ago, after checking with all of them myself, I recommended to our authorization committee that we put in a carrier, a nuclear-powered carrier. That was adopted by the Congress and authorized. It was finally vetoed, but I needed the testimony of these men here, since it was outside the budget. They had originally recommended a carrier, most of them, but it never would have gotten anywhere.

So this thing works in and out, back and forth, both ways. Briefly put, they are not lying when they come up here and testify differently from what they did last year.

Senator WEICKER. I don't mean to imply in any way that anybody is lying. On the other hand, we are not talking about a minor adjustment here; we are talking about a very, very radical change of enormous proportions, and indeed there must be something wrong with the system that all of a sudden it has to flop around to this degree.

Maybe it is our fault on the legislative side, but I just think it is important. It is not a matter of just a degree of difference between administrations. If indeed the proposition that is being laid before us is correct, then we have been very neglectful of our responsibility for many years here. It is either that or again in the context of what is being presented to us, what is being presented is not entirely with substance or entirely based on knowledge.

As I said before, I have no difficulty with adjustments but there is a radical change involved here.

Senator STEVENS. Senator Garn, could we move on?

VARIATIONS IN BUDGET REQUESTS

Senator GARN. Let me follow up, as long as this discussion is going on, that after 6 years on this subcommittee and/or Armed Services, I don't think there is very much change in what the uniformed services have requested. The difference and the radical change has come in the change in the civilian administration.

I have listened to General Jones for 6 years now, and I don't know of a single time that he and the other service chiefs did not make original requests which were not considerably higher in the initial process of putting the budget together than was approved by the civilian administration. So I think the radical change, in response to your suggestions, has come as a result of change in the civilian administration.

My association with the uniformed services is that they have been telling us, and I think they are right that it is a combination of civilian executives and the Congress where we have been derelict in our duty for a period of more than 10 years in letting military strength slide and ignoring those internal budget recommendations that have been made in the original requests of the Service secretaries.

But certainly, Mr. Secretary, I am sure you are aware of my attitude and how pleased I am that this change is occurring. I think the assessment of the Soviet threat is certainly accurate. I heard General Jones 2 or 3 years ago, we were sharing a platform over on the House side, and to paraphrase what you said, those who were critics of increased defense spending said the military every year cries, "The Russians are coming." And they never come, and that these posture statements are outlined in order to try and convince Congress that they should appropriate more money.

This has been the case when, in fact, if we went over a decade and reviewed the posture statements of Secretaries of Defense and the Joint Chiefs of Staff, they have always understated the threat and that the Soviet buildup has been higher.

So if there has been an error on the uniformed services, as a matter of fact they haven't been yelling "Wolf"; they have been understating the case.

So, I applaud the efforts of this administration, but there is one area that I am concerned about, Mr. Secretary, and I agree your decision not to badger our NATO allies, but having spent a great deal of time back and forth across the Atlantic, I don't think that they are doing their fair share.

With this increased commitment that we are asking our taxpayers to make and the cutbacks in civilian programs which, again, I support and agree with, how do you intend to proceed in terms of getting some of our allies to do more of their fair share to help us in this effort?

Secretary WEINBERGER. Senator, that is a very good question and what you are referring to, was simply a matter of my estimate of what I hoped would be more effective tactics, rather than overall strategy.

NATO MILITARY SUPPORT NEEDED

There is no question we need to have the support of our NATO allies, and you can see from the chart I mentioned a moment ago, that when you look at just United States versus the U.S.S.R., the differences are very marked. When you do put in the contribution of the NATO nations it narrows a bit. That is what in effect will have to happen for many years.

We carried the full, principal burden in the Pacific as well as in Europe for perhaps too long. There are now very significant contributions that our European allies can make, and many are making them. There have been a number of contributions that have been very strong. The United Kingdom, despite difficult internal conditions, has more than met the previous quota that it was assigned.

I stated in my confirmation hearings that I wasn't very much of a quota man or very much of a fixed percentage person. I think what is needed is to look at needs and requirements, but the so-

called 3 percent quota frequently, in my opinion, should be a floor and not a ceiling.

I share the concern I think most people felt in reading over the weekend that there are to be some reductions in the German contributions.

MODERNIZATION PROGRAM

Senator GARN. That is the next question. Their modernization program for the next 4 years has been strained to meet that and what is your response to the Germans?

Secretary WEINBERGER. The German Foreign Minister will be here today and tomorrow, and this is obviously one of the things we are going to want to talk about. I had only the brief reports that appeared in the papers, and I haven't seen any actual formal change of policy of the German Government, but we do want to talk about it. There is no doubt we all have a very significant, vital role to play in maintaining the defense of the western nations of the Free World.

We have carried a very large share. We are proposing to do two things now, which I hope will be followed by our European allies: We are proposing to reduce domestic spending in the interest of trying to deal with inflation, and at the same time recognizing the military needs involved, proposing, as Senator Weicker pointed out, a major increase in defense spending.

Now, we hope to combine the two with tax cuts and other matters you are familiar with from the President's economic program, to produce a much strengthened economy and a reduction in inflation.

We would hope our allies would do no less and we certainly intend to point out the necessity of this, which is very clear to them, I am sure, because it is again a matter or not only survival but also immediate national survival as far as they are concerned.

There are other interests we feel they share with us, and that is the importance of maintaining the credible and sufficient presence in the Middle East to deter any kind of Soviet thrust to or into the oilfields.

REQUEST FOR SUPPLEMENTALS

Senator GARN. Mr. Secretary, it has been discussed here that the inflation rate is one of the reasons that President Carter failed so miserably in his defense commitment, that is, because of the unrealistically low inflation rates that they used; yet this administration is using lower inflation rates, and I will support the President's program and the budget cuts, and I am also hopeful that it will bring down the inflation rate, but my specific question is this:

If it does not or Congress does not enact most of the President's program, and the inflation rate continues at a higher level than the estimate, are you prepared to request supplementals in order to keep the programmatic increase in defense?

Secretary WEINBERGER. Yes, we are. We think the programmatic increases we have requested are very realistic and very necessary, and we think they should be procured even if they cost more than we now estimate.

I am, as I mentioned to the Armed Services Committee, constitutionally opposed to supplementals. I prefer to estimate as accurately and as correctly as we can, and it was only with the greatest reluctance that I presented supplementals in the past. But I think, quite frankly, this is a matter of national survival and more than that, I think it is essential this program be enacted.

If we find it is going to cost more because of external factors, we would certainly advise the Congress and make appropriate additional requests. I hope it won't be necessary, and I particularly hope it won't be necessary because of some of the economies we hope to introduce within the Department itself.

Senator GARN. Thank you, Mr. Secretary.

HISTORY OF REGULAR DEFENSE BILL, 1969–81

Senator STEVENS. Thank you, Mr. Secretary.

I am going to place in the record a history of the appropriations in the regular defense bill. I think it bears out the comments that you made concerning the funding of programs. It also shows that Congress bears a considerable portion of the responsibility there in a period from 1969 to 1981. We cut every year but one, the appropriation requested from the administrations in the past.

It is as follows:

[The material follows:]

HISTORY OF APPROPRIATIONS—REGULAR DEFENSE BILL

[Dollar amounts in millions]

Year	Budget	House under budget		Senate compared to			Act	Act under budget	
		Amount	Percent	House	Budget			Amount	Percent
					Amount	Percent			
1969	$77,074	−$4,834	6	−$353	−$5,187	7	$71,870	−$5,024	7
1970	75,278	−5,318	7	−637	−5,955	8	69,641	−5,637	8
1971	68,746	−1,939	3	−390	−2,329	3	66,596	−2,150	3
1972	73,544	−2,496	3	−699	−3,195	4	70,518	−3,026	4
1973	79,600	−5,024	6	−4	−5,028	6	74,373	−5,227	7
1974	77,240	−3,149	4	−837	−3,986	5	73,705	−3,535	5
1975	87,056	−4,074	5	−1,399	−5,473	6	82,095	−4,961	6
1976	97,857	−7,639	8	+503	−7,136	7	90,466	−7,391	8
1977	107,975	−2,584	2	−1,429	−4,013	4	104,310	−3,665	3
1978	113,837	−3,793	3	−280	−4,073	4	109,708	−4,129	4
1979	119,247	[1] −2,411	2	−2,703	−2,881	2	117,200	−2,047	2
1980	132,255	−2,794	2	+2,137	−657		130,918	−1,337	1
1981	154,421	+2,717	2	+3,637	+6,354	4	159,666	+5,245	3

[1] Funds for CVN deleted.

REAL GROWTH INCREASE IN DEFENSE BUDGET

Senator STEVENS. Senator Hollings, we are operating under the 5 minute rule.

Senator HOLLINGS. Let me correct the record. The Senate did in September of 1979, over the objection of the Pentagon, over the objection of the White House, over the objection of the Armed Services Committee, and over the objection of the chairman of the Budget Committee, pass an amendment calling for a 5 percent real

growth increase to the Defense budget. That happened on September 18, 1979. So let us get that straight.

Senator STEVENS. That is one year, that was the one year.

Senator HOLLINGS. The amendment called for 3 percent in 1980 and 5 percent for 1981 and 1982. The House and the Pentagon kept working against me and I hope they will start working with me.

Secretary WEINBERGER. That is the point I was making.

WEAPONRY BREAKDOWN

Senator HOLLINGS. Every time I tried to get a vote the DOD was out there lobbying against me. Let me ask you, Mr. Secretary, as you break down all of the weaponry, there are two things that concerns me. Do we have a breakdown of the weapons you need because my experience is if you took all of the requirements, that is, if you asked the Army what all of their requirements were and asked the Navy what would be their requirements in the next 5 years and similarly with the Air Force and Marines, then if I sat down at the table as a Secretary of Defense, as you must do, there is not the money available? There is not that much money in the world.

We should have a breakdown and you should set certain priorities. The Army can take the MX-1 and the vehicles and the tanks and all of these helicopters and everything else, all of these little pieces of weaponry coming down the line, and I may have a real add-on to each one of them. There is not that much money. Do you have that breakdown as to what kinds of security threats and so forth we are going to be prepared for and everything else in your presentation here? You haven't presented that yet?

Secretary WEINBERGER. There are two quick answers. The savings we have made this year in the detailed statements that I mentioned to the chairman, I think just as you were coming into the room, we will make a part of the record. We have listed both the cancellations and the reductions in specific programs that we are recommending in both the 1981 and 1982 budgets.

We will also be able to furnish to you the additions we are requesting by the three Services and list in detail what each element is.

BUDGET SAVINGS

Senator HOLLINGS. What generally are the savings?

Secretary WEINBERGER. As I mentioned before we have a combination which will save about $4.5 billion and we realize $3.3 billion of that in 1981 and 1982 outlays. You understand, Sir, these are savings which reduce the amount of the total increase, we believe we have to request.

BASE CLOSINGS

Senator HOLLINGS. Do they involve any base closings?

Secretary WEINBERGER. No.

Senator HOLLINGS. You haven't looked at that?

Secretary WEINBERGER. We have looked at that and what we are proposing to you is a list of base closings which could be made, and which we believe will add to the savings. Many of them were

probably recommended in the past when I was at OMB 9 or 10 years ago.

CIVILIAN PERSONNEL CEILINGS

Senator HOLLINGS. Without any reflection of course on distinguished civilian personnel we have here, but Barry Goldwater says that is the crowd that runs the Pentagon because you secretaries average about 9 months in your job. The Congress has cut its staff by 10 percent and what about the Pentagon civilian personnel and otherwise?

Secretary WEINBERGER. We have civilian ceilings we have exempted, that we have worked out and negotiated with OMB which reflect some reduction over the next 6 years. We are obviously not through however, and are looking at that entire situation. Initially as you know we came under a freeze as did the entire government, and only after the adoption of these ceilings and with the approval of OMB, will that freeze be lifted.

We do have substantial requirements for civilian manpower in areas directly involved with the readiness of the combat units. What we are obviously trying to do here is eliminate the unnecessary or surplus employment. We are also imposing reductions on administrative travel and we are reducing the use of consultants.

In all of these areas, we are trying to make major savings. The civilian employment level is somewhat of a two-edged sword however, because it is essential that we not have combat or uniformed personnel performing civilian tasks. In my opinion that has been done too much in the past.

QUALITY OF MILITARY PERSONNEL

Senator HOLLINGS. And one final question, if you please, Mr. Chairman, with respect to more outstanding and qualified personnel in R&D and procurement. Let's get right to the XM-1 tank. They tell us politicians, "Look, you manage a program or redesign a missile in General Jones' Air Force and you can still go right to the top and end up as Chief of Staff, but if you manage or redesign a good tank, you are not going anywhere in the Army."

So the quality Army officers all want to be in command, staff, field, and experienced in everything else of that kind, and we are not getting quite the human talent in Army programs management that we need. As a result, the Army spends 10 years on a program and the price goes 10 times up. Can we do something about this in the military?

Secretary WEINBERGER. I hope we can. I appreciate the course of that point and I think one thing which gives us considerable hope is the premium involved in our getting modern, up-to-date and sophisticated equipment of the finest kind, would be such, I would hope and certainly try to foster a much greater recognition in the military for skills in those fields. That would bring the rewards you are speaking of.

I think that is a very valid point, and I do think it is essential it be recognized by the public and by the Services generally, that improvement in modernization of our equipment is one of the major tasks before us. We drew down some of it during the Viet-

nam war and never replaced it because the mood of the country was such that there wasn't any kind of consensus for adequate defense expenditures in the post-Vietnam period.

We drew down our stocks and now we have not only to replace but also to modernize all at once, and it does involve a substantial jolt upward in expenditures.

Senator HOLLINGS. In drawing down stocks, we are hundreds of millions shy in ammunition alone?

Secretary WEINBERGER. Yes; we are short.

NEW MANNED BOMBER ACQUISITION

Senator RUDMAN. Mr. Secretary and General Jones, I would address to both of you, and more to General Jones. I listened with great interest to the dialog a few moments ago between Senator Weicker and yourselves and Senator Stennis's comments. I understand and agree that the Joint Chiefs are constitutionally bound to follow through on those recommendations of the administration. I understand you are entitled to your personal views. However, I am not constitutionally bound to take my views from anyone except where I want to take it and I want to take it from professionals in the Armed Services who I believe over the long range have the best independent view of what is good for their country's defense.

So with that in mind, General Jones, I really would like to ask you a question. I have read in your overview statement in detail. I have also gone back and looked at some of your statements in the past, and I understand the constraints under which you operate. I thought Senator Stennis made a very interesting distinction between your professional and official position and your personal views which I understand. But I am talking now about your overview statement pertaining to a new manned bomber. In two places in your statement you say, and I agree with you, and I have over the years and disagreed with you back in 1977 as a civilian on the outside looking in, you say that the air launched cruise missile is at best a partial solution to the problem of correcting those forces, and you recommend some form of new manned bomber. Looking back at your statements of June 1977 and up to now, you staunchly defend that plan to scrap the B–1, and you argue that the B–52G and ALCM combination would in fact give us what we needed. I guess what I want to ask you professionally, or personally, is what new developments in projected Soviet forces have essentially changed your view, because you were a very staunch defender of that position and I would like to back a new manned bomber program but I would like to make sure I am backing it for the right reason.

General JONES. First, Senator, I think you are incorrect in referring back to 1977 and events since then. I don't think you will find anything in there that endorses the cancellation of the B–1. It says some good things about the B–52 and improved missiles, and I continue to say good things about the B–52 and cruise missiles as a partial solution to the manned bomber.

I have a long statement in response to the questions of the Senate Armed Services Committee that I would like to submit for the record on the saga of the B–1.

[The information follows:]

HISTORY OF B-1 BOMBER

General JONES. The B-1 saga has been complicated and confusing. The idea for the aircraft can be traced back to the early 1960s. The first B-1 prototype made its initial flight in late 1974, and by 1976, the Department of Defense had enough test data to support a rigorous review of whether or not to produce the airplane.

Support for the B-1 was mixed in Congress at that time. If I recall right, the Senate authorization bill required that production not be allowed until after 1 February 1977, so that a new President, if elected, would have a chance to make the production decision. That proposal was rejected in conference, but the fiscal year 1977 appropriation act contained the compromise stipulation that no more than $87 million per month could be spent on production until after 1 February 1977. This in effect gave the next President an almost immediate requirement to confirm or reverse any plan for production.

After the fiscal year 1977 appropriation act had been approved, the formal production review took place, and the Ford Administration opted for production. However, on 20 January 1977—eleven days away from the 1 February milestone--a new Administration took office. The Air Force thus was faced with the question of how to make its strongest case with the new Carter Administration to confirm the production decision.

Secretary Tom Reed (who was Secretary of the Air Force at the time and who had been asked by the new Administration to stay on for awhile) and I worked hard on that question. We finally agreed that it made the most sense not to press for a quick decision. We thought that if we had only eleven days to make our case, our chances for success would be very small. So we decided to maintain the limited $87 million funding level for several more months, to give the new Administation more time to study the issue.

A great deal of time was spent that spring and summer working with the defense communmity to try to convince the Secretary of Defense and the President of the wisdom of going forward with the B-1. We had our day in court, but the ruling went against us.

When the decision was made to cancel production, there was an attempt in Congress to override the President. Some approached me to join that effort. I consulted with the senior Air Force leadership, and decided not to join. I concluded it was not appropriate for the military to try to circumvent or overturn a clear Presidental decision. We in the military could state our views when asked by Congress, which we did. We thought we should have produced and deployed the B-1. However, to try to work a backdoor route to undermine the decision was wrong.

Even for those who saw the military-President-Congress relationship as less clear-cut in its demands on military performance, there was by no means an overwhelming case for fighting the production decision. As I pointed out earlier, support in the Congress for the B-1 was mixed at the time, and many felt that the chances of the President's production decision in fact being overturned in 1977/78 were slim at best. Moreover, the Air Force had a vivid memory of the early 1960s when some in the military had worked with committees of Congress to try to overturn a Presidential decision to cancel the B-70. At one time, there was a provision negotiated which would have ordered, required, directed, and mandated the President to spend $491 million on the B-70 against his wishes. President Kennedy and Chairman Vinson finally met in the rose garden, and that provision was deleted. However, it left a great deal of ill will in its aftermath, and set back attempts by the Air Force to move on to a new bomber program. So, although not as compelling as the simple wrongness of attempting to undermine the President's authority, these were nevertheless additional considerations.

After the decision had been made, we were asked whether we would advise spending $750 million to build two final B-1s, which would have brought to six the total built. I said that in the absence of a commitment to go into large-scale production, it was not a good use of our limited resources to spend that much money on only two airplanes which at the time would have represented a dead-end program. If there had been a reasonable chance then of the production decision being reversed, I would have responded differently.

In subsequent Congressional hearings, I have been repeatedly asked for my views on the B-1. I've testified that I thought we'd be better off today if the 1977 decision had gone the other way. I did not agree then with the decision to cancel the B-1, and haven't changed my mind to this day. But, that was the President's decision. We had our day in court before it was made. Once it was made, we were obligated to implement it.

I was not, have not been, and will not be in the future, a party to an attempt to undermine a decision by my commander. If asked in Congress what I think, I'll give my candid views. But I will not go out and make speeches, nor will I go backdoor

with Congress or anyone else, to undermine the President. Neither I nor any other military commander wants subordinates to work to undermine our decisions. But we can only expect that kind of discipline in the military if we observe it ourselves with respect to the Commander-in-Chief.

DEFENSE CASE ON B-1

General JONES. We made our case on the B-1 and people don't recall that the congressional support on the B-1 in 1976 was weak in the Senate. The Senate in 1976 put on a rider that said we could not go beyond $87 million in the production of the B-1 until February 1, 1977, so that a new President could have an opportunity to make a decision on the B-1.

We made our case, and the decision went against us and we were asked by some to attempt to override the President. I got together with the senior leadership of the Air Force and we decided that it would be inappropriate for us in the military to be a party to trying to override the B-1. When asked in congressional committees if I thought that the decision was a right one, I have consistently said no, that I recommended that the B-1 be produced. I have never changed my mind in that regard. I think it should have been produced and we would be better off today if we had the B-1 than we are. I think there is a consistency and I think it is difficult to get out and make speeches, or to try to come behind the door to try to overturn the President on the B-1.

So there is a consistent record and I don't think you see any inconsistencies in there with regard to the need. The urgency continues to increase each year in some ways. In an evolutionary fashion, the adverse trends have gotten worse and worse throughout the years. But I think we consistently in the Air Force supported the need for a new bomber. We are now examining three alternatives, and we will soon soon have those alternatives defined and we will be able to come to the Congress on specific recommendations of the B-1 derivative or a new advanced technical bomber.

Senator RUDMAN. I appreciate your clearing up my recollection because your June 1977 statement stands out in stark contrast, although I certainly do not dispute the record since then. I haven't been here to watch it.

General JONES. I think also if you will look at the oral statements which were in response to questions I would say I was consistent in being much stronger. What is in writing is normally cleared through the Pentagon system. It is not inconsistent with what we say, but maybe the tone and stress are considerably different when we are sitting across the table here than something written sent through the system as a normal presentation of your posture statement.

But I think you can get consistent comments through the years for the B-1, but not an attempt to override the President and Commander-in-Chief. I do not think it appropriate for the military to be a party to trying to reverse a decision of the President, other than when asked a question, here or in other committees, to give a candid personal view and call it a personal view. I consistently have done that.

Senator STEVENS. Thank you very much, Senator.

COAST GUARD INCLUSION IN DEFENSE-RELATED FUNCTIONS

Senator ANDREWS. Mr. Secretary, first I would like to clear up a little housekeeping question that I have. I am chairing the Transportation Subcommittee and I don't know of anybody who has more background in the budget fight than you do and how OMB correlates the various agencies of Government. The question I have is, why isn't the Coast Guard covered under some of this defense expenditure umbrella? In DOT we are trying to cut back to get within the parameters and in the Coast Guard there are a lot of defense-related functions and they are able to participate in areas in the Caribbean where injecting naval ships would cause all kinds of diplomatic havoc. They did a great job in the Cuban problem when we were receiving refugees, and yet we are seeing the Coast Guard cut back and cut back and cut back, treated almost as a civilian agency. Why haven't you and/or the present head of the budget group or the President sensed the need for giving the Coast Guard a little bit of defense status in this budget planning?

Secretary WEINBERGER. Senator, the Coast Guard as you know is a civilian agency, and until and unless there is some formal war or war situation declared by the President, which then brings them under the aegis of the Defense Department as far as their budget is concerned, their needs remain the same wherever they may be. We have a very large amount of activity and a very big budget to present ourselves and we have not felt it appropriate at this time to move into someone else's backyard and give support for them.

Senator ANDREWS. I am asking you to take off your Secretary of Defense hat, and I don't think they want you in their background any more than you want to take up a couple of more disciples, but when you sit down around the council table with the President and with Dave Stockman, why don't you convey to them that a ship is a ship, is a ship and there is an awful lot of finesse and places where the Coast Guard will be able to go for defense. I think it is a shame that we are putting a lid on them and sitting on them to the point that they can't do anything.

Secretary WEINBERGER. I have already had conferences with Secretary Lewis about the particular Coast Guard needs, and I have supported him in conferences around the very Cabinet table you referred to. I certainly would want to do this on a cooperative basis because we recognize the Coast Guard can play a substantial role and has played a very good-sized role in the national defense. As far as individual items, when the Coast Guard comes to us and says, "We need some help on this, so to speak," I will and I have supported them in Cabinet discussions.

The procedure is such that they are considered under a separate budget and I think the OMB is wise enough to recognize there are certain Coast Guard needs which serve the whole country from a defense point of view as well as the local needs of the Coast Guard. When those needs are identified, we certainly are prepared to support them. I have already done so this year with one specific case.

COAST GUARD REQUESTS DENIED

Senator STEVENS. I will take the use of my time, but Mr. Secretary, I already visited with a Commandant of the Coast Guard and OMB about the problem of the CH-147's for the Coast Guard. The Navy has some request for Reserve construction of CH-147's, to put in the Naval Reserve and yet the Coast Guard requests for CH-147's for current use was turned down. I really don't understand. I think he has a good point that there are some of these facilities that the Navy is holding in reserve that the Coast Guard could actually use right now to meet its needs.

I think there ought to be a greater flexibility in peacetime for the Coast Guard to use Navy assets if we assume that during wartime the Navy has first call on all of the Coast Guard assets. I really think we have to work something out on that.

USE OF NAVY SHIPS BY COAST GUARD

Senator ANDREWS. That is my problem and point exactly, that the Coast Guard uses these ships in our drug interdiction and the Navy gets the ship and it sits in port and goes out on trials and training runs and what not and comes back. I would rather have it in the Coast Guard hands in time of peace, and we need the emphasis in the administration.

PRIORITIES IN DEFENSE PROGRAMS

The only question I have goes along the line that Senator Hollings asked. I am concerned because the budget to the average person out home looks like everybody is being cut except for the Defense establishment and they got in the candy store and everything is there. Where is the priority? Is it on pay for enlisted men, pay for personnel? Is it priority on the MX missile and should the priority be on the B-1 bomber? Surely the priority should't be on putting together four old battle wagons and running them out. That is even in the newspaper and I remember the Navy themselves telling me how ridiculous that was 2 or 3 years ago. It looks as though someone broke into the candy store and came out in the middle of the night with all of the goodies. We need more hard facts and I have been one who supported the B-1, and I have supported the MX missile and every thing as it has come down the pike because I believe we have to have strength in America. But the way the administration is handling this is about the most counterproductive way to make a strong case for what we are trying to do in the Defense establishment. I need some priorities put out here as to which of these programs are most important.

Secretary WEINBERGER. It is a little difficult to pick out one priority from among the programs you have indentified. I have said consistently when I have been asked that I had two highest priorities. One was to redress the strategic balance which I think has been allowed to fall into serious imbalance, and the second is to do all we can to improve the readiness of what we have, using the term in the broadest sense of the word. It does include pay increases for servicemen who were leaving the Service in too great numbers, particularly after they were trained in some complex and intricate weapon system.

It does involve a strengthening of missiles because we feel the missiles we have do not have the degree of survivability they should. It does involve a new manned bomber for the reasons General Jones said. There are some lesser things, and we have tried to identify them in the very short time we have had to revise the entire budget. They are set forth in detail in the $4.5 billion savings statement I mentioned a moment ago.

I am not in the habit of accepting recommendations or requests without making some examination of them. Certainly the last thing in the world that I would want would be the impression that everybody was getting everything they asked for and nothing was being rejected. I think the country realizes there has been enormous overspending in a lot of non-productive domestic programs, and while there may have been some waste in the defense expenditures in the past, real increases in the defense budget are now urgently needed as a matter of national survival.

As I see it, our job is to preserve the national consensus which I think exists, and one of the best ways to do that is request only the essential things and assure the Congress and the people that we are cutting out a great deal of waste and inefficiencies in the process wherever we can find them. We do expect to submit base closure recommendations to you which can add to these savings as well as other things when we come upon them, particularly including multiyear procurement, which may add to the cost the first year but will improve the industrial preparedness and industrial base, and save us money in the long run.

We have no interest whatever in allowing any unncessary expenditures, and we certainly are not declining to choose priorities. It is just that after years of neglect and after encountering an enormous increase on the Russian side, we do need to do many things all at once and we do have many very high priority items. The ones you have identified and suggested that we choose between, those are all high priority programs. I think we will start to sort it out. As far as the administration doing their thing badly; it seems to me, on the contrary. I think the President has shown enormous courage in demanding reductions in domestic spending, where all of the easy political advantages are normally to be had, and at the same time recognizing and asking enormous increases on the defense side, where there isn't much political advantage.

I think the administration has taken an extremely courageous and totally correct position on this, and I hope the country, which I believe is strongly supportive now, will remain that way.

Senator ANDREWS. Thank you, Mr. Chairman.

Senator KASTEN. Thank you, Mr. Chairman.

ENHANCED RADIATION WEAPONS IN EUROPE

Mr. Secretary, in a press conference last month, you said that you favored deployment of enhanced radiation weapons in Europe. I would like to talk to you about that a little bit.

Secretary WEINBERGER. Yes.

Senator KASTEN. Many Members of Congress favor that as well. We are concerned about the direction the administration is going and how that relates to the efforts we are trying to make with our

NATO allies. What is your position and what is the administration's position today on enhanced radiation weapons in Europe?

Secretary WEINBERGER. Basically, Senator, the position as I understand it, there is under a mandate from the Congress from previous years, production of the two components necessary to turn an artillery warhead into an enhanced radiation or low blast weapon. These components have been manufactured and are being manufactured. The basic decision is whether or not they should be put together into an artillery shell or a missile, and if it is done that would then turn the shell or missile into a low blast, enhanced radiation weapon.

The deployment of this or the actual decision to manufacture it would necessarily have to be based upon very close, careful, and full consultation with our NATO allies, since the missile would be based in European areas and would be designed to safeguard and protect an eventual European front. It is enormously effective in that connection because there is a huge imbalance of tanks as our charts will show, something like 47,000 Soviet tanks to about 12,000 or 14,000, and this is a very fine anti-tank weapon. It is a weapon which enables the infantry to operate on the battlefield even after it has been used, which is not the case with the nuclear artillery weapons that we now have deployed.

So, it has a number of features to it. It is also subject to a great deal of immediate propaganda efforts, which in some cases the Soviets initiate and which in some cases, spring voluntarily from various peoples' minds who oppose this kind of weapon or even any discussion of it. But it is something we would only use if the NATO allies have been fully consulted. We have had some discussions about it and some of them are in favor of the weapon and some are opposed because of concerns about elements within their governments. Too, we have no desire to do anything that will interfere at this stage with the full carrying out of the December 1979 agreement under which the NATO countries agreed that there should be deployment of nuclear weapons, the ground launched cruise missiles and others on the central European front.

That is a first priority but this is an additional means of strengthening the central European front. Our NATO allies are heavily involved in that question, and therefore consultation with them about anything of this kind is essential.

INADEQUATE NUCLEAR MATERIALS SUPPLY

Senator KASTEN. In the beginning of your answer you suggested concern about an inadequate supply of special nuclear materials, suggesting if we went to the neutron bomb we might not have adequate supplies for the MX warhead or for Trident warheads.

Are you concerned about an inadequate supply and is that one of the reasons we are holding back?

Secretary WEINBERGER. I don't know of any particular problem in that connection. I think the technological problems and the production problems are known and they are solvable. It is a basic policy question. Various people have differing views on it. We are certainly going to have to explore and consult fully with our allies.

ANTINUCLEAR DEBATE IN EUROPE

Senator KASTEN. If we reopen the antinuclear debate in Europe and if we get into the question of the enhanced radiation weapons, do you believe that we will be thereby endangering the Alliance Agreement of 1979 that you referred to?

Secretary WEINBERGER. That is one of the worries expressed by a number of people, particularly people in the State Department. I certainly have no disagreement with the fact that it is essential to maintain and carry out the 1979 agreement. We are fully prepared to do so on our side and I believe from the discussions we have had thus far with a number of the NATO weapons representatives, they are also. You have to bear in mind that the Soviets were very unhappy with the agreement and have done everything they can to try and undermine it. We don't want any slight slippage in carrying out that agreement because it is another essential feature in helping us redress this existing imbalance on the Central Front.

Senator KASTEN. It seems then that the administration hasn't decided whether we want to deploy enhanced radiation weapons in Europe and there is still discussion going on.

Secretary WEINBERGER. There has not been a firm administration policy on the matter.

Senator KASTEN. It seems to me that a couple of years ago we had this same debate. We finally got the Germans to say publicly they would accept enhanced radiation weapons and then we pulled the rug out from under them. It was a tragic error in terms of our relationship with Germany and NATO countries.

Secretary WEINBERGER. You are absolutely correct and I agree with you precisely.

Senator KASTEN. Aren't we risking the same thing now, encouraging them to come out in favor of it, before we say, "OK, go forward."

Secretary WEINBERGER. There is not the slightest danger of our changing a policy once we agree upon the policy in the Defense Department, particularly one we have persuaded or secured approval of our European friends on. I agree with you that it is a tragic mistake, and it was a mistake which will leave scars for a long time as a result. Chancellor Schmidt never fails to refer to it and reminds all of us that he had made this difficult policy decision, and without any warning or consultation—and indeed in my opinion without the slightest basis in fact, military or otherwise, but what appeared to me solely an attempt to gain some political advantage at home—the administration changed that decision.

We certainly do not have any intention whatsoever to repeat that process.

Senator KASTEN. When will a final decision be made on that question?

Secretary WEINBERGER. It is hard to set a date but it is a matter that will be considered at some of the NATO meetings which I will attend this spring, and I don't know what the specific timing is. We aren't under any particular time problem with respect to manufacturing or actual deployment. It is possibly a matter of determining whether or not the NATO allies are willing to support this. I grant you it is going to be harder to make the case because of the cancellation which occurred 2 or 3 years ago.

Senator KASTEN. Thank you, Mr. Chairman.

HEARING PROCEDURE MATTERS

Senator STEVENS. Gentlemen and Mr. Secretary, if you will pardon me for 1 minute, we have some old administrative matters. We have had some trouble about the size of this room from the point of view of the public being able to come in, and I want to get your concurrence to the fact we intend to use that area down there for the press in the future and intend to have a limit of five assistants for any witness that appears before us, and to put some limitation that is reasonable upon the time that other people are occupying these seats with the exception of one assistant for a Senator, and the committee staff, both majority and minority.

But there are people coming and standing in the hall and can never get in because there is not enough room here. So unless there is some real objection I am going to ask the staff to work out some convenient rules that will apply for all of our hearings so that people who come and want to observe a portion of these hearings may do so, with some protection for the members of the press who ought to be allowed to stay the whole time. Is there any objection to that?

Senator STENNIS. That is the Chair's responsibility, and we will support anything you wish.

Senator STEVENS. I don't want to become arbitrary about it.

MILITARY PRESENCE IN PERSIAN GULF

Mr. Secretary, how much of this funding is directed at the military presence in the Persian Gulf? You said yesterday on television that we are going to establish new bases in Southwest Asia and we seem to have some changes that are evolving as we go after these are presented. Are we going to have increased requests for funds for that military presence in the Persian Gulf and increased funds for the Southwest Asia presence?

Secretary WEINBERGER. Yes, I think there are funds specifically directed to that point, Mr. Chairman. I should correct one statement. I didn't say or didn't intend to say that we would be acquiring bases in the Middle East. I said that I felt that a military presence of the United States was required in that area, but it could only be secured with the consent of the host countries. We should have additional facilities in that area.

There are requests far in excess of $2 billion for the readiness of the Rapid Deployment Forces which at the moment are directed primarily toward activity in the Middle East or Southwest Asia, as some call it now. I do think that is a vital area for ourselves and also for our European and our Japanese allies because so much of the world's oil comes from there. While we do not have a very large amount of our total supply from there, we do have a very significant amount. It is essential we have a military presence and with the consent of the host nations that we undertake to try and deter any kind of invasion the Soviets might be thinking of moving through Iraq or Iran.

If we do have a presence there, we have taken substantial steps toward that kind of deterrent.

U.S. AIRCRAFT SALES

Senator STEVENS. Is any consideration being given to get us out of this escalating dialog between Saudi Arabia and Israel by establishing our own F-15 and F-16 bases in the Sinai and Saudi Arabia? Why do we constantly sell our new aircraft when we are in short supply ourselves?

Senator WEINBERGER. The authorization for aircraft sale to the Saudis was made some years ago. I supported it although I was not here at the time. We have also obviously given very substantial military and other assistance to Israel, which seems to me to be proper.

As far as establishing our own bases in the Sinai or elsewhere, that could only be done with the consent and full agreement of the host countries. I think ultimately some U.S. presence in the Middle East is required, and the actual location of it will depend on both strategic and tactical requirements. As you know, we have a presence now in Saudi Arabia and a presence in Oman of a more substantial nature. We have a presence in Egypt, and these are things I think we have to build on. The Rapid Deployment Force could enable us, when fully implemented, to project a couple of American divisions into that area, however, there is a very long supply line of some 7,000 miles and it is essential for both reinforcement purposes and maintenance of a credible deterrent to have something there.

A Soviet action in that area would have a very bad effect on our allies, it would be helpful to have an ability to reinforce, resupply, and generally make clear to any nation that might be so inclined, that an action of that kind would meet with resistance and would make the risk to them unacceptably high.

Senator STEVENS. We can go into that later when we are over at your security briefing. I don't think it is necessary this morning to go into security matters.

AMENDMENT ON MX MISSILE

Mr. Secretary, there was my amendment ordered by the Senate and accepted by the House, that stated that the money spent on the MX could not be used exclusively for any one employment mode. Has that amendment been adhered to, do you know?

Secretary WEINBERGER. Yes, we have asked for expenditures to continue the MX program so we would not delay it. We have stated many times and I am glad to state it here, that we have not decided on the basing mode of that missile. We are now in the process of putting together an advisory panel. When we have talked to some other people and secured some clear answers on any conflict of interest problems if any might exist, and we would want to go over it with members of the committee the Panel will begin work. This group of people formed at my specific request will be asked one question: Where should we put this missile? It is not, do we need this missile, because I think we do need it the question is, where should we put it and how should we base it? That is with a given that some kind of more sustainable basing than we have at the present time would be a very strong military necessity.

I want to have a report from that committee no later than midsummer. We are told if we do make a recommendation to the

Congress at that time, we will not delay the missile at all. The idea is not to delay, but to convince ourselves as new people who just came into this very large responsibility that this very big expenditure required over the years to strengthen this arm of the Triad, is being properly spent and spent in a way we can support rather than simply by accepting past decisions.

I think it is instructive in this connection to point out that I think we are now on the third recommendation of the previous administration and, rather than simply accept that automatically I do want to reexamine it. There are some problems I have with this recommendation which is presently the recommendation of the past administration of the department.

I want to get as skilled and able a group together as I can and particularly a group whose minds are not already made up, which is difficult in any subject discussed for so long.

EIS ON MX DEPLOYMENT

Senator GARN. Could I ask one very specific question? MX may be academic to everybody else on the committee but it is not academic to the Senator from Utah. Without getting into all of the issues involved there, I would like to make sure that ample opportunity for public hearings on the environmental impact statement has been made. It has been extended to May 1 for a comment period. However, there is some talk in the Air Force that the number of hearings, and geographical location of hearings will be reduced. There have been a lot of tragic PR areas in the last 12 or 13 years by the Air Force and DOD in the way they have handled our people in Utah and Nevada. Now I hope the rumors are ungrounded but if they are dumb enough to reduce the number of hearings then they deserve what they will get. So I urge you not to reduce the number of geographical locations of those hearings on the draft of the environmental impact statement.

Secretary WEINBERGER. No, there wouldn't be any desire to do that, Senator. Ultimately depending upon how we recommend to base the missile, we may need some special rules with respect to the whole subject of obtaining views of the public on the matter.

Senator GARN. I am not talking about the decisionmaking process.

TITAN AND MINUTEMAN USE

Senator ANDREWS. On the same issue, will the MX be used instead of the Titans that you have had so much trouble with and the Minuteman III, or are these going to be in addition to that?

Secretary WEINBERGER. At the beginning they would be in addition to. While we attempt to do what we can to strengthen and improve the whole Titan system, we believe third arm or first arm or whatever number you want to assign to the Triad is an essential arm to maintain. The MX will take quite a long time to bring on the line even after all of the problems connected with its basing the environmental impact concerning, and all the other objections are resolved, and certainly during that period of time we would leave the Titan in place.

Ultimately, if the capabilities of the MX hold up to expectations, I would assume it would become the principal weapon we would use for that arm of the Triad.

PRIORITY OF MX MISSILE

Senator STENNIS. I will be quite brief. On the MX now I have been in sympathy and I am concerned with the problem that has been presented to the areas out there, as Senator Garn knows, but at the same time this is No. 1 on your priority list?

Secretary WEINBERGER. A very high priority, yes.

Senator STENNIS. I know last year and the year before I was accused of lack of good faith and everything in these things, but this is for real and you have to have it. Now, you are going to make a decision about this basing matter before we pass the appropriations or what? How much time do you feel that you need on that?

Secretary WEINBERGER. I would like to have the recommendation to you Senator somewhere toward the end of June or July, or in that period. This is the period within which we are told we would not have any delay of the actual implementation of the system. We are asking for the funds in the budget now which most of it goes to the development of the missile itself. As far as the recommendations for a basing mode are concerned, we would hope to have them in that period of time.

Senator STENNIS. You expect to have that then before this bill moves to its final form, this appropriation bill?

Secretary WEINBERGER. There are a number of procedural ways to do it but before it moves to its final form, yes.

Senator STEVENS. That is the MX.

Secretary WEINBERGER. By that I don't mean final enactment. We want to have this advisory group formed, and we have pretty well recruited it and we want them to have time to make as thorough an examination of the most suitable basing mode as they possibly can. I have given them a tight deadline for the return of this report. We would expect to have our recommendations to you in July, and if it is possible to move the bill before then that would be fine as far as we are concerned.

We could give you the recommendation as soon as we have it.

Senator STENNIS. I want to make clear, my only point now is, I think it will hold up this bill if that decision is not made. It will be in suspense and it will be in midair and there will be a lot of interest in it. It will be an impediment to enactment of the bill in final form, Mr. Secretary. This is all.

Secretary WEINBERGER. We don't want the MX review to delay the whole bill and we don't want it to delay the MX, but what we are seeking this time is to review a decision made by others about which a question has arisen.

Senator STENNIS. You are entitled to it but you want their bill to pass, too.

Secretary WEINBERGER. We do indeed.

Senator STENNIS. And I just know it will be a hangnail until it is settled.

Secretary WEINBERGER. We will keep prodding our new committee then.

Senator STEVENS. Mr. Secretary, I think you and members of the committee ought to know that if it has not been totally settled, it is my understanding that the chairman of the leadership will make a request that all of these bills be brought to the floor before the recess that takes place in the first week of August, so that matters can go to conference before the end of that recess, if possible, or at least right after the recess, and we can have the bills passed before the end of September. We don't want to get into October again with this bill, so we have to have this bill out by the end of July. That means that decision I believe would have to be made by the end of June, if the MX decision is really going to be reflected in this bill.

I don't know whether that is going to be the firm request of the leadership and the committee chairman, but it looks to me like that it is the way it has to be, that we finish this by the end of June.

Secretary WEINBERGER. We will try to do it. It is an enormously important decision and involves billions of dollars over the next few years and has a considerable impact on the safety of the country. We obviously want to make as thoughtful a reconsideration and examination as we possibly can, but we have that deadline in mind and Senator Stennis was quite correct. We do want the bill and we don't want to delay it ourselves.

INFLATIONARY FACTOR OF BUDGET

Senator WEICKER. I too am a little concerned about the inflation factor that I consider to be unduly optimistic and based on the statements of the administration and the President himself. There may be many things in the defense budget, whether it is in terms of weapons systems, and personnel, and readiness, et cetera, but there is no question about the fact that it is also the most inflationary spending of all. Now I don't quite understand you when you want reduced domestic spending to combat inflation, but increased defense spending. Well, just on the basis of economics, what you are saying is the largest portion of the budget is going to be inflationary, and how do you factor that in with the fact that you expect inflation to go down?

Secretary WEINBERGER. Senator, I think I mentioned the inflationary expectations being reduced and removed and I think the President's program has gone a long way toward doing just that. We are using the same inflation estimates the OMB is using, these are Government-wide estimates, and represent their view of the effect of the President's economic program, including the Defense budget, on the economy. We have had estimates made before that have not panned out and we have had some pretty accurate estimates, but as far as the inflationary aspect of defense spending, I would question your statement a little bit on that.

OUTLAYS DURING KOREAN AND VIETNAM WARS

Senator WEICKER. That is the President's statement. His first message on television indicated that one of the difficulties we have are spending programs during Vietnam and Korea, and much of

the money was going into defense spending which he said was the most inflationary spending of all.

Secretary WEINBERGER. Those were years when the outlays were enormous. What we have to bear in mind is that with this preparation period, and with the unfortunately long time it takes to produce these complex systems, your actual outlay effect is not all that great. The outlay effect of what we are requesting in the way of additions for the 2 years is only $5.8 billion which is not a great deal more than the actual savings we believe we can institute during that period.

Senator WEICKER. The concern I have is that I think the charge upon the Defense Department is a little bit more than anywhere else for several reasons, one of which Senator Andrews touched upon, but importantly, whatever the Defense Department takes on is going to run more than the moneys allocated to it. Here you are coming in with it, it seems to me, a low estimate on the inflation factor which can only lead to possible disappointment in the future.

MOTHBALL BATTLESHIPS

I have one last question before my time is up. I also would like to touch upon something that Senator Andrews raised in the course of his questioning. That deals with these three battleships that are to be taken out of mothballs.

Senator STEVENS. Will the Senator yield? I notice that one of our guests has a recording device. We have in the past asked that those not be used because they could conflict with changes that are made in the transcript at a later time. I would ask that you talk to the staff about the use of those and how that will be regulated. We will make it plain in the future that it could conflict with changes that are made by the witnesses or by members of the committee and we don't want to see those used if possible.

Senator WEICKER. So that I really fail to understand the need for this request and certainly it does cloud up the entire budget in the sense of either logic or policy or whatever. What are you going to use three battleships for?

Secretary WEINBERGER. Let me comment on your previous question and then I will try and answer this one. Other Government programs have had severe overruns in the past also. It has not been just Defense. The food stamp program regularly overruns and started out as a little $30 million program to deal with surplus crops. It was about $6 billion and climbing when I left. I gather it is considerably higher than that now. Medicare has regularly overrun, even such programs as Social Security have overruns. These are a matter of estimates and attempts to predict inflation rates, usage, and other things. As far as the Defense expenditures are concerned, certainly there is nothing in our actions to support the idea that everyone got everything they wanted. There was a very short reexamination time but even within that short time we reduced requests by somewhere in the neighborhood of $342 million in 1981, and $1.3 billion in 1982. We hope to do a great deal better than that, utilizing all of the recommendations you and anyone else can give us to bring about savings of that kind in the future.

With respect to the battleships and carriers, there is one way to secure readiness somewhat more rapidly, and that is to use what we have and to get it in shape to be used. There is a substantial bombardment capability on battleships. You can get that capability back on the line a great deal more quickly than you can get other missile systems or other weapons. The same is true with aircraft carriers. We are not doing three this year or anything of the kind. We have indicated that we want to bring out one battleship starting this year, and we want to bring out an aircraft carrier starting this year, and another battleship next year. The military necessity that is primarily dictated by the years of neglect in keeping other weapons up and keeping our stocks up. These are things we can get on the line and utilize in the event they should be needed in conventional warfare or in any projection of our force in other areas and a great deal more rapidly than we can get by building new ships.

There is a request for a new nuclear carrier that I think is essential. But meanwhile we can add substantially to our capability by bringing up to date what we have.

Senator WEICKER. Who are you going to bombard with a battleship?

Secretary WEINBERGER. I hope nobody, but we will have it if we have to, but if we don't have it we may get bombarded.

SUPPORT OF MX MISSILE BASING

Senator GARN. Let me just follow up briefly, Mr. Secretary. I think you are well aware I fully supported the President's decision to build the MX missile. That is apart from the basing mode question, and I am pleased that you are willing to go ahead and review other alternatives. I want to make it very clear that after years of studying this, I am committed to a land-based decision. I do not feel that we can abandon the Triad by going to any of the sea-based modes even if they were effective, thereby putting all of our eggs in one basket and taking a chance that the Soviets do not have a breakthrough in antisubmarine warfare capabilities.

But nevertheless I have not been convinced that the land-based mode picked by the Carter administration, whether it was in Utah, Nevada, or somewhere else, is the most militarily effective or cost effective. I felt for some time that one of our options that we have not fully looked at is an antiballistic missile system. In fact the ABM treaty is up for review next year. I am wondering if you are going to be willing to explore in your alternatives the possibilities of amending the ABM treaty, so that we can consider protection of an MX system, whether it is built in Utah or Nevada or any place else?

Secretary WEINBERGER. I think that is one of the options we would want to look at. The treaty doesn't expire next year, it comes up for review and proposed revisions, and treaty modification is clearly an option open to us and one we would want to explore. I don't think moving the MX to other than a land-based mode would be abandoning the Triad by any means. It would be another attempt to secure as sustainable and survivable a basing as we could find.

We would still have the three arms. That is why we want the MX because we think we need that. Where it is put is still, I think, very much an open question. Certainly the survivable basing would continue to be a matter of great concern because that is one of the reasons we need an MX. We think the survivability of the existing system has been compromised.

HOLE CONSTRUCTION FOR ABM'S

Senator GARN. I went through an entire political campaign with the main issue being MX. I defended the need for it and I am absolutely still committed to that. But the reason that I want ABM considered is that you are going to have 4,600 shelters and if the Soviets do continue to build more warheads, then we have the option that some have talked about of going to 9,200 holes, and then on and on; it is ludicrous. You can't keep building holes all over the world.

Secretary WEINBERGER. 4,600 holes cost about $34 billion by present estimates, and if anybody is worried about estimates being out of line, there may very well be more cost than that later on. That is an enormous amount of resources to commit to a system which may turn out to be, as you suggest, no more survivable than what we have. That is an indication of the importance of this whole thing.

Senator GARN. My point is even if you decided to go ahead with the Carter proposal and build 4,600 shelters, I think you are going to need an ABM system to protect it. It is not going to be sufficiently survivable without continuing to expand the system.

Secretary WEINBERGER. That may very well be true. Research on all kinds of weaponry is going forward and ABM may ultimately prove to be the answer.

Senator GARN. It leads to an option of placing them in Minuteman silos and protecting it with an ABM system.

Secretary WEINBERGER. If you could do that, their location and their survivability is known and their survivability is not high.

Senator GARN. Well, of course, we can go back. Even if President Ford made the decision to go ahead with building the missile, we would have marginally better survivability because the MX was in there, because every silo that did remain would have 10 warheads in it, rather than three.

Secretary WEINBERGER. That is undoubtedly correct, and it would have added to deterrence. There is no question about that; but we must deal with in the situation we have now, which, with the size of the investment you speak of, does dictate that we strive to be just as right as we possibly can be, trying to look 8 years into the future.

Senator STEVENS. Senator Hollings?

PROGRAMING FOR MX BUDGET

Senator HOLLINGS. Mr. Secretary, since you talk about a June decision on the MX, we will be marking up the budget shortly. We will examine the list of ships and planes you request. We don't have your 5-year plan for weapon acquisition. Can we get that in

the next couple of weeks, and with whom should I work because we are going to need it?

Secretary WEINBERGER. The data you requested earlier?

Senator HOLLINGS. Yes.

Secretary WEINBERGER. I think within a week.

Senator HOLLINGS. And whom should I work with, because I don't want to be bothering you?

Secretary WEINBERGER. It is my job and we will be gald to get it to you and forward it to you directly, and advise someone who will meet with you on any kind of basis you want.

RAPID DEPLOYMENT FORCE

Senator HOLLINGS. We need all of it, and the breakdown of these increases in Army, Navy and Air Force. We ought to be on the same track.

Do you like the Rapid Deployment Force?

Secretary WEINBERGER. Well, sir, I think we need the capability of projecting our forces into several different parts of the world rapidly, and sustaining them. I think it is part of our ability to deter those adventures that are taking place and have taken place. I have some questions about the land support structure and I have some questions about whether we have sufficient air and sea lift.

Senator HOLLINGS. Those are significant questions, and you are looking forward to some bases if it is possible that it can be worked out?

Secretary WEINBERGER. Yes.

MX UTILIZATION BY STRATEGIC FORCE

Senator HOLLINGS. And we are looking for perhaps a different approach to the MX for our strategic force.

Now, with respect to our manpower, you are a very intelligent Secretary of Defense, and we passed the Voluntary Army about 10 years ago, and we said, "Look at the casualties in Vietnam, and the war is being fought by the black and poor and disadvantaged." I opposed the Volunteer Army on that basis, that we would end up with an army of blacks and the poor and disadvantaged. And you look out there and see what you inherited. I know you can't be happy about it. There is not enough money, and there are all kinds of schemes—$10,000 bonuses and everything else—to give to the volunteer army to make it work.

Are you looking to the volunteer Army; are you looking toward a draft where we can make some real changes and get back now to something that the country can afford and that we all can participate in?

Secretary WEINBERGER. Senator, we are looking at our needs and how well they are being filled by volunteers. We now have some new factors; the salary increase that you voted last fall, supplemented by the two requests we will have before you in this budget, plus some other advantages we hope to put together. I think they will do a substantial amount to increase the actual voluntary enlistments and get us up to the strength we need.

But as I have said many times, if it doesn't, we certainly would not hesitate to recommend more forceful measures up to and in-

cluding a draft. A universal military service draft of that kind is a very large undertaking, and it raises all kinds of problems of selection and fairness and all of the rest.

Senator HOLLINGS. It has to be fair.

Secretary WEINBERGER. We are looking at that. If we find we are not going to have enough people to man the increased requirements we are seeking in this budget, I certainly will be the first to go to the President and advise him of that and ask for his recommendations.

Senator HOLLINGS. Do you have a committee really working on that right now?

Secretary WEINBERGER. Not specifically a committee, but we have very, very substantial resources within the Department and we are certainly calling upon outside examinations to be made to assure us of that. We have had some preliminary indications of the success of last fall's salary increase. We have, as you know, a major study which the Congress mandated for examining educational benefits.

COST-OF-LIVING ADJUSTMENTS IN RETIREMENT

Senator HOLLINGS. There is one little issue that the distinguished chairman and I differ on relative to the twice-a-year cost-of-living adjustments in retirement. When our friend, John McCormack, retired, I think he was getting $49,500, and when the poor gentleman died about 6 weeks ago he was getting $91,000.

I know a Congressman, and they always ask, why Brian doesn't run, and he is making more out of the Congress than I am, doing the job, sitting here this morning.

Secretary WEINBERGER. Yes, I have for some time and I think it is one of the things the President has recommended.

Senator HOLLINGS. I hope the chairman will take note.

Senator STENNIS. Just on your point now about the manpower problem, I know you are familiar with it; if you go back to the record now, Mr. Secretary, about 10 years ago, when we repealed the Selective Service Act, there was a pay increase in the bill, as I recall, but it had a hard time getting passed.

I was totally against it, but they put on another increase in pay and that swung the thing, and they said, "We will see what that will do."

Well, 10 years have passed and we are still saying, "There is an increase of pay, and let us see what that will do."

I think it goes deeper than that. I know your concern about it. I am not trying to overimpress you but we need your counsel.

DECREASE IN AIR FORCE PILOTS

Senator HOLLINGS. General Jones, about the Air Force. Particularly, they were 2,500 pilots shy and it is projected to be about 3,500 this year. What are we doing about pilots?

General JONES. First, the indicators on losses are less now. I think it is a combination. There was the pay increase and other benefits. In addition, the airlines are hiring fewer of them. We also increased the production rate of pilots, so we are behind the power

curve. It will take quite a while to catch up, but we are moving in the right direction.

Senator HOLLINGS. We are still going to be shy pilots?

General JONES. Yes.

COLA ADJUSTMENTS

Senator STEVENS. I might state to the Senator that as far as the twice-a-year COLA adjustment, last year I suggested we go with those adjustments so that for the first few years after a person retires they get no adjustment, and then for a period of time they would get one adjustment per year, and then after they are totally away from the labor market they would get two for 15 years, or whatever it might be.

We did not have the statistics to demonstrate the savings, whether it would be the same or greater than the suggestion that was made, so that was turned down, and we had no alternative but to defeat the proposal.

This year we have those projections and we now can show the savings this year would be approximately the same for those years and in outyears it would be even greater. The theory is, in the first few years after retirement a person, particularly from the military, is still in the job market, and it is the cost-of-living adjustments made in the supplemental income that they earn. There are some, of course, disabled, who would be treated differently, but the proposal will be introduced and I happen to be chairman of the other committee that deals with that, the Civil Service Retirement Committee, and we will pursue it there.

But it will apply to the military, too, if we can obtain acceptance. I have discussed it with the administration and particularly Brother Stockman. I think we will have a meeting of the minds that the savings is the goal, and not the question of frequency of the recomputations.

I hope my friend will study that and be able to support it this year.

SALT II AGREEMENT

Senator RUDMAN. I have a brief question for the Secretary and that has to do with the SALT II Agreement, and the term, "adequately verifiable" which, of course, was the great debate during that whole treaty consideration.

I am curious what your budget is doing to upgrade our intelligence monitoring resources, particularly since with increased sophistication in Soviet weaponry there seems to be some feeling that that term may not be adequate, and in fact we may need to upgrade not only the number of them but also the method of verifying. And I would like also to know what effect the loss of some of our overseas stations in Iran has had on our verification?

Secretary WEINBERGER. You are in a security classified problem.

Senator RUDMAN. Let us talk about that at our briefing, if we can. I would like to know the answer to that.

Secretary WEINBERGER. I would be glad to furnish it at a more appropriate time.

Senator RUDMAN. Because there isn't too much for those reasons in your report and I thought I would raise it here.

Secretary WEINBERGER. It is a very valid point.

Senator STEVENS. It is my hope the other members will agree that we will have that meeting, and I think they have some slides and facilities over there that we don't have, and we would like to have a full-scale briefing over there.

Secretary WEINBERGER. We can schedule that at your convenience and we will be in touch with the committee staffer to pick a date that you will want.

MX MISSILE BASING PROBLEMS

Senator ANDREWS. The MX missile has bothered me for some time. I think we need it, and I think there is no doubt about it, but the way they have stirred up the antagonism of people in Utah and in Nevada almost leads me to believe that the people putting out those plans didn't want the missile. They figured if we put out one of the most horrendous Mickey Mouse approaches to basing, we would have enough people rise up against it, so we wouldn't have to worry about getting it.

Now we have had Minuteman III missiles in North Dakota for a good many years. I wouldn't say they are good neighbors, but they are not bad neighbors. They are sitting right alongside farmhouses and right next to small villages and towns in our State, and we figure we have to have them because the defense of the country is involved. We have had a lot of fights with the Air Force about cutting up roads and finally they have gotten the roads fixed after 4 or 5 years, and on balance it is not that bad.

Now, if you are going to put an MX in, as I understand you have a number of different garages you want to park these things in, and if you put enough garages so that the Soviets don't know what to shoot at, their costs of targeting become much higher than our costs of maintaining the missiles, and it is an uneconomical thing for them.

Why do we have to put this racetrack out in the desert or the middle of nowhere, and why can't you put it so when you are building the roads, the roads can be used by the existing people.

We have been running these missiles down the farm-to-market roads in North Dakota for years in the big transporters and I don't know why you can't do the same thing with an MX.

Secretary WEINBERGER. They are very much larger, Senator, in many ways, and the other thing is the matter of having multiple shelters for each missile to provide survivability.

Senator ANDREWS. If they are larger, you can't put them in a small hole?

Secretary WEINBERGER. There may be modifications but the transporter used for the movement is an enormous vehicle. The project is the largest construction project in history, and that is another of the reasons that we want to approach it with as full an understanding of other alternatives as we can possibly have.

There are a number of different ways in which it could be done, but they do have to be movable because of concern that over time the Soviets might find out where the missiles are located if they are not occasionally moved.

It has an element of the unreal in it, there is no question about that, but it is one of the things that leads me to want to have an examination to see if we can't do something better in the way of basing this missile, so that its survivability will be as great or greater without both the potential cost of the present plan and the factors for delay that are inherent in anything that has an environmental impact of that kind.

Senator ANDREWS. But you feel you can't move it down a standard road?

Secretary WEINBERGER. I don't know. There certainly seems to be an acceptance of the fact that special roads and special kinds of conveyers are needed. As you will recall, and as I said a while ago, this is about the third proposal of the previous department on how to deploy these. The first was the underground railroad which is now abandoned, and there are a number of other ways in which they have considered and discussed and sometimes proposed moving this missile around.

Senator ANDREWS. There is no way that we can move this missile on present railroad tracks?

Secretary WEINBERGER. That is one of the options that has been presented and one of the things that the new committee will reconsider. There is a suggestion that we could use existing railroad tracks and special cars to accomplish the movable base.

Senator ANDREWS. This is one of the things that you are looking into?

Secretary WEINBERGER. Yes.

Senator ANDREWS. In fact, it has been proposed to me that by basing it on regular railroad tracks and shunting it into sidings where these railroad tracks go through relatively nonpopulated areas of the country would be the way to do it with less amount of fuss and less amount of environmental impact.

Second, it is to use upgraded farm-to-market roads in those areas where you have help from the local infrastructure, and at the same time have the ability to move them around. That was another preferable means.

Secretary WEINBERGER. These are all possibilities and that is the reason I have asked the committee to take the simple question, Where should we put this missile we agreed we have to have as their frame of reference? That is their charge.

Senator ANDREWS. You have to define the size and weight of the transport vehicle, too, because it is not unlike a Minuteman III; then it is not too bad, but if it is totally different you have a horse of a different color.

Those are some of the questions we ought to bring up in the briefing over in the Pentagon.

Secretary WEINBERGER. Yes.

Senator ANDREWS. Thank you.

DEPLOYMENT OF ELF COMMUNICATIONS SYSTEM

Senator KASTEN. Can we expect a decision on deployment and site location for the ELF communications system during the first week of April? I understand that is when the decision was orginally planned to be made.

Secretary WEINBERGER. That is a little premature, again, in view of the fact we have a great many things of this kind to look at. I am rightly or wrongly taking the position that we should have the opportunity to review major decisions of this kind of the previous administration. Shortly thereafter, we should have a proposal to present to you, one way or the other. It is an important command and control capability for the nuclear submarines and, again, it is a very large project, one that does have an impact on the area, and one that we want to be sure we are right about.

Senator KASTEN. Can we expect a decision in May or June?

Secretary WEINBERGER. I would think in June, and I know you are particularly concerned about it because it covers a part of your area.

Senator KASTEN. I would like to point out that the people of Wisconsin in general support the program. There is a small vocal opposition group, as I guess there is with any kind of program like this; but we have support from the county board groups and support from the people of Wisconsin in general, and I think it would be clearly in the best interests of all of us to make a decision, to make a final discision, and get out of this limbo.

We have our third or fourth name for this, with Sanguine and Seafarer and now we have at ELF. I think we ought to make a decision and stick to it.

Secretary WEINBERGER. I agree with you completely. I just want to try to take the time, not very much, but enough to review it. With the responsibilities we now have, I wouldn't feel very comfortable about just saying, well, this was all settled for me and it is all done and we have to blindly follow what has been done.

But the capability that that adds to our nuclear submarines is a very real one and we would certainly want to make the decision from all points of view, particularly including the one you mentioned a moment ago.

Senator ANDREWS. Thank you, Mr. Chairman.

SUBMITTED QUESTIONS

Senator STEVENS. If there are no questions, Mr. Secretary, the chairman of our full committee has asked me to submit questions to you for response for the record, and we would appreciate it if you would submit the answers to the committee and not directly to Senator Hatfield.

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

Questions Submitted by Senator Stevens

Senator Stevens: Mr. Secretary, the amended budget that you presented today for Defense is the largest in our country's history. As I indicated earlier, the $214.1 billion represents the amount that we will consider for the Fiscal Year 1982 Defense Appropriations bill and this, as indicated in your statement, amounts to $25.8 billion over the Carter budget request. This is certainly a significant increase in the request as a whole, as well as the add-on to the Carter budget. My concern is what impact will this amended budget request have on increasing U.S. military strength in terms of additional forces and fighting power in the near-term and the long-term?

Answer: Because of the compressed time schedule for preparation of a revised FY 1982 DoD budget submission, there was insufficient time to develop revised force structure data for the out-years. The process of developing the FY 1983 and out-year program is currently on-going, and related force structure changes will be disclosed with the President's FY 1983 budget request.

GLOBAL BALANCE

Senator Stevens: How do you project in the long term the changing of the balance of power in the world and particularly in relation to the Soviet Union?

Answer: The first thing to say is that it is very difficult to gauge the balance of power between the U.S. and the Soviet Union in global terms except very roughly. In its military dimensions a comparison of the overall size of the military programs is indicative of the balance, particularly when viewed over longer periods of time and where there are consistent patterns. We have seen in the past 15 or so years such a pattern of steady Soviet increases and roughly declining U.S. efforts that reaches a point where the total size of the Soviet effort has been about 50% bigger than ours for the last four or five years. Indeed, the Soviet Union has been gaining not only against the U.S., but against most other countries in the world over much of this period. A reaction has set in, dramatically in this country, and more gradually in other parts of the world. The NATO Allies have been increasing the size of their efforts since the early 70s and the Japanese have been gradually increasing their efforts and considering whether or not they should increase still more. How to fit the Chinese into this picture is more difficult, but it is clear that since the early to mid 60s the Soviet have seen the Chinese as a potential adversary and have made a major effort to build up their forces along the Sino-Soviet border and their naval capabilities in that area of the world.

Should these trends continue as a reaction to the growth of Soviet military power, the Soviets may find themselves in the later 80s in a position that is increasingly running against them. This would be just at the time when strains on their economy might indicate some slackening of their consistent build-up of military capabilities. But it is very hard to judge right now exactly how much trouble they may be in economically in the late 80s.

In general terms then assuming that we stay on the course that this

Administration is committed to, a steady ≈ growth from the new FY82 base line, and if our Allies can make a substantial effort, we should be able to begin to offset the long-term consistent trend of the Soviets out-investing the U.S., the NATO Allies and Japan. Thus, in this perspective I think that the prospects in the long run are not at all unfavorable.

This is, however, a very crude picture and for purposes of assessing the balance in more detail, one must ascend to an analysis of specific regions, specific mission areas where geography, allies, the likely senarios, the opposing Soviet versus U.S. or allies concepts can all be taken into account to reach more detailed conceptions. And the assessments of the various major missions areas (strategic forces, naval forces, etc.) and the regional balances (NATO/Warsaw Pact, Middle East, Asia, etc.) all show the long term effects of the consistent Soviet efforts.

Funding Adequacy

Senator Stevens: Mr. Secretary, your statement points out the Reagan defense budget revisions are mainly add-ons to Carter budget programs. The Carter budget, you say, temporized on defense needs. Does that mean, then, that the Reagan revisions provide fully adequate funding for defense needs? Or are there still some gaps? (Where?)

Answer: The Reagan budget funds fully the programs included in it. We have not in our experience found, in any department, in any government, a budget to which someone did not want to add something, and we have no expectation this department or this budget are any different. However, there is no list of urgent programs to be slipped in at the first opportunity, nor are there major gaps in our overall program which could be filled if we could obtain the funding.

Measuring Defense Needs

Senator Stevens: What were your limitations in proposing increases in the Carter defense budget? Were those limitations based on defense need or on budgetary and economic restraints? In other words, Mr. Secretary, what was your yardstick in measuring defense needs?

Answer: No government, no business, no individual is able to ignore the fact that resources are limited. Reaching for the sky, dreaming the impossible dream, and overcoming insurmountable obstacles are part of our American heritage. But, it is also part of our heritage that we accomplish these things by hard-headed, carefully-studied management, not by rash actions.

We are free to propose increases that we think essential to our defense. An explicit part of our responsibilities, however, is to propose increases which are efficient and effective uses of the Nation's productive resource. That means we must try to balance defense needs with non-defense needs, both private and public. President Reagen has charged the Department to identify essential Defense increases, and at the same

time to find and eliminate any non-essential programs. We have done both. We did not work against some hypothetical ceiling or to fill a wedge, calculated as some percentage of the Carter budget. Instead we identified the programs we cannot afford not to fund, identified reductions in those which we can afford not to fund, and, on that basis, arrived at the increases we have proposed in the President's budget.

Fact-of-Life Increases

Senator Stevens: Mr. Secretary, your statement notes some of the Reagan budget increase is needed just to update cost estimates of the Carter budget -- $2.3 billion in FY 1981 and $900 million in FY 1982. Why is it that you need cost increase funding on the one hand -- so-called fact-of-life increases -- while you propose a lower inflation rate on the other?

Answer: The fact-of-life cost increases are necessary to fund fully operations which were included in the Carter budget, but underpriced, even under the improved economic conditions, and to fund operations such as the PROUD PHANTOM deployments which were unforeseeable at the time the FY 1981 budget was prepared.

Inflation-Related Savings

Senator Stevens: We compliment you, Mr. Secretary, on the reductions you have proposed to go along with the substantial increases that have been developed for the defense budget. But there is concern, at the same time, that $3.7 billion of the $4.1 billion claimed as savings is based on a reduced inflation rate projection. How confident are you that the inflation-related savings can be accomplished without impairing program support.

Answer: The inflation-related savings resulting from the revised economic assumptions reflect our expectation the President's economic program will lead to a lower rate of inflation than that on which the Carter budget was based. If the economic program is successful, as we anticipate it will be, then I have every confidence the projected savings can be realized without impairing program support.

Inflation Supplemental

Senator Stevens: If the projected dip in the rate of inflation does not prove out, how will you make adjustments to insure adequate program funding? Are you prepared to seek a supplemental appropriation if that occurs?

Answer: Should the economic assumptions not be realized, we will seek supplemental funding to the extent required for Defense programs to go forward efficiently.

Senator Stevens: It was reassuring to note in your statement the emphasis that you and the President are placing on the need to streamline Defense Department operations to eliminate waste and inefficiency. And I share your hope that savings of several billion dollars a year can indeed be achieved as estimated by the Comptroller General. Specifically how are you approaching this

task, and when do you think you'll be able to come back with substantial reduction proposals?

Answer: We are giving the recommendations of the General Accounting Office, Congressional Budget Office, the Republican Study Committee and other task forces and individual Congressional members very careful consideration. These suggestions and ideas already have produced real savings. Others will require further study and still others, we found, would be impractical or would not produce the savings originally envisioned. Of course, savings from some of these actions will not be fully realized until FY 1983 or later. After all the options have been reviewed and decisions made, we will report fully on each item. In the meantime, we would, however, like to mention a few of the items we have already started on.

1. Increased Joint Service Recruiting: These joint recruitment advertisements are already appearing. On July 14, we approved a revised FY 1982 Joint Recruiting Program of $16.5 million which doubled the prior amount approved. This replaces much separate Service recruiting advertising and will result in net savings of $4.2 million in FY 1982. We will continue to watch this approach to determine its effect on recruiting and the potential for further savings in FY 1983 and beyond.

2. Supply Management: On July 7, we announced the decision to transfer wholesale inventory management responsibility for 200,000 consumable items from the Military Departments to the Defense Logistics Agency within the next six months. We expect this transfer to generate annual savings of approximately $15 million. Further savings will be attained if our review indicates that additional items should be transferred.

3. Transportation Management: On July 7, we announced a realignment of the Department's transportation and traffic management to include a plan to transfer the sealift cargo and passenger booking and contract administration from the Navy's Military Sealift Command (MSC) to the Army's Military Traffic Management Command (MTMC). This action and approved consolidations of personal property shipping offices are expected to result in annual savings of $2.6 million plus reductions in pipeline inventories. We have also recently approved a JCS concept for consolidation of MSC and MTMC. This should result in significant additional savings.

These are just a few examples where we have achieved savings from specific program decisions. We have also acted in several management system areas which we think will greatly improve our ability to manage the Department's programs and resources. Briefly, these management initiatives include (1) a complete overhaul and streamlining of the Defense acquisition process, (2) major improvements in the Planning, Programming, and Budgeting System, (3) strengthening our audit followup system with the establishment of a new Assistant to the Secretary of Defense for Review and Oversight, and (4) closer monitoring of program execution through establishment of the Secretary Performance Review Program.

The Department has also become actively involved in anti-fraud and waste projects under the auspices of the President's Council on Integrity and Efficiency. We currently lead two of the government-wide Council projects which involve a survey and audit of payroll activities, and the management of government furnished property in the hands of contractors. DoD is also participating in four other significant government-wide projects under the auspices of the President's Council: unliquidated obligations, control over contract change orders, Federal employees receiving government assistance, and office space acquisition.

On September 18, 1981, we established a Defense Council on Integrity and Management Improvement that will be chaired by Deputy Secretary Carlucci and includes the three Service Under Secretaries and key OSD officials. The President and the Congress have made it clear that while supporting increases in defense spending, they fully expect the Department to pursue better ways of managing Defense programs.

We have already announced 32 initiatives for improving the acquisition process. We want to continue this momentum and expand our pursuit of management improvement and resulting cost savings in the broad range of functions and activities that support the day-to-day operation of the Department, its installations and units.

We are determined to demonstrate to the American taxpayer that we can and will manage our large, complex and critically needed defense establishment in a prudent and businesslike manner. The objectives of the Council are to explore new areas of management improvement, promulgate results of audits, inspections and investigations, publicize information on better ways of doing business, and maintain liaison with the President's Council on Integrity and Efficiency.

We know you are anxious to have more detailed information in this area of economies and efficiencies and it will be forthcoming. We expect to have available detailed positions on each of the General Accounting Office, Congressional Budget Office, and Republican Study Committee recommendations by October 15.

Allied Defense Efforts

Senator Stevens: Your statement seems to take an abrupt departure from previous U.S. policy on NATO spending. Your predecessor, in his annual report, stressed the need for our European allies to step up their defense spending by at least three percent. That is in accordance with our agreement with these countries. Your statement, however, excuses our allies for their lagging defense effort and suggests that we concentrate instead on "multi-national capabilities." Are you recommending, then, that we should not expect our European allies to hold to their part of the spending agreement?

Answer: We see the need for both Europe and America to devote increased resources to meet agreed defense goals in order to counter the Soviet challenge. We stand by the 1977 NATO decision to increase defense spending and intend to do more ourselves. We have not discarded the three percent formula, but continue to view it as a useful starting point for each nation's effort. We also recognize that there are other ways to measure military capabilities, including establishment of common criteria for specific force increases and defense improvements.

NATO Defense Spending

Senator Stevens: Are you also suggesting that the U. S. should spend heavily on NATO defenses while the countries in Europe who are most directly threatened by Soviet aggression should not?

Answer: The dimensions of the Soviet threat are such that all of the NATO allies are going to have to do much more to meet our common security needs. We really do expect more from our partners. You are correct, the United States already is moving to increase the capability of its forces in a significant way. We are urging our allies to do the same, so that the capability of our forces to deter

and, if necessary, defend successfully against hostile action is not called into question. We must have a more rational "division of labor", under which our NATO allies -- and the Japanese as well -- will be asked to join with us in strengthening the common defense of our shared vital interests.

US Spending For NATO And Comparison of US And Allied Efforts

Senator Stevens: What is the scope of the NATO spending increase recommended in the revised budget for fiscal year 1982? And generally how does that compare to our allies' efforts?

Answer:

Our proposed real increase for 1982 over 1981 for DoD as a whole is 15% in total obligational authority (TOA) and 6% in outlays. The question of how much of this can be attributed to "NATO" is difficult to answer simply and precisely, since almost all of our forces could be used in a NATO/Warsaw Pact conflict, and, by the same token, some of the forces we intend primarily for use in a NATO conflict could be employed elsewhere if a NATO war was not in progress or imminent. We are preparing a comprehensive response to a similar question (on US spending "for NATO") from the Senate Armed Services Committee and will provide you with a copy of this analysis as soon as it is available.

For the purpose of comparison, the weighted average real increase in non-US NATO outlays for 1981 (the latest year for which data is available for many of our Allies) is tentatively estimated to be in the range of [DELETED] The Allies do not budget on a TOA basis, thus a US/Allied TOA comparison cannot be provided.

Division of Labor

Senator Stevens: Please expand on the "division of labor" you are holding up as the Reagan defense policy with our NATO and Japanese allies. What does it mean in immediate spending commitments by this country, particularly in the budget requests before us?

Answer: This Administration does not agree with a strict "division of labor" within the Alliance. Rather, we believe that the Allies should be aware of the changing nature of the threat and of the need to play a role in dealing with challenges that may arise outside NATO's traditional boundries. Therefore, we would expect the European Allies to join with our efforts in Southwest Asia or elsewhere where NATO or Western interests may be threatended. In order to counter the Soviet challenge effectively wherever it may arise, we believe both Europe and America must devote increased resources to meet agreed defense goals.

Improve Quality of Life

Senator Stevens: The Reagan Administration has committed itself to improving force readiness by improving Quality-of-Life benefits. To that end, it is proposing additional pay raises aimed at increasing recruitment and retention levels. At present, a 5.3% pay raise is expected for 1 July 81 to complement a 9.1% raise scheduled for October '81. An alternative plan, however, would forestall the July raise in favor of a one-time 12.3% pay increase

in October. Given the current emphasis on budget restraint, which solution is preferable?

Answer: We are committed to restoring military pay to levels that will enable us to attract and retain the numbers and quality of military personnel to meet our defense requirements. For that reason, it is essential that military personnel receive a 5.3% pay increase on July 1 and an October pay increase equal to private sector wage increases.

Tax Exclusion

Senator Stevens: During the last Congress, the Nunn-Warner and Fair Benefits Acts were passed. Together, these enactments provide such incentives as a variable housing allowance (VHA), pay increases and enlistment/reenlistment bonuses. While it remains too early to link directly any real growth in personnel strength to these benefits, they do represent major steps in assuring a stable manpower pool. It has come to our attention, however, Mr. Secretary, that you are considering several proposals to provide yet additional benefits in the form of tax breaks to service personnel. Where do you stand on this issue?

Answer: Tax reduction is one of the options we are looking at as a means of sending a positive signal to the military community and to the Nation concerning the value of military service. It would clearly demonstrate in a tangible manner the unique character of military service as deserving special recognition and appreciation under the existing conditions in our society. While we want to emphasize that the Administration has not decided whether to recommend that this option be adopted at this time, it undeniably contains several attractive features.

Senator Stevens: Is it not premature to suggest the need for a tax break?

Answer: It is one option under study on a long-term basis.

Senator Stevens: Would these "invisible" benefits truly affect retention?

Answer: We do not believe that such a benefit would be "invisible" in the sense that military personnel are not likely to appreciate it. An E-6 with ten years of service and a family of four is currently paying $1,070 a year of Federal income tax. A $20,000 tax exclusion would mean that his disposable income is increased by that amount. I think that E-6 can appreciate this benefit.

Senator Stevens: Would they not further complicate an already complex system of military pay and allowances?

Answer: We do not think so. Excluding the first $20,000 of military pay from taxation would mean that the finance office doesn't have to do any withholding for a lot of people. A similar benefit was provided to personnel serving in Vietnam. It was simple to administer and caused no undue burden to the individual in filing his or her return. The Vietnam exclusion provided $500/month for officers and a total exclusion for enlisted personnel.

Quality of Life

Senator Stevens: One area bearing particular impact on service morale and the quality of service life is that of community facilities such as health, recreation and day-care centers. What budget initiatives is DoD taking this year to enhance these quality-of-life factors?

Answer: The Department of Defense recognizes that adequate facilities are absolutely necessary to improve the quality of life. We have deferred or delayed construction and renovation of these types of facilities for several years, particularly in overseas areas. The Fiscal Year 1982 budget includes $435.3 million funding for medical facility construction, $185.8 million for 64 community facility projects, $414.7 million for unaccompanied personnel housing, and $2.4 billion for the family housing program. Approximately 60 percent of the community facility projects are located overseas. The 64 projects in this group include ten child-care centers, eleven community and family service centers, eleven dependent schools, and fifteen sports and athletic facilities. Over-all, approximately 21 percent of the Fiscal Year 1982 military construction program is for facilities directly related to quality of life. However, there are many other facilities in the program which also affect the quality of life of our personnel. Included in this category are projects which provide better and safer conditions at places of work, such as efforts to improve maintenance and administrative areas. We are sensitive to the total range of facilities which impact on the daily lives of our personnel, and we will ensure that future budget programs reflect this perspective as well.

Dependents Overseas

Senator Stevens: This Administration has appealed to Congress to remove the ceiling of 325,000 dependents overseas which was imposed by the FY 80 DoD Authorization Act. While the objective of raising morale and reducing PCS expenditures is fully recognized, some questions must be considered: How much would this policy cost?

Answer: There would be little budgetary impact resulting from a recision of the statutory ceiling on the number of dependents overseas. The numbers that would be involved, in excess of the current ceiling, in the foreseeable future, would be small. The Department's overseas dependent count is currently under the mandated ceiling and we do not anticipate that it will be necessary to take any extraordinary measures to stay within this limitation until mid-FY82. At that time, stringent measures will be required which will entail delaying dependent travel, returning dependents early from overseas areas and curtailing tours for selected members. The overall number of individuals directly affected will probably be less than 3% of the ceiling although the resultant inconvenience and delay could negatively impress many times that number both here and abroad. Any appreciable increase in dependents overseas during the coming years will only result from approved force structure changes that consider dependent support requirements.

Senator Stevens: How can the budget accommodate requests to fund improvement in quality of overseas life and requests that additional personnel live overseas?

Answer: Funds must be budgeted for dependent support whether the dependents concerned are located in CONUS or at overseas stations. The alternative to having dependents overseas is to order our personnel abroad on unaccompanied tours. Such an action would result in increased CONUS support costs (medical, commissary, etc.), separation allowances, PCS costs for member moves, family moves in CONUS, and increased "transient account" manpower. There would also be added recruiting and training costs for the additional personnel accessions required to support a shorter unaccompanied tour policy. Such a

short tour plan could well be more expensive than our present longer accompanied tour program.

Senator Stevens: What effect would this have on DoD capability to evacuate noncombatants in time of crisis?

Answer: There would be little to no effect. Detailed evacuation plans have been developed for all areas and they are continually under review. Command-post exercises are also conducted to point out weaknesses in these plans -- as are "real life" exercises which actually involve movement of some dependents. Given a reasonable amount of warning time prior to hostilities, dependents can be relocated without interferring with military preparations. Lifting the dependent ceiling would not result in a significant increase in dependents. Dependents would not be authorized to travel overseas unless a review of the facilities and programs, including noncombatant evacuation capabilities at their proposed destination, reflected that the support available was adequate.

RECRUITMENT OF HIGH SCHOOL GRADUATES

Senator Stevens: All services met or exceeded their FY 80 recruitment goals and preliminary data for FY 81 indicates that recruitment is on target. However, the increased recruitment resulted in part from the acceptance of a higher proportion of non-high school graduates -- personnel who statistically attrit at a higher rate. Specifically, what measures are now underway to attract the high school graduate?

Answer: There are many initiatives that have been undertaken to attract high quality high school graduates.

Improved Compensation: Congress has provided substantive increases in military compensation. Military pay was increased 11.7 percent; a variable housing allowance was authorized; and increases were approved for sea pay, submarine pay, and flight pay. In addition, President Reagan has requested a July 1, 1981 military pay raise of 5.3 percent - an additional 9.1 percent pay increase in the fall has been requested along with an enhanced bonus program. The bonus program is specifically directed at increasing the high quality high school graduate enlistments for the Army.

Improved Educational Benefits: The Department of Defense has underway a comprehensive test of educational incentives aimed at attracting and retaining high quality recruits. One is a non-contributory tuition assistance program which is adjusted for inflation, currently worth approximately $16,000. Further the Army is continuing its experiment with the Veteran's Educational Assistance Program (VEAP) in which an individual can receive $17,400 worth of educational benefits for a three-year enlistment.

Recruiting and Advertising: In addition to the increased compensation and educational test programs, the Services are directing their recruiting and advertising programs at the high quality markets focusing on high schools and colleges. Goals are set for management to achieve minimum proportions of high school graduates. Advertising themes emphasize skill needs of the Service and the requirements for high school graduates. Selection of specific advertising media vehicles are based on media habits of the high school graduate. Direct mail advertising focuses on high school seniors.

All the Services recruit marketing strategies, plans and resource requests are directed at the higher quality individual.

ACHIEVING FY 82 AND FY 83 RECRUITING GOALS

Senator Stevens: In an effort to improve force quality, Congress recently placed a maximum ceiling on each service of 25% Category IV recruits for FY 82 and 20% Category IV recruits for FY 83. (Category IV represents the lowest acceptable test score personnel.) What measures are the services adopting to meet these requirements and what is the likelihood of success?

Answer: All the Services have quality goals for recruiting that, if met, will be within the Congressional constraints on Category IV recruits. The Army has the biggest challenge - a need to recruit at least 34 percent more Category I-III enlistees in Fiscal Year 1982 than it did in Fiscal Year 1980. This percentage rises to about 50 percent above the Fiscal Year 1980 achievement in order for Army to make its Fiscal Year 1983 recruiting goal and stay within the more demanding Category IV limit. To achieve the quality goals the Services have requested increases in compensation and a more flexible enlistment bonus program. Additionally they are testing the effectiveness of various educational benefits to attract high quality individuals (combined with shorter enlistment terms in the Army) and have directed their recruiting and advertising at the high quality markets. The enhanced bonus program is aimed specifically at increasing the number of Army high aptitude high school graduate recruits.

Given the increased resources and more flexible bonus program requested, the Services may be able to achieve their Fiscal Year 1982 non-prior service accession requirements within the statutory limit.

Achieving the Service, particularly the Army, Fiscal Year 1983 recruiting needs with the 20 percent Category IV constraint is much less certain. This means that each Service must recruit 80% of its recruits from the estimated 70% of the youth population who can be expected to score in the Category I to III range on the Armed Forces Qualification Test (AFQT).

ENLISTMENT OF AFQT CATEGORY IV RECRUITS

Senator Stevens: The Administration has requested repeal of the statutory limits on the number of Category IV recruits, citing that the quality of manpower is not necessarily degraded by accepting a larger proportion of these personnel. Can the services justify appeals for unlimited Category IV personnel at a time when the demands of high technology are a fact of service life?

Answer: In December 1980, the Department of Defense (DoD) submitted a report to the House and Senate Committees on Armed Services entitled, "Implementation of New Armed Services Vocational Aptitude Battery and Actions to Improve the Enlistment Standards Process." In it, a study was reported which investigated the performance of Category IV soldiers who were erroneously enlisted because of the miscalibration of the enlistment eligibility test. The results of the study showed that recruits who scored in the lower AFQT categories made useful contributions in the military. While we understand the purpose behind the recently legislated constraints to improve the quality of military manpower, we believe the study supports the position that the constraints are unnecessary and hamper Service flexibility to adjust to changes in manpower needs and changes in the labor market. At the same time, DoD and the Services are as interested in maximizing recruit quality as the Congress. When the new enlistment test was introduced in October 1980, all of the Services adopted operational enlistment standards that precluded the enlistment of many applicants who would have been eligible during FY 1979.

LIFTING OF CATEGORY IV CONSTRAINTS: QUALITY VS QUANTITY

Senator Stevens: One obvious problem associated with the imposition of these category ceilings is the possibility of recruitment shortfalls. Should the services be unable to recruit sufficient non-Category IV personnel and should the ceiling be lifted, does this not represent a trade-off of quality for quantity?

Answer: No. There are many jobs within the four Military Services which can be performed by individuals with below average aptitudes. Some of these simpler, but not unimportant, jobs are clerks, cooks, vehicle drivers, or warehousemen. While a certain percentage of accessions into these less complex skills must be average or above to insure that some people are available for more advanced training and promotion, the assignment of more high quality individuals than are required could actually lead to underutilization of talent and a subsequent loss in job performance. Individuals in jobs which do not use their skills are often bored and dissatisfied. For that reason, the Department of Defense attempts to match the abilities of new recruits to the demands of military jobs. Thus, since there are a number of jobs in service which permit a lower aptitude than others, to continue the constraints on the enlistment of Category IV personnel could deny entry to many individuals who could become successful and productive servicemembers.

SCREENING OF MILITARY APPLICANTS

Senator Stevens: One of the goals of effective recruitment is the exclusion of high risk personnel so as to increase retention rates. What method is used to screen applicants and how effective has it been?

Answer: The Department of Defense (DoD) uses four basic types of screens in determining the enlistment eligibility of military applicants--educational, aptitude, physical, and moral. They are designed to insure that new recruits can become successful servicemembers.

Possession of a high school diploma is the best single predictor of successful adjustment to military life. At present, a high school graduate has almost an 80 percent probability of completing the first three years of service as against a 60 percent probability for the non-graduate. In addition, the aptitude test works well in estimating the likelihood that individuals will be able to complete basic military training and job skill training. While the aptitude test is not a perfect predictor, it does enhance the probability that the Military Services will select the best people from the pool of applicants and will assign them to jobs in which they are likely to succeed. These two screens are usefully combined. The Department of Defense compensates for the higher attrition rate of high school drop-outs by requiring that they achieve higher aptitude test scores to qualify for enlistment.

Physical standards are used to reduce the likelihood that new recruits will be unable to satisfactorily perform their military jobs because of medically-related problems. Moral standards deal generally with the acceptability for service of persons with police records, adverse juvenile adjudications, or court convictions. They are intended to screen out individuals with a high probability of becoming serious disciplinary problems. DoD experience over the last 20 years indicates that the four types of screens are effective in selecting new military personnel.

EFFECTIVE RECRUITING MANAGEMENT

Senator Stevens: With the increased emphasis on achieving recruiting goals, what controls are placed on individual recruiters to check improprieties, avoid cheating, and insure effective management of the recruitment system?

Answer: The Services have a series of quality control checks and balances to insure a high degree of integrity in the recruiting system. Mental and physical examinations are administered by a Joint-Service agency (the Military Enlistment Processing Command) manned by other than recruiting personnel. Applicants are interviewed at several stages of processing by both recruiters and non-recruiting personnel to determine either concealment/falsification of enlistment information and/or misunderstanding of enlistment options. The enlistment contract requires an applicant's signed understanding that only those enlistment promises listed in the contract will be honored. Police records checks and a National Agency check (by the Defense Investigative Service) are initiated prior to enlistment, albeit these checks are hampered by limited access to State files for adult convictions and juvenile records. Recruiters also have identification codes which stay with their enlistees' files and provide audit trails capable of matching first term enlistees with recruiters. A thorough investigation of any allegation of recruiter fraud is conducted by disinterested officers.

All Services also utilize, through MEPCOM, a diagnostic tool that provides an indicator of possible patterns of test compromise. In addition, the Services have all reviewed their selection criteria for recruiters and have modified training programs for officers and supervisors as well as recruiters.

Changes have also been made in the testing area. New versions of the Armed Services Vocational Aptitude Battery (ASVAB) were implemented in October 1980. Because of its multiple forms, the new ASVAB will impede cheating. The Department of Defense and the Services recognize that violations of integrity damage the reputation of the vast majority of recruiters who are responsible, hard working, and dedicated. Prompt action is taken to relieve and/or discipline any recruiter involved in a breach of integrity. At the same time, we are continually evaluating initiatives and incentives that will enable the recruiting force to more effectively perform their mission. The recently enacted compensation increases, a shifting public attitude in support of the Armed Forces, and improvements in certain recruiter-oriented issues have all combined to facilitate the job of the recruiter.

Marginal Performer Discharge Program

Senator Stevens: The Administration has stated that there are well-established programs for eliminating those recruits who are incapable of becoming useful service personnel. Specifically, what are these programs, and at a time when manpower is in such demand, are unfit personnel regularly eliminated?

Answer: The Marginal Performer Discharge Program is used by the Services to identify and expeditiously separate those serving on their first enlistment who are incapable of becoming productive service members. Enlisted personnel who have severe attitudinal problems may be separated for unsuitability while members with a record of disciplinary infractions may be separated for misconduct. These discharge programs do not relieve commanders of their responsibility to provide the leadership, motivation, counselling and remedial training to assist marginal performers to become productive service members. However, when these efforts are unsuccessful, the member is discharged. Retention of those who clearly are unfit

for military service would have an adverse effect on military readiness; therefore, they must be separated.

Senator Stevens: Both Army National Guard and Army Reserve force readiness have been impaired by a personnel shortage. Neither met their FY 80 end strength objectives. Together, however, they comprise over two-thirds of the regular Army's support capability. In what ways do personnel problems in reserve forces differ from those of the active forces, and what funds are being allotted in the present budget for attaining reserve readiness objectives?

Answer: In fact, both the Army National Guard and Army Reserve exceeded their end FY 80 authorized strength; the Army Guard by 10.9 thousand and the Army Reserve by 9.2 thousand. Overall, FY 80 recorded a strength gain of 43,700 in the Selected Reserve. The 1st Quarter of FY 81 witnessed another 10,800 increase in strength, and it is still climbing. It is foreseen that the Army Reserve Components will be able to attain 100% of trained wartime structure strength during the Mid-1980's.

Personnel problems in the Reserve Forces are quite different from the Active Forces. The active service member has a full-time job as a member of his or her component. On the other hand, the reservist has a full-time primary civilian job and is faced with the significant pressures of conflicting work and drill schedules and competition for leisure time between family and military commitments. Further compounding readiness objectives is the requirement to occupy a billet of proper grade and skill level, which causes turmoil in movement between the Selected Reserve and Individual Ready Reserve.

In the present budget, the funds allocated for attaining reserve personnel readiness objectives are as follows:

	FY 81 Program ($ in millions)	FY 82 BUDGET REQUEST ($ in millions)
Selected Reserve Incentives	61	78
IRR Reenlistment Bonus	12	13
Advertising	28	30
Recruiting	136	155
TOTAL	237	276

Women in the Military

Senator Stevens: The previous Administration urged repeal of the law (provisions of Title 10, USC, sections 6015 and 8549) which prohibits women from serving as permanent crew members aboard Navy combat vessels and as crew members of Navy or Air Force aircraft on combat missions. In 1979, PL 95-485 modified combat restrictions to permit the assignment of women on a permanent basis to non-combatant ships and to temporary duty not to exceed 180 days on combat vessels. What is the position of the current Administration as regards the assignment of women to sea or air combat missions?

Answer: The Department of Defense supports the repeal of 10 USC 6016 and 8549 so that the Secretaries of the Navy and Air

Force can set policy for, monitor, and review the assignment of women just as the Army does now. By lifting the current restrictions the Congress will enable the Department of Defense and the Services to gather and analyze additional data on the utilization of women while in a peacetime mode. Additionally, reducing utilization restrictions will enhance the career potential of women in the military. Lifting these restrictions would not result in the assignment of Navy, Marine Corps, or Air Force women to combat. Instead combat restrictions would be a matter of policy, not law, as is the case for Army women.

Retention

Senator Stevens: Congress has noted that career reenlistment rates dropped substantially during the past decade, especially in the Navy and Marine Corps. Additionally, specific skills critical to force readiness, viz., pilots, nuclear-qualified officers and engineers, have been most adversely affected. To what is this attributed and what efforts are presently underway to reverse this downward trend?

Answer: Pilots: All of the Services are experiencing problems retaining pilots. In the Air Force, Navy and Marine Corps, the problem involves commissioned officers whereas it is a warrant officer problem in the Army. The Army is 1200 warrant officers short of its requirements. Surveys taken over the past two years indicate that the major reason for aviator warrant officers leaving is the disparity between the Aviation Career Incentive Pay (ACIP) commissioned officers received and that paid to aviation warrant officers. On the other hand, the major factor for a drop in pilot retention for the Air Force, Navy and Marine Corps has been the high starting salary offered by civilian airlines for rated pilots. The Services have implemented several actions, both legislative and nonlegislative to combat this decline in retention. One legislative action includes:

- Aviator Continuation Bonus: A proposal for aviator commissioned officers which would pay a bonus to aviators with more than six but less than eighteen years of aviation service for additional obligated service.

Nonlegislation actions taken by the Services include:

- Selective Voluntary Recall: Former pilots are contacted by the Services and offered a chance to give military flying a second try. Conferences, where recruiters emphasize recent improvements in military pay and allowances, are conducted throughout the country to reinforce the sincerity of the Services' offer. Follow-up action on those expressing a desire to return to active duty is initiated and those found acceptable are permitted to reenter military service.
- Administrative Actions: Other nonlegislative actions underway, such as extension of flight training obligation, reduction of collateral duties, increased personal recognition, and continuation on active duty of those twice nonselected for promotion are also expected to improve retention.

Nuclear-Qualified Officers: The Navy problem of recruiting and retaining nuclear qualified officers is due largely to increased demand in the civilian sector and accompanying high salaries. Additionally, career nuclear submarine officers can expect to spend 15 of their first 19 years at sea - a condition not conducive to career attractiveness.

The Navy has implemented various bonus programs to improve both recruiting and retention. The Navy provides a bonus to those

selected for training as well as a bonus upon completion of training. Engineers are also eligible for a one-time continuation bonus of $28.0K for a four year obligation and an annual bonus of $6.0K for each year of nuclear duty performed beyond initial obligation. Hopefully, these bonuses will improve both recruiting and retention of nuclear engineers to an acceptable level.

Engineers: The Air Force is experiencing difficulty in recruiting and retaining engineers in the numbers required to sustain the engineer force. Beginning salaries are significantly higher in the private sector making it difficult for the Air Force to compete on equal footing for the quantity and quality of engineers needed. Other nonlegislative actions such as the College Senior Engineer Program (CSEP), selective recall, continuation on active duty of engineers not selected for promotion and increased utilization of engineers in engineer billets are expected to help overcome the shortage.

Retention of NCOs and Petty Officers

Senator Stevens: Another near-term problem concerns the retention of Army mid-level NCOs and Navy petty officers. What funding proposals are directed at this problem?

Answer: President Reagan's budget includes $138.5 million in new reenlistment bonuses for the Army and $304.6 million in new reenlistment bonuses for the Navy. In addition the Reagan program includes a number of important initiatives designed to improve a special military pay raise of 5.3 percent effective 1 July 1981; quality of life improvements in family housing, barracks, commissaries, and related military facilities; new construction and renovation of dependents' schools; and additional PCS reimbursements to help defray moving costs when service members are reassigned. These initiatives are expected to significantly enhance our ability to attract and retain the kinds and number of people needed to meet military manpower requirements.

Training for Chemical Warfare

Senator Stevens: Individual and unit training continue to be emphasized in Department of Defense readiness programs. One area of constant concern, however, remains that of chemical warfare -- an area in which the Soviets are known to excel. The Carter Administration proposed additional funds for new unit formation and for additional chemical warfare training. To what extent will this Administration focus on the funding of chemical warfare defense?

Answer: This Administration will continue to place a high priority on the acquisition of an adequate chemical warfare defense. The training of individuals and units is critical to attaining such an improved defensive posture. In addition to the increased funds already provided by the prior Administration in RDT&E, procurement and operations and maintenance, this Administration added in the supplemental budget request $27 million in FY 81 and $166 million in FY 82 to procure additional protective equipment for the RDF and accelerated RDT&E for critical defense technologies. This defensive equipment being procured will allow increased realistic training to take place.

Training - EW

Senator Stevens: Similarly, electronic warfare is likely to play an extremely important part in any future conflict. In your opinion, is the amount of resources devoted to electronic warfare training sufficient, and is the current emphasis on electronic warfare adequate to meet the battlefield threat?

Answer: The first part of the question regarding the amount of resources sufficient for electronic warfare training is difficult to answer. Adequate training to increase combat readiness is always difficult with limited flight hours and ship steaming times. In most major exercises, a portion of the time is allotted to electronic warfare. Is this enough? No. The Services have developed some fixed and mobile simulators and jammers to provide for training, and these are used in combination with our jamming assets, such as the Navy's EA-6B, to create operational training for our forces. However, we can simulate only a fraction of the enormous number of electromagnetically controlled weapons deployed by the Soviets. In answer to the second part of the question dealing with sufficient emphasis on EW, we have made good progress in this area. All of the Services have created specific offices charged with the responsibility to develop and field equipment and tactics for electronic warfare. Within the Office of the Secretary of Defense, we have also created an office to oversee electronic warfare and the important element of combat called C^3 countermeasures. The arguments of hard kill versus soft kill remain; but again, we are making good progress toward an appropriately balanced hard weapons and electronic warfare program. We are participating with the Military Departments in ongoing evaluations of our electronic warfare needs and the implementation of responsive electronic warfare programs.

Alcohol and Drug Abuse

Senator Stevens: The Fiscal Year 1982 budget for Alcohol and Drug Abuse Control is $44.5 million, the same as that for FY 1981. At the same time, however, the Services concede that they continue to face difficulties in drug and alcohol abuse prevention. Does the Reagan Administration plan to increase funding of this program, and if not, why not?

Answer: The $44.5 million mentioned pertains only to the Army's Fiscal Year 1982 budget for Alcohol and Drug Abuse Control. The amount budgeted for all of DoD is $101 million, an increase of $5 million from FY 81. It is true that the Army's funding of these programs is presently stable. However, a large increase in emphasis began in FY 1979. Our funding has been:

	FY78	FY79	FY80	FY81	FY82
ARMY	$25.6M	$33.1M	$36.3M	$44.5M	$ 44.5M
DOD	$67.5M	$80.2M	$83.9M	$96.1M	$101.0M

We do continue to face difficulties, but we are making progress. Drug seizures are increasing, countermeasures are more effective, prevalence of drug use has generally declined since 1974, and prevention programs are being more efficiently conducted.

We have not, however, solved the alcohol or drug abuse problem. Such abuse is endemic to the population from which we recruit, and we forsee the need for a long term, comprehensive, and persistent

effort to reduce the effects of alcohol and drug abuse on our people and our mission.

Use of Pretrained Manpower

Senator Stevens: Mr. Secretary, one of the more pressing problems facing the military is the shortage of pretrained military manpower to meet mobilization and sustainability demands. What is the current policy on the use of reserve forces for NATO defense and for the defense of third areas? Is that policy compatible with the most likely scenarios? And, is the current funding level appropriate for the requisite training?

Answer: Pretrained individual manpower is an important element in meeting the mobilization demands of our NATO defense as well as in other scenarios. Our current policy is that all categories of pretrained manpower to include the standby reserve and retirees would be used in a full mobilization. As the strength of the Individual Ready Reserve increases, the need for Standby Reservists and retired personnel is reduced. At the present time the Services are implementing management programs for pretrained manpower. As the management of pretrained individuals increases, we expect that the training requirements will become more defined and that training demands may increase.

NEW MANNED BOMBER

Senator Stevens: Mr. Secretary, in your statement you mention that $2.4 billion is requested for a new manned bomber. You further state that this sum will support the development of any of the candidates under consideration and that you are withholding your decision until receiving final information. Could you give the Committee a few words on your perspective at this time relative to the considerations given to a conventional bomber such as the B-1 or FB-111 compared to an advanced technology bomber that incorporates stealth technology?

Answer: An advanced technology bomber which incorporated low observable features, sometimes called stealth, would have greater legacy for the long term and less susceptibility to threat changes. This type of design, when combined with moderate Electronic Countermeasures (ECM) which take advantage of the low cross section, would result in an aircraft which stresses current and future defenses to technological limits.

In contrast to the advantages of advanced technology bombers, aircraft of more conventional design but with moderate reductions of observables, coupled with ECM offer near term availability and far less risk for the broad spectrum of strategic bomber missions.

More detailed information on the tradeoffs is outlined in the status report on the multi-role bomber study.

NEW STRATEGIC BOMBER

Senator Stevens: Although you may not be prepared to answer and may have to provide a response for the record, how many of the new manned bombers would be desirable to procure and what would be the overall cost of such a program?

Answer: The number of aircraft and the overall costs are dependent upon whether an FB-111B/C, a B-1 Variant, an Advanced Technology Bomber (ATB), or combination of these are selected. The ongoing bomber study is considering various quantities such as 154

FB-111B/C (based upon the maximum number of aircraft available for modification), 100, 180 and 220 B-1 Variants and differing quantities of ATBs depending upon IOC dates.

The bomber force currently consists of 347 B-52s and 66 FB-111s. Accordingly, long term force structures must consider replacing approximately 400 aircraft which includes those that are in the normal repair cycle. Replacements are not on a one-for-one basis when range, payload and multi-mission capability are considered. Therefore, the total quantity varies depending upon the aircraft or aircraft combinations selected. Costs would vary by the same criterion.

In summary, the goal over the long term is to replace the existing bomber force of over 400 aircraft with a new technology force capable of deterence in the modern and future threat environment of the late 1980s and 1990s.

NUCLEAR CARRIER

Senator Stevens: The amended budget requests $658 million for lead money for another nuclear aircraft carrier. There has been in recent years considerable controversy concerning the large carrier versus a smaller carrier. Does the decision to seek another large nuclear carrier indicate an affirmation of the concept that large aircraft carriers are more desirable? Should the Committee anticipate that in future years additional nuclear aircraft carriers will be requested?

Answer: The Navy is presently examining what it will need in the way of additional carriers to meet its expanded worldwide commitments. Repeated studies of carrier types have supported the view that we get more combat capability per dollar invested from large deck nuclear carriers than from any other type. Although the cost of these large deck carriers is high, it is necessary that we maintain a force of sufficient numbers to support the national objective of a Navy able to insure sea power supremacy. Once this objective is accomplished, then we should look at our needs for an augmenting force of smaller carriers.

AIRBORNE RADAR SURVEILLANCE AIRCRAFT (AWACS)

Senator Stevens: Mr. Secretary, your amended budget request includes the procurement of two E-3A AWACS aircraft. How many AWACS aircraft have been procured to date?

Answer: The Air Force has been authorized to procure 30 E-3As through FY 81. Of these, 23 have already been delivered to TAC with one more scheduled for delivery in late March.

FUTURE AWACS PROCUREMENT

Senator Stevens: Is it the intention of the Defense Department to seek the procurement of additional AWACS aircraft in Fiscal Year 1983 and subsequent years? If so, how many?

Answer: The amended budget added one aircraft to the programmed force in FY 83, bringing the total to 35 E-3As. This represents a fiscally constrained, significant risk force which cannot meet all unilateral US requirements. Total CINC requirements would suggest a force of [illegible] E-3As, however, a prudent risk force is estimated to be [illegible] aircraft. If coverage for expanding worldwide commitments is to be assured, additional E-3As will

have to be considered along with other high priority DOD requirements.

INTENDED DEPLOYMENT

SENATOR STEVENS. If additional AWACS aircraft are being procured, what is the intended deployment of these aircraft?

ANSWER. An additional AWACS is added to the programmed force in FY83 (for a total of 35). The aircraft will be based at the 552 AWAC Wg, Tinker AFB as part of the E-3A Crisis Response Force, which has been used for six worldwide contingency deployments during the past two years. This aircraft and any additional AWACS procured would be used to meet the Air Force objective force of D AWACS and could be deployed to a number of locations including the Pacific, Iceland, Southwest Asia.

Senator Stevens: Mr. Secretary, do you feel the Defense Department's O&M budget, as bolstered by the Reagan amendments, is now sufficient to bring our military readiness back up to par, so far as we are capable of doing so?

Answer: The President's FY 1981 Supplemental and FY 1982 Amendment to DoD's O&M budget will make an important contribution toward enhancing the materiel readiness of our weapon systems. The most important readiness contribution of these O&M budget additions is the reduction of depot maintenance backlogs in all Services. Depot maintenance backlogs (1) reduce the number of weapon systems and major equipment items available for distribution to the combat units, and (2) reduce the availability of spare components needed to keep our weapon systems and equipments operating. The FY 1982 budget, as amended, will reduce depot maintenance backlogs below the levels experienced in recent years, and consequently, will enhance our materiel readiness.

Of course, it is not only the O&M budget that affects materiel readiness. The DoD procurement budget also has an important effect in this regard. To enhance readiness, we need to procure weapon systems and equipment to fill our authorized inventory levels and we need to procure spare components to keep the weapon systems and equipments operating. Although the FY 1981 Supplemental and FY 1982 Amendment provide significant increases in procurement funds for these purposes, the procurement leadtimes are currently averaging about two years and can stretch out to as many as five years. Therefore, correcting readiness problems caused by lack of procurement funding can be expected to take several years even in the best case.

Elimination of Depot Maintenance Backlogs

Senator Stevens: Earlier we touched on the emphasis of the Reagan budget increases on procurement, with about one-third of the increases devoted to the less glamorous but urgently needed upgrading of operation and maintenance. To what extent does the revised budget address the long-standing backlog in equipment maintenance? In facility maintenance?

Answer: The revised budget virtually eliminates backlogs of equipment depot maintenance constrained by the availability of funds. With regard to facilities maintenance, the combined effect of the FY 1981 supplemental budget request and the FY 1982 amended budget request results in a programmed reduction in backlog of maintenance

and repair from FY 1981 to FY 1982. Continuation of this level of funding, in real terms, will permit a systematic reduction of the excess backlog through the outyears.

Readiness (Backlog of Maintenance and Repair)

Senator Stevens: Do you feel comfortable with a budget that still leaves such a heavy backlog in facility maintenance? How do you foresee the Department overcoming this backlog, and what priority do you assign to that task?

Answer: A backlog of the current size in facility maintenance is, of course, a very uncomfortable situation. The FY 1981 supplemental and the FY 1982 Amendment will arrest the growing trend and produce a modest programmed reduction from FY 1981 to FY 1982. To achieve our desired objective, however, of reducing the backlog to manageable proportions will necessitate continuing to fund maintenance and repair of real property at levels well above the annual requirement for a number of years. We give this critical subject a very high priority and regard the current budget proposals as merely a first step in a systematic program to put our plant back in acceptable condition.

Readiness

Senator Stevens: The long-standing pattern, it seems, is to dig into maintenance funding whenever there is an urgent need to come up with additional money for emergencies. This is what the Department had to do, for instance, when the U.S. had to build a military presence in the Indian Ocean. Are you satisfied this budget provides adequate support for such exigencies so that it will not be necessary, as things now stand, to tap maintenance funding for operations?

Answer: Unfortunately there seems to be an inverse relationship between the priority of many of the Depart ment's programs and the degree to which they are controllable or fixed. It is generally agreed that maintenance programs have a direct relationship to readiness. However, from a financial management aspect, and as disasterous as the impact might be, deferral of maintenance programs may be one of the few controllable costs that can be reduced to solve a financial problem in the operation accounts. The 1982 President's Budget as amended, not only provides for additional maintenance efforts but also recognizes the need for financial resources in other areas, which if left unfunded, might have resulted in the diversion of funds from maintenance programs to other high priority programs or areas where costs are less uncontrollable.

SHIP REACTIVATION

Senator Stevens: The budget amendment for Fiscal Year 1982 proposes reactivation of the battleships NEW JERSEY and IOWA and the aircraft carrier ORISKANY. I would like your opinion of the need for reactivation of each of these vessels and exactly what measure of improvement these ships will add to our Naval readiness.

Answer: The shift which has been taking place in the maritime balance has resulted in an unacceptable increase in Navy

operating tempo which impacts both personnel and material readiness. In essence, we are fulfilling a three-ocean commitment with a one and one-half ocean Navy at an operating tempo which exceeds that of the Vietnam confict. A number of proposals to strengthen and expand U.S. Naval forces have been examined. Since construction of new ships and capabilities take a long time, initiatives are needed which will enhance naval power in the near-term. One solution is reactivation of capable ships -- aircraft carriers and battleships, in particular -- in the mothball fleet.

The Navy intends to employ reactivated battleships in peacetime to satisfy deployment requirements in situations where the presence of an aircraft carrier is not mandatory, but for which we today have no major ships other than aircraft carriers; and in wartime to distribute and increase the offensive strength of our fighting forces. The battleship will serve as the predominant striking force of a Surface Action Group (SAG) operating in areas of lesser threat. In this role, the battleship will provide the command and control for the force and a significant increment of strike and ASUW capability, while accompanying ships provide AAW and ASW capabilities. The SAG can operate as a tactical entity either separately, or in support of a CVBG or Amphibious Task Force.

The ORISKANY reactivation will improve the CV force level in the near-term and provide a means of fulfilling increased Navy overseas commitments. ORISKANY reactivation will provide an aircraft carrier in a relatively short period of time in comparison with the cost and construction time required to construct a new CV/CVN. Its embarked air wing of Marine Corps A-4M's will provide a light attack capability that surpasses that of the big deck carriers in the fleet today.

Senator Stevens: How many people are we talking about to man these ships? The Navy has a mid-career retention problem now. Don't you believe measures of this nature will only aggravate the problem?

Answer: There is no major manpower requirement for the reactivation of ships in FY 1981. Our initial requirement for added personnel is in FY 1982 when we will require 77 officers and 1585 enlisted personnel and increase gradually thereafter. In 1985 we will require a total of 242 officers and 5,085 enlisted to fully man all three ships. These requirements reflect shipboard manning and do not reflect the "tail" to cover training, transients, etc. They also do not include the air wing since the personnel for the wing will come from existing Marine squadrons. Although the Navy does have a mid-career retention problem, manning of the additional forces can be accomplished without adverse impact on the readiness of existing forces. In order to improve the readiness of our current force and to provide the base for manning additional forces the Navy must not only improve its retention of experienced personnel as rapidly as possible, but at the same time maintain current recruiting efforts to bring in quality first term personnel. With the continued support of the Congress, I am confident we can meet both of those goals. These two actions will provide the numbers that are needed. Navy will also continue to place emphasis on bringing back quality Navy veterans to augment career petty officer force.

Navy's experience with bonus programs provides evidence that retaining and recruiting enough people is essentially an economic problem. Given sufficient compensation and recruiting resources, adequate numbers of personnel can be obtained to man a growing

Navy. Improving the overall experience level in the petty officer ranks, however, will take time - five to seven years with good retention results.

Senator Stevens: What will be the estimated annual operating costs of these three vessels?

Answer: Exclusive of manpower and indirect costs, the anticipated annual operating cost of ORISKANY will be on the order of $69 million in FY 82 constant budget dollars. This assumes a tempo of operations comparable to that which our carrier force has experienced in recent years. There will in effect be no added cost for air wing operations in that I do not anticipate any appreciable difference between the afloat cost of operating the extant Marine A-4M aircraft ORISKANY will carry and the cost that would otherwise be encountered in the operation of the same aircraft from bases ashore.

It is also worthy of note that, added operational capability aside, by basing a Marine air group afloat we obviate the need for investment in base construction ashore that would be otherwise required in a number of potential contingencies in areas of critical interest to the United States.

Applying the same criteria, to operate a battleship at the tempo at which we today schedule our battle group surface combatants will cost about $58 million each year. It is important to bear in mind that fuel costs in any given year are very difficult to predict, and these costs are a principal determinant of the cost of operations.

CIVILIAN PERSONNEL

Senator Stevens: What was the on-board civilian personnel strength level as of November 5, 1980? How does this compare with the authorized strength level for fiscal years 1981 and 1982?

Provide for the record a table which reflects the above comparison by service for each year and identifies the funds which can now be applied to finance other program requirements.

Answer: The exact number of civilians as of November 5, 1980 is not available. The number as of October 31, 1980, along with the allocation of the authorized strength level for fiscal year 1981 and requested end strengths for fiscal years 1981 and 1982, is given in the table below. A strength level for fiscal year 1982 has not yet been authorized.

CIVILIANS
DIRECT AND INDIRECT HIRES
(End Strength in Thousands) 1/

	Actual 10/31/80	FY 1981 Authorized	FY 1981 Requested	FY 1982 Requested
Army	359.3	357.0	370.6	381.7
Navy	317.9	309.2	317.5	313.0
Air Force	244.2	239.5	243.8	247.4
Defense Agencies	78.3	80.3	81.9	82.8
TOTAL	999.7	986.0 2/	1,013.9	1,024.9

1/ Details may not add due to rounding.

2/ The Secretary of Defense is authorized to exceed this strength by 2% if increases are needed.

During the period the freeze was in effect for the Department of Defense, the Department had more people on board than were authorized in order to meet a greater than anticipated workload. The freeze had the effect of drawing the Department down closer to its assigned manpower ceilings. No significant dollar savings resulted because of the over strength posture.

Funding Reductions

Senator Stevens: The President has directed a 5 percent reduction in the fiscal year 1981 appropriation and the fiscal year 1982 budget estimate for consulting services, management and professional services, and special studies and analyses. Please provide for the record a table which reflects the total amount contained in the program by military department for each year, the amount of the 5 percent reduction, and the purpose to which the funds will be applied.

Answer: Consulting Services, Management and Professional Services and Special Studies and Analysis.

($ in Millions)

	FY 1981		FY 1982	
	Total	Reduction	Total	Reduction
Army	159.1	9.0	167.6	37.0
Navy	528.1	27.0	587.2	28.0
Air Force	156.9	9.0	196.3	28.0
Defense Wide	110.7	5.0	163.8	7.0
	954.8	50.0	1,114.9	100.0

The funds have been applied to offset requirements identified in the FY 1981/1982 Budget Supplemental/Amendment. In FY 1982 the reductions are in excess of 5 percent.

Funding Reductions

Senator Stevens: The President has also directed a 15 percent reduction in Executive Branch travel funds. Please provide for the record a table which reflects travel funds by military department for fiscal years 1981 and 1982, the amount by year of the reduction, and the purpose to which the funds will be applied.

Answer:

Administrative Travel
($ in Millions)

	FY 1981		FY 1982	
	Total	Reduction	Total	Reduction
Army	50.5	5.0	45.2	7.0
Navy	35.0	3.0	39.7	6.0
Air Force	40.0	4.0	43.5	6.0
Defense Wide	7.5	1.0	8.4	1.0
	133.0	13.0	136.8	20.0

The funds have been applied to offset requirements identified in the FY 1981/1982 Budget Supplemental/Amendment.

NATO War Reserve Stocks

Senator Stevens: NATO Commander, General Bernie Rogers, has been quoted as stating that stocks of U.S. ammunition and other material in Europe are in a [DELETED] What are your feelings about this and do you have plans for improvement in this area?

Answer: Current war reserves of ammunition and equipment in Europe are below the -D- level which we have set as our pre-positioning goal. In ammunition, the Army currently has in Europe about -D- (on a tonnage basis) of the -D- objective and the Air Force, about -D- These figures are somewhat optimistic, however, since the requirement is based on the modern, more effective munitions currently entering production while the mix of munitions actually in Europe is more heavily weighted toward older munitions. Our best estimate is that our ammunition stocks would allow us to fight -D- [DELETED] without serious rationing.

The ammunition and equipment support posture will continue to improve over the next few years as we build toward an in-theater stockpile of -D- of more effective ammunition and secondary items and enough equipment to meet the basic U.S. commitment to NATO for a 10 division D-day force sustainable for -D- The Reagan budget amendment specifically addresses General Rogers' concerns by adding over 2 billion dollars for ammunition, 1.3 billion for war reserve spares, and 1.1 billion for ground combat equipment. These procurement additions are a significant step toward rapidly improving our combat support posture for war reserve munitions, equipment, and secondary items; however, due to procurement lead times, the benefits of these increases will not be realized until FY 83-84. With the Reagan adjustments, we now estimate that our -D- NATO objective for munitions and secondary items will be attained by about -D-

Senator Stevens: The budget supplemental contains $20 million in FY 1981 to provide the facilities for the manufacture of 155mm binary munitions. Funding for construction of this facility was included in the FY 81 Military Construction Act. What is your opinion of the need to go ahead with the manufacture of these munitions? Don't you believe this move may precipitate escalation by the Soviet Union on chemical warfare?

Answer. Binary facilitization and subsequent production are, in my view, essential for our national security. The Soviet response to any change in the US posture is difficult to predict. It is possible that they could become more forthright and discuss the critical arms control issues with us if they felt that it would be to their interests. Thus, modernization of our stockpile could, indeed, be the leverage required to force the Soviets to become serious at the negotiating table. At the same time, there is no reason to believe that US development of a credible deterrent/retaliatory capability would cause the Soviets to do anything more than what they have been doing all along--improving their chemical warfare (CW) capability. Once we can negotiate from a position of strength, the Soviets may become serious at the CW negotiating table. Therefore, we must modernize our chemical stockpile so that we can influence the Soviet's actions in the world--to do otherwise would be irresponsible.

Speculation on Outcome of Review

Senator Stevens: Mr. Secretary, we realize the issue of M-X missile deployment is under intense study by the Department and that no decisions have been made yet in the area of ocean deployment versus desert deployment.

But can you give us any indication of a direction to current thinking?

Answer: We prefer not to speculate at this point. We have appointed a panel of distinguished citizens who will be advising the Secretary on selection of the most appropriate basing mode.

Environmental Delays

Senator Stevens: You have been quoted, Mr. Secretary, as favoring an alternative to desert deployment simply because of the environmental delays that can be expected. And it does indeed appear that massive environmentalist resistance is building to current deployment plans for Nevada and Utah. How will the Department overcome this opposition without endangering our defense systems with inordinate delays?

Answer: It should be possible to act responsibly relative both to the demands of national security and environmental protection. We are actively working on the solution to this important balancing of priorities, but the bottom line is not yet known.

Budget for Desert Deployment

Senator Stevens: If desert deployment is chosen for the MX, what kind of budget proposals can we expect for the current year? For the 1982 fiscal year?

Answer: All of our current budget requests are based on the current plan to deploy M-X in the desert valleys of Nevada and Utah.

Viability of M-X Concept

Senator Stevens: Mr. Secretary, environmental and cost consideration aside, do you regard the M-X desert deployment scheme as viable? Can such an intricate and widespread system remain dependable and immune to Soviet attack for any reasonable length of time?

Answer: The experts in my Department are confident that the concept is a viable one that can be made to produce the required numbers of survivors over a 20 to 30 year period, even in the face of escalations in the threat beyond our current projection. We are moving toward a final decision on M-X in July that will include all factors, including environmental and cost.

Cost Growth

Senator Stevens: The General Accounting Office tells us the estimated $34.2 billion cost of the M-X mobile missile system will more than double by the end of this century. Is this kind of cost really feasible?

Answer: Your question implies that the GAO has identified cost growth in M-X of a substantial amount. The fact is that the GAO has not identified on its own any cost growth at all in M-X. They have merely converted the DoD figure for the life cycle cost of M-X in constant FY 78 dollars to its then-year equivalent, using inflation indices thought to be correct at a point in time. It is precisely because such indices are estimates of future

economic behavior and are, therefore, subject to several changes that DoD prefers to compare and track programs in terms of constant year dollars. Expressed in those terms, real cost growth is immediately apparent. In the case of M-X, the acquisition cost in constant FY 80 dollars remains at $33.8 billion.

Questions Submitted by Senator Hatfield

Senator Hatfield: It is my understanding that there are particular skill areas within each branch of the Services which have manpower shortages. Would it not be more effective to target at least a portion of those pay raises to those particular skill areas? Please identify for the record those specific skill areas for each Service which demonstrate a manpower shortage.

Answer: We have authority under the law to differentially allocate the annual military pay raise by grade and years of service, but not by skill area. We will be evaluating some options for reallocating this October's pay raise by grade and years of service with the aim of relieving pay compression and making the pay table more supportive of accession and retention needs. However, we do not believe that the pay raise should be differentially allocated by skill area. We believe that the special and incentive pays and bonuses are more effective in providing pay differentials by skill area.

With few exceptions, the military Services are achieving their officer manpower goals. Unfortunately, these exceptions are in the high skill, high cost areas such as pilots, physicians, nuclear-qualified engineers, and engineering officer communities. Retention of officers in these skills has shown a downward trend over the past several years due mainly to increased hiring by air lines, power facilities, and other engineer intensive industries. The specific skill areas for each Service are:

- Army: Short 1200 aviator warrant officers.
- Navy: Short pilots and nuclear-qualified engineers.
- Marine Corps: Short pilots.
- Air Force: Short pilots and engineers.

Additionally, all of the Services share in the physician shortage. Actual physician strength for 1980 was about 3000 below the number required. Various bonus actions designed to improve both recruiting and retention of officers in these areas are either under consideration or, in the case of physicians and nuclear engineers, have already been implemented.

On the enlisted side, retention success is mixed. Shortages or projected shortages of experienced personnel in specific skills are Targeted with Selective Reenlistment Bonus. These bonuses are divided in Zone A, B and C which generally cover first, second and third reenlistments respectively. They are paid in multiples (1-6) of monthly basic pay times the years of additional service. The enlisted skills currently receiving a reenlistment bonus are shown in the following tables:

ARMY

MILITARY OCCUPATIONAL SPECIALTIES (MOS)

AUTHORIZED

SELECTIVE REENLISTMENT BONUS (SRB)

AS OF 25 February 1981

MOS	CMF	Job Description Title	SRB Multiplier/Zone
00B	51	Diver	2A
01H	91	Biological Sciences Assistant	2A, 1B
05D*	98	EW/SIGINT Identifier/Locator	4A, 1B, 2C
05G	98	Signal Security Specialist	2A, 3B
05H	98	EW/SIGINT Interceptor - International Morse Code (IMC)	3A, 2B
05K*	98	EW/SIGINT Non-Morse Interceptor	4A, 2B, 2C
11B	11	Infantryman	2A, 2B
11C	11	Indirect Fire Infantryman	2A, 2B
11H	11	Heavy Antiarmor Weapons Crewman	2A, 2B
11M	11	Mechanized Infantryman	2A, 2B
12B	12	Combat Engineer	2A, 1B
12C	12	Bridge Crewman	2A, 1B
12E*	12	Atomic Demolition Munition Specialist	4A, 1B
12F	12	Engineer Tracked Vehicle Crewman	2A, 2B
13B	13	Cannon Crewman	2A, 1B
13C	13	TACFIRE Operations Specialist	2A, 2B
13E	13	Cannon Fire Direction Specialist	2A, 2B
13F	13	Fire Support Specialist	2A, 2B
13R	13	Firefinder Radar Operator	1A, 1B
15D*	13	LANCE/HONEST JOHN Crewmember	2A, 2B, 1C
15E*	13	PERSHING Missile Crewmember	2A, 3B, 2C
15J*	13	LANCE/HONEST JOHN Operations/Fire Direction Specialist	3A
16B*	16	HERCULES Missile Crewmember	1A, 2B
16C*	16	HERCULES Fire Control Crewmember	1A, 1B
16D*	16	HAWK Missile Crewmember	1A, 1B
16E*	16	HAWK Fire Control Crewmember	1A, 1B
16R	16	Air Defense Artillery Short Range Gunnery Crewman	1A, 1B

* SIMOS (Space Imbalanced MOS)

MOS	CMF	Job Description Title	SRB Multiplier/Zone
17B	13	Field Artillery Radar Crewmember	1B
17C	13	Field Artillery Target Acquisition Specialist	1A, 1B
19D	19	Cavalry Scout	1A, 2B
19E	19	M48-M60A1/A3 Armor Crewman	1A, 2B
19F	19	M48/M60 Tank Driver	1A, 2B
19G	19	Armor Reconnaissance Vehicle Crewman	1A, 2B
19H	19	Armor Reconnaissance Vehicle Driver	1A, 2B
19J	19	M60A2 Armor Crewman	1A, 2B
19K	19	XM1 Armor Crewman	1A, 2B
19L	19	XM1 Tank Driver	1A, 2B
21G*	27	PERSHING Electronics Materiel Specialist	3A, 1B
21L*	27	PERSHING Electronics Repairer	1A, 1B
22L*	23	NIKE Test Equipment Repairer	2A, 1B
22N*	23	NIKE-HERC Missile-Launcher Repairer	1A
23N	23	NIKE Track Radar Repairer	1A, 1B
23U*	23	NIKE-High Power Radar Simulator Repairer	2A
24C	23	Improved HAWK Firing Section Mechanic	1B
24E	23	Improved HAWK Fire Control Mechanic	2A
24G*	23	Improved HAWK Coordination Central Mechanic	1A
24H	23	Improved HAWK Fire Control Repairer	2A
24K*	23	Improved HAWK Continuous Wave Radar Repair	2A
24M	27	VULCAN System Mechanic	1B
24N	27	CHAPARRAL System Mechanic	1A, 1B, 1C
24U*	23	HERCULES Electronics Mechanic	1A, 1B
25L*	23	AN/TSQ-73 Operator/Repairer	2A
26B	29	Weapons Support Radar Repairer	1A, 1B
26E	28	Aerial Surveillance Sensor Repairer	2A, 1B
26Q	31	Tactical Satellite/Microwave Systems Operator	1A
26R*	31	Strategic Satellite/Microwave Systems Operator	1A
26V*	29	Strategic Microwave Systems Repairer	1A
27E	27	TOW/DRAGON Repairer	1A, 1B
27F	27	VULCAN Repairer	2A, 1B

*SIMOS

MOS	CMF	Job Description Title	SRB Multiplier/Zone
27G	27	CHAPARRAL/REDEYE Repairer	1A, 2B
31E	29	Field Radio Repairer	1B
31J	29	Teletypewriter Repairer	1A, 1B
31S	29	Field General COMSEC Repairer	1A
31T*	29	Field Systems COMSEC Repairer	1A, 1B
31V	31	Tactical Communications Systems/Operator/ Mechanic	1A
32F	29	Fixed Ciphony Repairer	2A, 1B
32G*	29	Fixed Crypto Equipment Repairer	1B
33S	33	EW/Intercept Systems Repairer	4A, 4B, 1C
34F*	74	DSTE Repairer	1B
34G	63	Fire Control Computer Repairer	2A, 1B
34H	74	ADMSE Repairer	2A, 2B
34K	74	IBM 360 Repairer	2C
35F*	55	Nuclear Weapons Electronics Specialist	2B
35H	29	Calibration Specialist	3A, 1B
35L	28	AVIONIC Communications Equipment Repairer	2A, 2B
35M	28	AVIONIC Navigation and Flight Control Equipment Repairer	1A, 1B
35R	28	AVIONIC Special Equipment Repairer	1A, 1B
35U	91	Biomedical Equipment Maintenance Chief	1A, 1B
36K	31	Tactical Wire Operations Specialist	1A
36L	29	Electronic Switching Systems Repairer	2A
41B	81	Topographic Instrument Repair Specialist	1A, 1B
42C	91	Orthotic Specialist	1B
42E	91	Optical Laboratory Specialist	1B
43E	76	Parachute Rigger	1A
44E	63	Machinist	2A, 1B
45D	63	Self Propelled Field Artillery Turret Mechanic	1A, 1B
45E	63	XM1 Tank Turret Mechanic	2A, 1B
45K	63	Tank Turret Repairman	1A, 1B
45N*	63	Tank Turret Mechanic	2A, 1B
45T	63	ITV/ IFV/CFV Turret Mechanic	2A, 1B
46N*	27	PERSHING Electronic - Mechanical Repairer	1B
51C	51	Structures Specialist	1A

*SIMOS

MOS	CMF	Job Description Title	SRB Multiplier/Zone
52E	51	Prime Power Production Specialist	2A, 2B, 2C
54C	54	Smoke and Flame Specialist	3A, 2B
54E	54	Chemical Operations Specialist	3A, 2B
55B	55	Ammunition Specialist	1A
55D	55	Explosive Ordnance Disposal Specialist	2A, 2B
55G*	55	Nuclear Weapons Maintenance Specialist	2A, 1B
57H	64	Terminal Operations Coordinator	1A
61B	64	Watercraft Operator	1A
61C	64	Watercraft Engineer	1A
62E	51	Heavy Construction Equipment Operator	1B
62H	51	Concrete and Asphalt Equipment Operator	1A
63B	63	Light Wheel Vehicle/Power Generation Mechanic	1B
63D	63	Self Propelled Field Artillery Systems Mechanic	2A, 2B
63E	63	XM1 Tank Systems Mechanic	2A, 2B
63H	63	Track Vehicle Repairer	1B
63N	63	M60A1/A3 Tank Systems Mechanic	2A, 2B
63S	63	Heavy Wheel Vehicle Mechanic	1B
63T	63	ITV/IFV/CFV Systems Mechanic	2A, 2B
63Y	63	Track Vehicle Mechanic	2A, 2B
68B	67	Aircraft Power Plant Repairer	1B
68J	67	Aircraft Weapons Systems Repairer	1A
68M	67	Aircraft Fire Control Repairer	1A
71E	71	Court Reporter	1A, 1B
71R	84	Broadcast Journalist	1A
72G	31	Data Communications Switching Center Specialist	1A, 1B
72H	31	Central Office Operations Operator	3A
74F	74	Programmer/Analyst	2A, 2B, 1C
82C	13	Field Artillery Surveyor	1A, 1B
82D	81	Topographic Surveyor	2A, 1B
91B	91	Medical Specialist	1A
91C	91	Patient Care Specialist	1A, 1B
91D	91	Operating Room Specialist	1A
91F	91	Psychiatric Specialist	1A

*SIMOS

MOS	CMF	Job Description Title	SRB Multiplier/Zone
91G	91	Behavioral Science Specialist	1A
91H	91	Orthopedic Specialist	1A
91J	91	Physical Therapy Specialist	1A
91N	91	Cardiac Specialist (ASI Y6 Only)	4B
91Q	91	Pharmacy Specialist	1A, 1B
91R	91	Veterinary Specialist	1A
91S	91	Environmental Health Specialist	1A, 1B
91U	91	Ear, Nose and Throat (ENT) Specialist	1A, 1B
91V	91	Respiratory Specialist	2A, 2B
91W	91	Nuclear Medical Specialist	2A, 2B
92D	54	Chemical Laboratory Specialist	1A, 1B
93F	13	Field Artillery Meteorological Crew Member	2A, 2B
93H	64	Air Traffic Control (ATC) Tower Operator	1A
93J	64	ATC Radar Controller	1A, 1B, 1C
96B	96	Intelligence Analyst	1A, 1B, 1C
96C	96	Interrogator	2A, 1B
96D	96	Image Interpreter	2A, 1B
96H	96	Aerial Sensor Specialist	2A
97B	96	Counterintelligence Agent	4A, 2B, 2C
97C	96	Area Intelligence Specialist	2B, 2C
98C	98	EW/SIGINT Analyst	3A, 3B, 1C
98G*	98	EW/SIGINT Voice Interceptor (by language)	
		- Arabic-Egyptian	4A, 4B, 2C
		- Arabic-Syrian	4A, 4B, 2C
		- Czechoslovakian	4A, 4B, 2C
		- Korean	4A, 4B, 2C
		- Polish	4A, 4B, 2C
		- Russian	4A, 4B, 2C
		- Spanish-American	4A, 4B, 2C
		- German	4A, 4B, 2C
		- Chinese-Mandarin	4A, 2B, 2C
		- All other languages	2A, 1B, 1C
98J	98	EW/SIGINT Non-Communications Interceptor	2A, 3B, 1C
		TOTALS	129 104 15

*SIMOS (Space Imbalanced MOS)

Navy FY-81 SRB Program

Rating		SRB Award Level A/B/C
ABE	(Aviation Boatswain's Mate- Launching & Recovery Equipment)	2/3/2
AC	(Air Controlman)	5/4/0
AG	(Aerographer's Mate)	0/1/2
AQ	(Aviation Fire Control Technician)	6/5/0
AT	(Aviation Electronics Technician	3/2/0
AW	(Aviation ASW Operator)	4/4/0
BT	(Boilerman)	6/6/2
BU	(Builder)	2/1/0
CE	(Construction Electrician)	2/1/0
CM	(Construction Mechanic)	0/2/0
CTI	(Cryptologic Tech. (Interpretive))	2/6/0
CTM	(Cryptologic Tech. (Maintenance))	4/5/0
CTO	(Cryptologic Tech. (Communications))	0/1/0
CTR	(Cryptologic Tech. (Collection))	0/5/0
CTT	(Cryptologic Tech. (Technical))	1/5/0
DP	(Data Processing Technician)	0/2/0
DS	(Data Systems Technician)	6/6/4
EA	(Engineering Aid)	1/0/0
EM	(Electrician's Mate)	4/4/0
EN	(Engineman)	0/1/0
EO	(Equipment Operator)	2/1/0
ET	(Electronics Technician)	6/6/2
EW	(Electronic Warfare Technician)	0/2/1
FTB	(Ballistic Missile Fire Control Technician)	4/5/0
FTG	(SS) (Underwater Fire Control Technician)	5/5/2
FTM	(Surface Missile Fire Control Technician)	5/6/2
GMM	(Gunner's Mate Missile)	2/4/3
GMT	(Gunner's Mate Torpedo Technician)	4/6/2
GSE	(Gas Turbine Systems Tech. Electrical)	6/6/0
GSM	(Gas Turbine Systems Tech. Mechanical)	6/6/0
HT	(Hull Maintenance Technician)	1/2/1
IC	(Interior Communications Technician)	1/2/1
IM	(Instrumentman)	1/1/0
IS	(Intelligence Specialist)	1/2/0
LN	(Legalman)	2/0/0
MM	(Machinist's Mate)	6/6/1
MS	(Mess Management Specialist)	3/2/0
MT	(Missile Technician)	4/5/0

Rating	SRB Award Level A/B/C
OM (Opticalman)	1/0/0
OS (Operations Specialist)	6/6/2
PH (Photographer's Mate)	0/2/0
PM (Patternmaker)	0/2/0
RM (Radioman)	0/1/0
SM (Signalman)	1/3/0
STG (Sonar Technician (Surface))	3/4/0
STS (Sonar Technician (Submarine))	4/4/0
SW (Steel Workman)	1/1/0
TD (Training Deviceman)	1/0/0
TM (Torpedoman s Mate)	4/6/2
UT (Utilitiesman)	0/1/0
NEC 33XX (Nuclear Propulsion Technicians)	6/6/6
NEC 53XX (Special Warfare Personnel)	6/6/0
NEC 5311 (Saturation Diver)	6/6/6
NEC 8402 (Nuclear Submarine Medicine Techician)	0/3/0
NEC 8406 (Aerospace Medicine Technician)	1/0/0
NEC 8432 (Preventive Medicine Technician)	1/1/0
NEC 8452 (X-ray Technician)	1/0/0
NEC 8492 (Special Operations Medical Technician)	6/6/0
NEC 8493 (Medical Deep Sea Diving Technician)	6/6/0
NEC 8506 (Medical Laboratory Technician, Advanced)	1/0/0
NEC 23XX (Submarine Radioman Technician)	0/2/0
NEC 8251 (P-3 Flight Engineer)	2/2/0

MARINE CORPS

SELECTIVE REENLISTMENT BONUS

OCCUPATIONAL FIELDS

ZONE A

OCC FLD	Title	Bonus Multiple
02	Intelligence	2
04	Logistics	2
11	Utilities	1
15	Printing and Reproduction	2
18	Tank and Amphibian Tractor	1
21	Ordnance	2
26	Signals Intelligence and Ground Electronic Warfare	4
28	Data/Communications Maintenance	5
33	Food Service	1
34	Auditing, Finance and Accounting	2
40	Data Systems	5
44	Legal Services	2
57	Nuclear, Biological and Chemical	2
58	Military Police and Corrections	3
59	Electronics Maintenance	6
61	Aircraft Maintenance	3
63	Avionics	2
64	Avionics	2
65	Aviation Ordnance	3
72	Air Control/Air Support/Antiair Warfare	4
73	Air Traffic Control and Enlisted Flight Crews	6

ZONE B

OCC FLD	Title	Bonus Multiple
01	Personnel and Administration	2
02	Intelligence	3
03	Infantry	1
04	Logistics	3
08	Field Artillery	1
11	Utilities	2
13	Engineer, Construction, Equipment and Shore Party	1
14	Drafting, Surveying and Mapping	2
15	Printing and Reproduction	2
18	Tank and Amphibian Tractor	3
21	Ordnance	3
26	Signals Intelligence and Ground Electronic Warfare	4
28	Data/Communications Maintenance	6
33	Food Service	4
34	Auditing, Finance and Accounting	4
40	Data Systems	6
43	Public Affairs	1
44	Legal Services	3
57	Nuclear, Biological and Chemical	2
58	Military Police and Corrections	4
59	Electronics Maintenance	6
60	Aircraft Maintenance	2
61	Aircraft Maintenance	2
63	Avionics	3
64	Avionics	3
65	Aviation Ordnance	3
68	Weather Service	4
70	Airfield Services	3
72	Air Control/Air Support/Antiair Warfare	5
73	Air Traffic Control and Enlisted Flight Crews	6

ZONE C

OCC FLD	Title	Bonus Multiple
01	Personnel and Administration	1
04	Logistics	2
08	Field Artillery	1
11	Utilities	2
13	Engineer, Construction, Equipment and Shore Party	1
18	Tank and Amphibian Tractor	2
28	Data/Communications Maintenance	6
33	Food Service	2
40	Data Systems	6
59	Electronics Maintenance	6
68	Weather Service	6
72	Air Control/Air Support/Antiair Warfare	6

The following Military Occupational Specialties within the above Occupational Fields are not eligible for a Selective Reenlistment Bonus:

MOS	TITLE
0100	Basic Administrative Marine
0200	Basic Intelligence Marine
0300	Basic Infantryman
0400	Basic Logistics Marine
0800	Basic Field Artillery Man
1100	Basic Utilities Marine
1300	Basic Engineer, Construction, Equipment and Shore Party Marine
1400	Basic Drafting, Surveying and Mapping Marine
1500	Basic Printing and Reproduction Marine

MOS	TITLE
1800	Basic Tank and Assault Amphibian Crewman
2100	Basic Ordnance Marine
2600	Basic Signals Intelligence/Electronic Warfare Operator
2800	Basic Data/Communications Maintenance Marine
3300	Basic Food Service Marine
3400	Basic Auditing, Finance and Accounting Marine
4000	Basic Data Systems Marine
4300	Basic Public Affairs Marine
4400	Basic Legal Services Marine
5700	Basic Nuclear, Biological and Chemical Marine
5800	Basic Military Policy and Corrections Marine
5900	Basic Electonics Maintenance Marine
6000	Basic Aircraft Maintenance Marine
6011	Aircraft Mechanic-Trainee
6051	Aircraft Hydraulic/Pneumatic Mechanic-Trainee
6071	Aircraft Maintenance Ground Support Equipment Mechanic-Trainee
6081	Aircraft Safety Equipment Mechanic-Trainee
6091	Aircraft Structures Mechanic-Trainee
6111	Helicopter Mechanic-Trainee
6300	Basic Avionics Marine
6311	Aircraft Comm/Nav Systems Technician-Trainee, OMA/IMA
6331	Aircraft Electrical System Technician-Trainee
6351	Advanced Avionics Technician-Trainee
6371	Aerial Camera Systems Technician-Trainee
6500	Basic Aviation Ordnance Marine
6511	Aircraft Ordnance Technician-Trainee
6800	Basic Weather Service Marine
7000	Basic Airfield Services Marine
7200	Basic Air Control/Air Support/Antiair Warfare Marine
7221	Hawk Missile System Operator-Trainee
7231	Air Command and Control Electronics Operator-Trainee
7241	Air Support Operations Operator-Trainee
7300	Basic Air Traffic Controller/Enlisted Flight Crew Marine
7311	Air Traffic Controller-Trainee
7381	Airborne Radio Operator/Loadmaster-Trainee

AIR FORCE

Selective Reenlistment Bonus (SRB)

FY 1981 Approved Zone A Skills

(Effective 1 Oct 1980)

SRB-4

272X0	Air Traffic Control Spec
99105	Scientific Measurements Tech

SRB-3

111X0	Aerial Gunner
112X0	Inflight Refueling Opr
114X0	Aircraft Loadmaster
115X0	Para-Rescue/Recovery Spec
208X0	Voice Processing Spec
274X0	Comd & Control Spec
276X0	Aerosp Cont & Warning Sys Opr
304X0	Radio Relay Equip Spec
304X1	Nav Aids Equip Spec
306X0	Elec Comm & Crypto Equip Rpm
308X0	Space Sys Equip Spec
328X2	Abn Warning & Cont Radar Spec
511X0	Computer Opr
511X1	Programming Spec
691X0	Mgt Analysis Spec
99104	System Repair Tech
99106	Scientific Lab Tech

SRB-2

202X0		Radio Comm Spec
204X0		Intel Ops Spec
222X0		Geodetic
304X6		Space Comm Sys Equip Opr
309X0		Msl Wng & Space Survl Sensor Repair Spec
321X1		Def Fire Cont Sys Mech
326X3	*	Int Avionics EW Equip & Computer Spec
326X4	*	Int Avionics Computerized Test Stn & Comp Spec
326X5	*	Int Avionics Manual Test Stn & Comp Spec
361X1		Cable Splicing Instl & Maint Spec
463X0		Nuclear Weapons Spec
464X0		Explosive Ordnance Disposal Spec
472X4		Veh Maint Analysis Spec
554X0		Real Estate Cost Mgt Analysis Spec

*Effective 1 Nov 1980

SRB-1

113X0	Flight Engineer
205X0	Elect Intel Ops Spec
206X1	Target Intel Spec
207X1	Morse Sys Opr
241X0	Safety Spec
242X0	Disaster Preparedness Spec
251X0	Weather Spec
275X0	Tac Air Comd Spec
294X0	Abn Comm Sys Opr
295X0	Auto Digital Switching Spec
303X1	Air Traffic Cont Radar Spec
304X5	TV Equip Spec
305X4	Elect Computer Sys Spec
307X0	Telecomm Sys Cont Spec
316X0	Msl Sys Analyst Spec
316X2	Msl Elect Equip Spec
316X3	Instrumentation Mech
321X0	Bomb-Nav Sys Mech
322X2	Avionic Sensor Sys Spec
326X6	Int Avionics Attack Cont Sys Spec
326X7	Int Avionics Instm & Flt Cont Sys Spec
326X8	Int Avionics Comm, Nav, & Pen-Aids Sys Spec
328X1	Avionic Nav Sys Spec
328X5	Abn Comd Post Comm Equip Spec
362X1	Tel Switching Equip Spec
362X2	Elect Switching Sys Rpm
362X3	Msl Cont Comm Sys Spec
362X4	Tel Equip Instl & Rpr Spec
403X0	Biomed Equip Maint Spec
423X1	Acft Environment Sys Mech
423X2	Aircrew Egress Sys Mech
423X3	Acft Fuel Sys Mech
423X4	Acft Pneudraulic Sys Mech
423X5	Aerosp Ground Equip Mech
426X2	Jet Engine Mech
426X3	Turboprop Propulsion Mech
427X1	Corrosion Control Spec
427X2	Nondestructive Insp Spec
427X4	Metals Processing Spec
427X5	Airframe Repair Spec
431X0	Helicopter Mech
431X1	Tac Acft Maint Spec
431X2	Alft/Bombardment Acft Maint Spec

443X0	Msl Maint Spec
443X1	Msl Pneudraulic Rpr Spec
445X0	Msl Facilities Spec
445X1	Msl Liquid Propellant Sys Maint Spec
461X0	Munitions Sys Spec
472X1	Special Vehicle Mech
553X0	Site Development Spec
645X2	Supply Sys Spec
651X0	Contracting Spec
791X0	Information Spec
791X1	Radio & TV Bdcstg Spec
901X0	Aeromedical Spec
907X0	Environmental Health Spec
911X0	Aerosp Physiological Spec
913X0	Physical Therapy Spec
921X0	Survival Training Spec

AIR FORCE

Selective Reenlistment Bonus (SRB)

FY 1981 Approved Zone B Skills

(Effective 1 Oct 1980)

SRB-3

208X0	Voice Processing Spec
99104	Systems Repair Tech
99105	Scientific Measurements Tech

SRB-2

222X0	Geodetic Spec
241X0	Safety Spec
272X0	Air Traffic Control Spec
326X3	Int Avionics EW Equip & Computer Spec
326X4	Int Avionics Computerized Test Stn & Comp Spec
326X5	Int Avionics Manual Test Stn & Comp Spec
326X6	Int Avionics Attack Cont Sys Spec
326X7	Int Avionics Instm & Flt Cont Sys Spec
326X8	Int Avionics Comm, Nav, & Pen-Aids Sys Spec
361X1	Cable Splicing Instl and Maint Spec
445X0	Msl Facilities Spec
511X0	Computer Opr
511X1	Programming Spec
791X1	Radio & TV Bdcstg Spec
99106	Scientific Lab Tech

SRB-1

112X0	Inflight Refueling Opr
113X0	Flight Engineer
114X0	Aircraft Loadmaster
115X0	Para-Rescue/Recovery Spec
202X0	Radio Comm Spec
204X0	Intel Ops Spec
205X0	Elect Intel Ops Spec
207X2	Printer Sys Opr

251X0	Weather Spec
276X0	Aerosp Cont & Warning Sys Opr
296X0	Com-Elec Prog Mgt Spec
297X0	Radio Freq Mgt Tech
303X1	Air Traffic Cont Radar Spec
303X3	Auto Tracking Radar Spec
304X0	Radio Relay Equip Spec
304X6	Space Comm Sys Equip Opr
321X1	Def Fire Control Sys Mech
328X0	Avionic Comm Spec
328X5	Abn Comd Post Comm Equip Spec
361X0	Cable & Antenna Sys Instl/Maint Spec
362X3	Msl Cont Comm Sys Spec
403X0	Biomed Equip Maint Spec
423X0	Acft Elect Sys Spec
423X1	Acft Environment Sys Mech
423X2	Aircrew Egress Sys Mech
423X3	Acft Fuel Sys Mech
423X4	Acft Pneudraulic Sys Mech
423X5	Aerosp Ground Equip Mech
426X2	Jet Engine Mech
426X3	Turboprop Propulsion Mech
427X1	Corrosion Control Spec
427X5	Airframe Repair Spec
431X1	Tac Acft Maint Spec
443X1	Msl Pneudraulic Rpr Spec
445X1**	Msl Liquid Propellant Sys Maint Spec
463X0	Nuclear Weapons Spec
542X1	Elec Powr Line Spec
546X0	Liquid Fuel Sys Maint Spec
553X0	Site Development Spec
672X0	Budget Spec
672X1	General Acctg Spec
672X2	Disbursement Acct Spec
811X0	Security Spec
904X2	Cytotechnnology
911X0	Aerosp Physiological Spec
912X5	Optometry
921X0	Survival Training Spec
982X0	Dental Lab Spec

** Effective 1 Dec 80

AIR FORCE

Selective Reenlistment Bonus (SRB)

FY 1981 Zone C Skills

SRB-2

463X0	Nuclear Weapons Spec
511X1	Programming Spec

SRB-1

111X0	Aerial Gunner
115X0	Para-Rescue/Recovery Spec
202X0	Radio Comm Spec
203X0	Linguist/Interrogator Spec

204X0	Intel Ops Spec
205X0	Elect Intel Ops Spec
207X1	Morse Sys Opr
207X2	Printer Sys Opr
208X0	Voice Processing Spec
222X0	Geodetic Spec
241X0	Safety Spec
251X0	Weather Spec
272X0	Air Traffic Control Spec
274X0	Comd & Control Spec
297X0	Radio Freq Mgt Tech
303X3	Auto Tracking Radar Spec
304X1	Nav Aid Equip Spec
304X4	Ground Radio Comm Spec
305X4	Elect Computer Sys Spec
316X2	Msl Electronic Equip Spec
321X0	Bomb-Nav Sys Mech
321X1	Def Fire Control Sys Mech
326X3	Int Avionics EW Equip & Computer Spec
326X4	Int Avionics Computerized Test Stn & Comp Spec
326X5	Int Avionics Manual Test Stn & Comp Spec
326X6	Int Avionics Attack Cont Sys Spec
326X7	Int Avionics Instm & Flt Cont Sys Spec
326X8	Int Avionics Comm, Nav, & Pen-Aids Sys Spec
328X0	Avionic Comm Spec
328X1	Avionic Nav Sys Spec
328X2	Abn Warning & Cont Radar Spec
328X3	EW Sys Spec
328X4	Avionic Inertial & Radar Nav Spec
328X5	Abn Comd Post Comm Equip Spec
361X1	Cable Splicing Instl & Maint Spec
362X2	Elect Switching Sys Rpm
362X3	Msl Cont Comm Sys Spec
423X0	Acft Elect Sys Spec
423X1	Acft Environment Sys Mech
423X2	Aircrew Egress Sys Mech
423X4	Acft Pneudraulic Sys Mech
427X5	Airframe Repair Spec
445X0	Msl Facilities Spec
445X1	Msl Liquid Propellant Sys Maint Spec
464X0	Explosive Ordnance Disposal Spec
553X0	Site Development Spec
672X0	Budget
672X1	Gen Acctg Spec
672X2	Disbursement Acctg Spec
691X0	Mgt Analysis Spec
733X1	Manpower Mgt Spec
821X0	Special Investigations Spec
99104	Systems Repair Tech
99105	Scientific Measurements Tech
99106	Scientific Lab Tech

Across-the-Board Pay Increase

Senator Hatfield: If Congress was to provide a base pay increase across-the-board, and target a certain percentage of that total, how would you recommend spending the additional funds? Please submit for the record the Department's plan for such an expenditure in order to more effectively recruit and/or retain needed personnel.

Answer: We were provided last year, for the first time, legal authority to differentially allocate the military pay raise by grade and years of service. This authority was not used last year because there was agreement that it was essential that all military personnel receive a substantial pay raise. We know, however, that changes could be made to the current basic pay table to relieve pay compression and to enable us to more effectively recruit and retain military personnel. We do not have a plan as yet on exactly how to restructure the pay table, but it is an area that we will carefully evaluate over the coming months so that we will be in a position to make a recommendation for the October 1981 military pay raise. Our evaluation and plan will consider the interface with enlistment and reenlistment bonus programs.

Five Year Manpower Plan

Senator Hatfield: It is my understanding that DoD, in compliance with an Armed Services Committee request, is preparing a five-year manpower plan. What is the status of this report? When can we expect it?

Answer: Section 303(c) of P.L. 96-342 requires the Secretary of Defense to report to the Congress on ". . .the Secretary's projections for each of the five fiscal years 1981 through 1985 with respect to (1) the total manpower needs of each active duty and reserve component of the Armed Forces, and (2) the desired and planned characteristics (including educational attainment, mental ability, marital status, sex, and other pertinent personal characteristics) for the personnel of each such component."

While the report was due to the Congress on January 31, 1981, the Department advised the House Armed Services Committee by letter of February 2, 1981, that there would be a slight delay in gathering and forwarding the required information. The information available will be forwarded by April 2, 1981.

OUT-YEAR MANPOWER REQUIREMENTS

Senator Hatfield: When the proposed Defense increases officially come forward from the Administration, will they include the manpower requirements in the out-years that such new and/or expanded procurements will dictate?

Answer: Out-year manpower estimates are not normally included in the budget or authorization request; however, in formulating their plans for the out-years, the Services take into consideration the manpower requirements dictated by new and/or expanded procurements.

EFFICIENCIES IN DEFENSE MANAGEMENT

Senator Hatfield: On the second issue, that of efficiency and readiness, it is no secret, Mr. Secretary, that I have been disappointed in the Administration's apparent unwillingness to

seriously propose significant cost reductions within DoD. Numerous recommendations have been made by the General Accounting Office and the Congressional Budget Office for billions of dollars worth of reductions directed at management inefficiencies and duplications.

What priority have you placed on identifying such budget reductions?

Answer: We have placed a very high priority on the identification and review of potential cost reductions in defense programs. We are currently taking a close look at the GAO and the CBO proposals.

EFFICIENCIES IN DEFENSE MANAGEMENT

Senator Hatfield: As you may recall, two weeks ago I outlined in a letter to you, Mr. Secretary, several of what appeared to be the most realistic of these cost-cutting proposals. Some of these recommendations have been made in prior years, but the Department has failed to act on them. Can the Committee expect a detailed response to those recommendations in the near future?

Answer: We expect to respond to your letter within the next few days.

(Copy of letter from Secretary of Defense to Senator Hatfield dated March 11, 1981, follows.)

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

MAR 11 1981

Honorable Mark O. Hatfield
Chairman
Committee on Appropriations
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This is in response to your letter of February 23, 1981, in which you asked for my comments on a number of possible efficiencies, economies and management improvements within the Department of Defense.

In an effort to be as responsive as possible, and within the time frame you suggested, I have addressed in the attachment each of the 10 items covered in your letter, notwithstanding the fact that in a number of instances our detailed review of the individual proposals still is underway. Department of Defense representatives will be prepared to address the status of these actions and other savings proposals during the course of the forthcoming hearings on the FY 1982 budget.

I want to assure you that I intend to press hard in the coming months for efficiencies and economies in defense activities. Where we judge after study that specific proposals have merit, we will move vigorously to exploit these opportunities.

Thank you for the opportunity to comment on these proposals. I look forward to working with you in the coming months as we seek to meet our defense resource needs.

Sincerely,

COMMENTS ON
POSSIBLE MANAGEMENT EFFICIENCIES CITED BY
SENATOR HATFIELD, FEBRUARY 23, 1981

1. Streamlining of Military Recruiting Support Operations.

BASIS FOR PROPOSAL: The Congressional Budget Office (CBO) suggests that recruiting costs could be reduced $391M over a 5 year period, ($59M in FY 82), by consolidating a number of common logistical and support functions, (such as computerized recruit information systems, leasing of vehicles and recruiting offices, educational and occupational guidance counselors), and streamlining management structures.

CBO says this saving, achieved primarily through personnel reductions, can be accomplished in the appropriations process. CBO suggests the requirement of a detailed plan from the services for minimizing transition difficulties and the risk of recruiting shortfalls before Congress mandates changes.

COMMENT:

Some progress has already been made and further actions along lines outlined by CBO already are under study. For example, in terms of streamlined recruiting management structures, the Army, as a result of internal audits and follow-on DoD and Congressional review, has eliminated 123 overhead spaces. The possibility for further streamlining exists, based on further review. Similarly, with respect to computerized recruit information systems, DoD already has a study in progress of the overall architecture of Service and Selective Service manpower accession flow systems. The results of the study, with recommendations addressing standardization, currently are due in September 1981.

Overall, DoD supports in principle a proposal that the services should actively seek opportunities to consolidate and streamline operations in a way that will decrease costs and increase productivity. We also support the CBO call for full study in order to determine specific feasible actions, before budget cuts are mandated.

2. Single Manager Needed to Stop Waste in Aircraft Depot Maintenance.

BASIS FOR PROPOSAL: GAO believes there is ample evidence to justify the establishment of a single manager for depot maintenance, to help eliminate the fragmented and parochial management which has bred duplication and waste in this DoD function. Considerable cost-savings in future years, as well as increased efficiency, would result.

COMMENT:

There has been substantial resistance to the proposal on the grounds that a single manager would limit departmental responsiveness and impair readiness posture. Nevertheless, it is appropriate that there be a quick fresh look at this problem based on developing a proposal for implementing a single manager for all aeronautical depot maintenance with a definitive decision by the Secretary of Defense in time for preparation of the FY83 budget.

The basis of this further review is the view that substantial efficiencies could be achieved by consolidating management of aeronautical depots under a single manager. The use of common management systems, improved utilization of existing capacity, resizing of our depot complex, development of an integrated modernization program for all DoD depot maintenance facilities, and more efficient management of personnel could well all lead to substantial savings. A 5% reduction in costs would save $150 million.

3. Replacement of Engines on KC-135A Tanker.

BASIS FOR PROPOSAL: The Congressional Budget Office (CBO) suggests savings of $1.38 billion over five years by buying 48 additional KC-10's rather than reengining 288 KC-135A's. On missions for which either tanker is acceptable, CBO says the KC-10 is estimated to be roughly equivalent to three KC-135A's.

COMMENT:

We intend to proceed with the procurement of KC-10's and with a program for reengining KC-135A's, and resources for these purposes are in the FY 1982 budget amendment. However, we will study further the total quantity of KC-135's to be reengined.

4. Better Justification of Aircraft for Noncombat Missions.

BASIS FOR PROPOSAL: GAO, with the essential concurrence of the Defense Audit Service, says that the services are using unrealistic data for requirements for non-combat missions, such as training, peacetime attrition (accidents, obsolescence, retirement) and to support peacetime utilization levels. (Potential reduction of $6.9 billion over 5 years.)

COMMENT:

We recognize a need for further study of this question in the context of possible longer term efficiencies. But near term procurement savings do not appear feasible, because of the current and projected deficiencies in Navy and Air Force tactical air forces. In the past, our tactical air programs have been limited more by resource constraints than the factors in the GAO report. In the past, also, we have differed with GAO over certain facts in the GAO report in question, and discussed in some detail concerns with the GAO assessment of the various factors entering calculations of total requirements.

5. Consolidation of Support Services on Adjacent DoD Military Bases.

BASIS FOR PROPOSAL: GAO indicates possible savings of several hundred million dollars annually by eliminating unnecessary duplicate support services through consolidations, interservice and intraservice agreements. Considerable savings can be achieved without impairing mission effectiveness. While DoD has demonstrated this in isolated instances (personnel savings of up to 30 percent were achieved at two installations, and savings of $44 million over the last several years as a result of interservice agreements), such management efficiencies have received a low management priority, and little visibility within the Department.

COMMENT:

It is a continuing objective of DoD to achieve consolidation of base support functions on a regional basis. Responsibility for programs leading to support services consolidations is assigned to the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics), ASD(MRA&L)). Consolidations have been accomplished on a regional basis such as in the case of Naval Regional Medical Centers, Real Property Maintenance Activities and Personal Property Shipping Offices.

Consolidations also have been accomplished through interservice support programs. The Defense Retail Interservice Support Program (DRIS) utilizes Joint Interservice Resource Study Groups to review and recommend consolidations in geographical areas where there is a high concentration of military installations. Since FY 1976, savings of more than $21 million have resulted from DRIS consolidations. These represent "first year only" savings and do not reflect the continuing economies that come from interservice support agreements.

We agree that additional savings opportunities exist, and we will move to identify and exploit them. The ASD(MRA&L) has adequate authority to achieve consolidation of base support functions. Additional emphasis is being placed on programs such as DRIS, for example, to insure unnecessary duplications are eliminated.

6. Army Should Use Available Serviceable Parts to Avoid Repairs.

BASIS FOR PROPOSAL: A GAO study of 2 of 5 Army supply depots identified savings of $12M in future years from utilizing long supply or less expensive items rather than repairing them.

COMMENT:

We concur with GAO's recommendation that there is a need to give "priority attention and focusing of effort" on this matter. Specific actions have been initiated by each Service to reduce total inventories and/or obtain better use of assets. Specific savings which may result will be reflected in the Components' procurement and repair budget submissions.

7. Increase in Joint Service Advertising.

BASIS FOR PROPOSAL: DoD's advertising budget for military recruiting is now set at $140 million for FY 81. Of that sum, less than 10 percent has been dedicated to joint advertising in which two or more services appear in the same advertisement. This, in spite of DoD studies which demonstrate that, for certain purposes, joint service advertising yields 1.5 times the number of applicant leads for recruiting than does single-service advertising.

Savings could thus be achieved, while still obtaining the same number of qualified leads, according to a study completed by CBO. Savings could be $15 million in FY 82 and $113 million over the next five years.

COMMENT:

Our current assessment indicates that this is not a productive proposal. CBO says that "If . . .findings hold (in tests of advertising) for all advertising media the services could cut costs and still get the same number of qualified leads." In 1978, OSD contracted for an Audit of Service Advertising Programs. The Audit examined the roles of joint and single Service advertising. The auditors cautioned against projection of small test programs results to larger programs, and recommended the joint program concentrate on awareness and institutional type advertising and be funded at the 5-10 million dollar level. The auditors also recommended that lead generation advertising should be left to the Services. The current joint Service recruitment budget and advertising program meet the auditor's recommendations.

Current program concepts rest on the premise that the role of joint advertising is to support Service advertising by stimulating primary interest in military enlistment, with the Service advertising programs stressing individual Service opportunities.

8. Reimbursement for U.S. Forces in Japan and Germany and Possibly Other European Countries.

BASIS FOR PROPOSAL: Japan now spends less than 1% of its GNP on defense. Their economy can certainly withstand a greater effort. While Germany spends over 3% of its GNP on defense, it still lags far behind the U.S. and, like Japan, can afford more. Savings, net (after deducting Japanese contribution) cost per year for Japan-- $1.1 billion. Germany should be asked to at least approximate the Japanese contribution. Total: $2 to $5 billion.

COMMENT:

A. Germany and Other European Countries

The allied share of NATO's security burden has been increasing steadily and now stands at almost half of the outlay total. These outlays do not include nonquantifiable contributions such as costs for West Berlin, host nation support, conscripted manpower and economic assistance that Germany and our other allies are incurring which temper the apparent inequity in the GDP share for defense. We are pressing the Germans to pick up a number of additional functions and costs as part of a comprehensive host nation support package. This is part of a major effort the U.S. is making to urge its allies to assume a greater share of the common defense burden. In view of the changing nature of the Soviet threat, all the allies, including the U.S. can and should do more if the Western democracies are to survive the challenges of the 1980's.

B. Japan

Although Japan spends less than 1% of its GNP on defense, its military budget is already eighth largest in the world and is likely to continue increasing in both relative and absolute terms. Of greater concern than the percentage of GNP spent on defense is the inability of Japan's military establishment at present to provide for the conventional defense of Japanese territory and the sea and airspace surrounding Japan in the Northwest Pacific. Japan's defense experts understand what needs to be done; but the Government, cautious because of public opinion (still sensitive about the country's previously excessive militarism) and because of an annual deficit currently running in excess of $60 billion, has been thus far unwilling to proceed at an accelerated pace. Nonetheless, Japan's efforts are in the right direction and Host Nation Support for U.S. forces is extremely generous, approximately $1 billion annually, and is expected to continue to increase.

9. Pertinent Data on Base Consolidation.

BASIS FOR PROPOSAL: Senator Hatfield's letter notes a Secretary of Defense statement on the possible need to realign the DoD installation and logistics structure and asks for "pertinent data." (Last para. Feb 23 letter)

COMMENT:

Since 1969 DoD has announced almost 4,000 base realignment actions, which when fully implemented will have reduced the number of installations by 25% and eliminated 390,000 military and 250,000 civilian positions. These reductions save us $5.8 billion annually. We are presently studying potential realignments which would reduce another 3,000 military and

3,000 civilian positions, and generate annual savings of over $100 million.

The process of studying the domestic base structure and recommending bases for closure is a tedious and politically sensitive one. We intend to continue to examine opportunities to streamline the base structure by consolidating duplicate functions, closing underused and uneconomic installations, and eliminating the need for personnel who can be more profitably used in the force structure. The success of this effort will require the continued support of the Congress, especially the willingness of the Members to look beyond the particular interests of their own districts and States to the broader requirements of the country and our defense effort.

10. Reductions in Expenditures for Travel and Contracting for Studies.

BASIS FOR PROPOSAL: Request contained in last paragraph of Senator Hatfield's letter of February 23. Ongoing administration action.

A. Travel:

The travel reduction, currently estimated at $13 million in FY 1981 and $16 million in FY 1982, equates to a 10 percent reduction in the Department's Administrative travel costs. Administrative travel in DoD has been defined as: "that for which the fundamental purpose could be achieved by alternative means or cancelled without impacting directly upon the accomplishment of essential or critical mission objectives of the performing organization or unit." Some examples of travel which may be considered administrative are:

- o travel for job interviews;
- o coordination visits between activities;
- o familiarization and general surveillance trips;
- o attendance or participation in administrative, organizational or training conferences, symposia and seminars;
- o change of command ceremonies;
- o sports participation;
- o staff visits;
- o training courses not specifically required for job performance; and
- o staff retreats.

The Services and Agencies began operating under this definition in FY 1981 and are now tracking the costs of administrative travel separately.

B. Contracting for Studies

In accordance with OMB bulletin 81-8 of 24 January, a reduction of five percent was directed to consulting services as well as to management and professional services contracts, and contract studies and analysis. The bulletin went on to define consulting services as those services of a purely advisory nature relating to the governmental functions of agency administration and management, and agency program management. Those management and professional services and contract studies and analyses subject to reduction were in the areas of program management support, policy review and development, and system engineering. Savings are projected at $50 million in FY 1981 and $100 million in FY 1982.

M-X Cost with Inflation

Senator Hatfield: Recent reports indict that the Administration may now support deployment of the M-X missile system in the southwestern deserts of Utah and Nevada -- a position President Reagan opposed in the campaign.

The Air Force has placed the cost of the M-X system of 200 missiles and 4,600 shelters at $33.8 billion. Recent reports indicate, however that when 30-year operating costs are included, and this figure is adjusted for inflation, the total M-X cost would be $108 billion. Is this figure correct?

Answer: The Air Force has computed the life cycle cost of M-X through the end of this century to be $66.9 billion. That includes 10 years of steady state operation and four years of gradually building operation and maintenance costs during deployment. Even that figure is the partial result of what we think the inflation factors will be in the 1990's, so we can guarantee that our figure will not end up being correct. Knowing this, we are not willing to project then-year costs for M-X beyond that point, even though others without program responsibility have done so. We do expect our operation and maintenance costs to be $448 million per year, in constant FY 80 dollars.

Cost to Meet Escalated Threat

Senator Hatfield: Mr. Secretary, even these enormous figures are based on a system that has 4,600 shelters and 200 missiles. However, the Congressional Office of Technological Assessment is in the midst of a study of various M-X basing systems. They have had an independent analysis done of the projected Soviet threat in the years ahead. OTA has said that, based on a conservative and plausible projection of Soviet strength, the M-X system would require by 1990 not 4,600 shelters, but 8,250 shelters; not 200 missiles, but 359 missiles. By 1995, if the moderate Soviet buildup continued without SALT, M-X would require 12,500 shelters and 553 missiles.

This could double or triple the price tag we just discussed. Based on these estimates, do you believe the M-X system as proposed by the Carter Administration makes sense?

Answer: In last year's SecDef Report to Congress, M-X/MPS Survivability Against Increasing Soviet Threats (U), Top Secret, dated April 1980, we presented our best thinking on the ability and cost of M-X to respond to greater threats. We stated there the worst case threat contained in the then-current National Intelligence Estimate for 1990. It is a threat so great as to distort the Soviet economy and to provide us warning several years in advance. The report showed how we could use that advance warning to expand appropriately the size of the M-X system and/or augment M-X with a ballistic missile defense design called low altitude defense systems (LoADS). The most expensive of three example responses had an acquisition cost of [DELETED] in constant FY 80 dollars (therefore directly comparable to the $33.8 billion for the baseline system). The cheapest response uses [DELETED] at a total acquisition cost of [DELETED] Even with the assumption that the actual cost of LoADS will be twice the figure used in the study, that option would still be less than no-LoADS option costing [DELETED] The M-X MPS design was thus shown to offer impressive resilience to extreme

Threat and Deployment

Senator Hatfield: The projected Soviet threat to our Minuteman forces threatens 24% of the U.S. strategic arsenal. The MX missiles, once deployed, will identically threaten 75% of the Soviet arsenal resting on their land-based missiles. Does it concern you that deployment of MX will pose three times the threat to Soviet forces than can possibly be posed by Soviet threats against U.S. ICBMs?

In a decade of crisis, is it intelligent to put an already edgy Soviet leadership under that kind of pressure to launch their missiles on threat of U.S. attack?

Answer: As a first point, we must correct the facts used in your question. The Soviet threat to our Minuteman force has materialized more rapidly than projected only a few years ago. At this time, the Soviet threat, in terms of accuracy, yield, and numbers of reentry vehicles, is projected to be able to disable approximately [90%] of our Minuteman and Titan force in a first strike launched in the mid-1980s. The actual number is scenario dependent. On the other hand, the 200 M-X missiles would threaten approximately [D] of the Soviet land-based missiles. Therefore, the facts are that the Soviet forces threaten a higher percentage of our Minuteman and Titan forces than M-X does to the Soviet ICBM force. We believe that this M-X threat is too low to motivate a Soviet first strike but that it is high enough to discourage further Soviet deployment of silo-based weapons. We believe M-X will motivate more survivable basing, such as mobile, that would be a stabilizing outcome.

SUM

Senator Hatfield: Have you examined the SUM system of placing a portion of the U.S. ICBM force on smaller submarines operating in near-coastal waters of the U.S.? Are you familiar with the conclusions of a top group of scientists, called the JASON group, that the SUM system could be built for $30 billion, including 10-year operating costs; that the system would not have to be enlarged because of an increased Soviet threat? Is this under active consideration? If not, why not?

Answer: The SUM system has been examined by both OSD and the Navy; however, the conclusions of these studies differ significantly from those of the JASON group. Specifically, these studies concluded that SUM is unlikely to be cheaper than M-X, SUM is unlikely to be available before the 1990's, and SUM has no apparent advantages over conventionally designed ballistic missile submarines such as TRIDENT. While these studies do not support SUM as a basing mode for M-X, this concept is included in our ongoing review of all reasonable alternatives to the baseline M-X program. A final decision on the M-X basing mode will be made by 1 July 1981.

CW Consultations

Senator Hatfield: Has the Administration engaged in formal consultation with the NATO Allies on its intention to begin construction of a binary weapons plant in Pine Bluff Arkansas?

Answer: We view construction of the binary weapons plant as a US decision, based on national security considerations, although we have informed the Allies of our intention to proceed. European

concerns do not focus on the binary plant per se, but rather on the potential future US decision to produce binary munitions and possibly deploy them in Europe. We intend to consult with key Allies that might be directly affected before any deployment decision is taken.

Binary Technology and Terrorist Policy

Senator Hatfield: Has the Administration examined the potential impact of its decision to prepare to produce these supposedly safer chemical weapons (in terms of storage and handling) on its policy to reinforce efforts against international terrorism?

Answer: We have conducted a recent in-depth review of the potential use of chemical weapons by terrorist groups and concluded [DELETED] Binary technology, i.e., two component systems stored separately, will in fact complicate terrorist acquisition of a complete lethal munition. The current policy to reinforce efforts against international terrorism can only increase our awareness and our surveillance of any suspected uses of chemicals for terrorist activities.

Terrorist Use of Chemical Weapons

Senator Hatfield: Do you have reason to believe that a terrorist organization or group unable to obtain or develop a nuclear capability would not be attracted to this new chemical weaponry technology?

Answer: We have no reason to believe that chemical weapons will be seen as useful for terrorists activities in the near term. We will maintain a continuing surveillance in this area and provide reassessments as required. It should be noted that historically, the availability of both the chemical compounds and the process information, including the patents, has been available in the unclassified literature for at least 15 years. In that time, as noted earlier, we have seen no movement toward the use of chemical weapons in terrorist activities.

Soviet Counter Actions

Senator Hatfield: In your decision to request funds for the Pine Bluff plant, did you weigh the potential for Soviet counter actions which could obviate the intended deterrent effect? If so, what did you conclude?

Answer: Our decision was based on existing Soviet capabilities and what the Soviets are doing now--not on what they might do. The overwhelming Soviet CW offensive capability contrasts sharply with the [DELETED] For example, the Soviets are capable of delivering an assortment of chemical agents from several different weapon systems at a daily rate far exceeding [DELETED] Thus, one might justifiably conclude that [DELETED] Hence, CW modernization is warranted.

CW Binary Weapons Facility

Senator Hatfield: A Resolution passed by the North Atlantic Assembly and various press reports indicate that a U.S. decision to begin construction of a binary weapons facility could have an adverse impact on U.S. efforts to sustain NATO cooperation for modernized theatre nuclear weapons deployment. Do you have documentation to the contrary? Is binary weapons production of sufficient importance to U.S. security needs to risk jeopardizing or making impossible this objective?

Answer: A U.S. decision to begin construction of a CW binary weapons facility should not have an adverse impact on U.S. efforts to achieve TNF modernization and deployment because the facility construction decision would not prejudice future decisions on matters that might involve Allied interests, e.g. forward deployment of CW weapons. The binary facility construction decision is necessary to enable the U.S. to keep open the option to modernize its present stockpile with safer CW binary weapons, to insure that

[DELETED]

Following a construction decision, possible production and forward deployment are still several years away. Thus, we believe that our decision to keep open CW modernization options is not likely to intrude into NATO TNF modernization (which should be settled well ahead of these other decisions). It is the belief of many that a U.S. position of strength involves far less risk and better serves both U.S. and Allied security interests than a U.S. position of weakness as reflected by a [DELETED]

Allied Views on CW

Senator Hatfield: Would you supply the Committee with all relevant information concerning each NATO Allies' reaction to this proposal and a country by country report on their position regarding chemical weaponry in general?

Answer: As noted earlier, though we have not held formal consultations with the European Allies on CW issues, they appear generally sensitive to these issues. However, because of the lack of formal consultations, we are not able to provide their reactions to a potential US production decision or to delineate individual government positions on chemical weapons.

Senator Hatfield. What is the expected ratio of expected civilian casualties to military casualties in a NATO-Warsaw Pact conflict in which chemical weapons are used, and in which theater nuclear weapons are used?

Answer.

[DELETED]

Senator Hatfield: What percentage of our artillery shells fired should contain chemicals in order to keep the enemy in a chemical war environment?

Answer:

[DELETED]

"Senator Hatfield." What percentage are we capable of firing at this time?

"Answer.' [deleted]

Senator Hatfield: What is the direct military value of a modernized chemical weapons arsenal if it cannot be forward deployed in Europe?

Answer:

[DELETED]

SOVIET CAPABILITIES IN THE PERSIAN GULF

Senator Hatfield: If the Soviet Union were to engage in a military operation in the Persian Gulf, would it not be preceded by a significant and visible level of preparation?

Answer:

[DELETED]

WARNING TIME

Senator Hatfield: Based on your knowledge of the preparation which such an attack would require and our ability to detect such movement, what is your estimate, rough or otherwise of the amount of forwarning we would have?

Answer: The Defense Intelligence Agency estimates that Soviet preparations for military operations as previously described

[DELETED]

Principal Objective in the Persian Gulf

Question: Is our principal objective in (the event of a Soviet attack toward) the Persian Gulf denial to the Soviet Union or is it also to seize and maintain critical oil facilities?

Answer:

[DELETED]

RAPID DEPLOYMENT FORCE

Question: What would be the differences in force requirements and cost estimates between these two objectives?

Answer: The determination of force requirements adequate to convince the Soviets that any interference in Southwest Asia would carry an unacceptable risk [DELETED]

There exists a great range of likely scenarios in the Persian Gulf region in which the U.S. may need to deploy forces to protect US national security interests. Prudent military planning requires the capability and flexibility to deploy, employ and sustain a variety of force mixes and deployment package sizes to meet the full range of threats in that region.

The Soviet perception of US capability and willingness to commit sizeable forces to protect US interests in the area is crucial to determining their own risk calculus. To that end, the U.S. already has significant forces in the area in the form of Navy forces at sea and Marine ground and air elements. Other air elements can deploy to the area within 48 hours, and CONUS-based ground forces can begin their deployment [DELETED] hours after notification Programs to improve airlift, sealift and pre-positioning capabilities, currently being programmed, are indications of US resolve to

improve its ability to project credible military power into the region. The recent decision by the Secretary of Defense to move toward creation of a new unified command in the region is further indication of US purpose.

[DELETED] Larger forces are being studied for a possible long-term RDJTF which would lessen the degree of risk for US forces in the event of hostilities between the U.S. and USSR in the region. Cost estimates will be considered as further study is accomplished.

M1 Main Battle Tank

Senator Hatfield: At a time when precision guided anti-tank weapons show much promise as a cost-effective means of offsetting Soviet tank superiority, why is the administration accelerating the production of XM1 tanks?

Answer: Precision guided anti-tank weapons now provide an important and cost-effective capability for defense against Soviet tanks, and it is expected that these capabilities will increase in the future, as more sophisticated precision guided anti-tank weapons are developed and fielded. However, precision guided anti-tank weapons cannot substitute for the key role of tanks in offensive operations of modern warfare, and for this reason, high priority is given by both the Soviets and the US to development and production of modern tanks with improved capabilities. The M1 has major improvements in survivability, mobility and firepower over previous tanks. The M1 characteristics are essential to enable the tank to perform its missions in the modern high intensity battlefield against the numerically superior, and qualitatively improved, Soviet armored forces. The M1 armor and other survivability features provide an unprecedented degree of protection against the wide variety of enemy gun and missile weapons. The M1 main armament and fire control system, firing either kinetic energy or chemical energy rounds, provides accurate and effective firepower and is more difficult to countermeasure than guided missiles. For these reasons, we are accelerating production of the M1 and requesting $590 million in the FY82 amended budget to increase the buy to 720 tanks, an increase of 151 tanks from the quantity of 569 in the original FY82 budget.

Cost-Benefit Comparison for the M1 Tank

Senator Hatfield: Secretary Weinberger, have you performed a cost-benefit comparison which shows that an additional dollar spent on tanks will yield greater military value than stepping up anti-tank R+D or increasing anti-tank weaponry production?

Answer: The Cost and Effectiveness Analysis (COEA) update completed in support of DSARC III in May 1979 concluded that the M1 tank was cost effective in comparison to the feasible alternatives. A program schedule was tentatively approved that called for production of 110 tanks in the first year, 352 in the second, 569 in the third and 720 in the fourth. The January 1980 FYDP reflected this procurement schedule. The subsequent FY81 and FY82 budgets did not provde sufficient funds to achieve these production levels. Funds requested in the FY81 budget supplemental and FY82 budget amendment do not represent an increase

in tank production levels but full funding for production levels previously programmed.

Countering the Warsaw Pact Tank Capability with Anti-Tank Weapons

Senator Hatfield: Secretary Weinberger, how many anti-tank weapons would we need to offset the current and projected Warsaw Pact tank capability and fulfill the requirements for the other missions where tank capability is a major factor?

Answer: Previous studies indicate that the programmed anti-tank capability should be marginally adequate against the perceived Warsaw Pact armor threat. Recent and projected improvements in Pact armor capability necessitate our continued modernization of anti-tank guided missiles (ATGM) to enhance our defensive posture while procuring the M1 tanks to enhance our combat versatility. Although the greatest value of the ATGM is derived when it is employed as part of a combined arms force in the defense, it could be used in support of offensive operations under some circumstances. The inability of the ATGM to provide rapid assault fire or to engage targets from other than a stationary position significantly decreases its effectiveness as an assault weapon. The tank, however, is optimized for the assault. It allows engagement of enemy armor while moving, provides a rapid rate of anti-armor fire from its main gun, and provides assault fire with its auxiliary weapons. This versatility is necessary in the combined arms force. The ATGM cannot be regarded as a substitute for the tanks as it is ill suited to replace tanks in all of the tank missions.

FY 82 Defense Posture

Question: A significant portion of this defense budget is geared toward intervention capability. The assumption that we are increasingly reliant on raw materials located in areas prone to instability and/or Soviet adventurism is frequently cited as a justification for intensifying our efforts in this regard. There may be some danger of equating trade with vulnerability. Because the assumption of increasing vulnerability is so prevalent among the considerations applied to the ongoing military buildup, with the exception of oil, has the Department of Defense seriously studied the impact which a cutoff in the supply of various raw materials would have on Western growth rates, unemployment, inflation, and military preparedness?

Answer: To meet our responsibilities under the National Materials and Minerals Policy, Research and Development Act of 1980, we have a study underway at this time for the purpose of assessing critical materials needs related to national security and identifying the steps necessary to meet those needs. In this study, we are also including an assessment of the Defense Production Act of 1950 and the Strategic and Critical Materials Stockpiling Act. The study is quite comprehensive since it tracks critical material availabilities through raw and processed forms against the aggregate demands of U.S. industry. The study assessment includes effects on both the civilian and military sectors of the economy given cutoff foreign supplies. We will provide the study, which will include national policy options, to the Congress in October of this year.

FY 82 Defense Posture

Question: Obviously such a study would have to take into account the extent to which conservation, product substitution, stockpiling, and alternative sources would offset the impact.

Answer: We have initiated the preparation of a tri-Service/Defense Advanced Research Projects Agency comprehensive program plan for the development of materials substitutes as a hedge against possible future shortages of key materials essential to Department of Defense contractors who produce military equipment. The Army has accepted the lead Service responsibility for this undertaking which will be completed on 1 July 1981. At this time, a determination has not been made whether the funding required to implement the program will be sought from Defense appropriations or a separate appropriation under Title III of the Defense Production Act.

Japanese & German Cost-Sharing in U.S. Defense Activities

Senator Hatfield: What efforts, if any, is the Administration making to seek reimbursement from the Japanese Government and the German Government for U.S. defense activities in those nations. What has been the response, if any, from those governments?

Answer: Equitable burden-sharing within NATO is of vital importance both to the United States and to the Alliance. It is equally important for our relationship with Japan. We share fully the Congress' concern that the burden of NATO and the defense of Northeast Asia should be distributed equitably among the Allies. Accordingly, in forthcoming meetings with NATO and Japanese leaders, we intend to give the burden-sharing issue priority attention and, wherever appropriate, to press our Allies for additional contributions -- both in their national defense efforts and in the measures that support our own -- to insure that our common defense is shared as fully as possible.

Reenlistment Results for FY 1981

Question: Has the recent pay raise and benefit package passed by Congress had a positive effect on retention and reenlistment? What are the figures for the last quarter?

Answer: We have seen improvements in retention in recent months, particularly among career NCOs and petty officers. It is, however, difficult to discriminate among the many factors which influence retention--military pay, the state of the civilian economy and other conditions of service life. Nevertheless, there is no question that the recent 11.7% pay raise, the implemention of a variable housing allowance, and increases in sea pay and submarine duty pay in the Navy had a positive effect on retention of career personnel. Even though reenlistment results in recent months are encouraging, it would be imprudent, at this point, to assert that these gains will be sustained in the long run. The following table reflects reenlistment results for the first four months of Fiscal Year 1981:

January Reenlistment Summary

Year to Date

First Term

Service	FY 81 thru Jan 81 Eligibles	Reenlist	Percent	FY 80 thru Jan 80 Eligibles	Reenlist	Percent	FY 1980 Percent
Army	10,998	5,974	54.3	16,954	8,887	52.4	50.6
Navy	17,681	7,709	43.6	16,772	5,897	35.2	36.7
Marine Corps	7,308	1,857	25.4	6,750	1,615	23.9	23.2
Air Force	14,657	6,385	43.6	14,324	5,717	39.9	35.8
DoD Total	50,644	21,925	43.3	54,800	22,116	40.4	39.1

Second Term[1/]

Service	FY 81 thru Jan 81 Eligibles	Reenlist	Percent	FY 80 thru Jan 80 Eligibles	Reenlist	Percent	FY 1980 Percent
Navy	7,428	4,336	58.4	6,176	3,166	51.3	50.5
Marine Corps	2,450	1,775	72.4	N/A	N/A	N/A	N/A
Air Force	6,425	4,515	70.3	5,230	3,256	62.3	62.7

Career[2/]

Service	FY 81 thru Jan 81 Eligibles	Reenlist	Percent	FY 80 thru Jan 80 Eligibles	Reenlist	Percent	FY 1980 Percent
Army	25,956	18,974	73.1	27,865	19,618	70.4	69.3
Navy	12,808	9,349	73.0	9,961	6,629	66.5	67.0
Marine Corps	4,334	3,180	73.4	5,295	2,912	55.0	50.4
Air Force	17,728	15,136	85.4	15,708	12,798	81.5	81.8
DoD Total	60,826	46,639	76.7	58,829	41,957	71.3	70.5

Total

Service	FY 81 thru Jan 81 Eligibles	Reenlist	Percent	FY 80 thru Jan 80 Eligibles	Reenlist	Percent	FY 1980 Percent
Army	36,954	24,948	67.5	44,819	28,505	63.6	62.2
Navy	30,489	17,058	55.9	26,733	12,526	46.9	48.2
Marine Corps	11,642	5,037	43.3	12,045	4,527	37.6	35.4
Air Force	32,385	21,521	66.5	30,032	18,515	61.7	60.0
DoD Total	111,470	68,564	61.5	113,629	64,073	56.4	55.4

1/ Data available for navy, Marine Corps and Air Force only.

2/ Includes Second Term.

QUESTIONS SUBMITTED BY SENATOR STENNIS

Senator Stennis. Where do we now stand on the ELF program which was formerly called SANGUINE. Is it your position that this program continues to be required and should be deployed.

What about its survivability? There are some indications that the system could not be operable in a wartime environment.

Answer: The status of the ELF communications program has not changed substantially since DOD recommended a small austere system in Michigan and Wisconsin to the President two years ago. Years of development and testing have shown that such a system will work and it is safe. In addition, a report by the National Academy of Sciences shows that concerns about the environmental effects of ELF are invalid and unwarranted. The system is still needed to provide means for transmitting short operational messages to submarines operating at normal speeds and depths.

The 1981 DOD Authorization Act authorized $2.5 million FY 1981 R&D funds, made available the remaining FY 1979 R&D funds ($2.7 million) for ELF, and required the President to provide the Congress with plans for deploying an operational ELF system by 1 April 1981. In order to preserve the prerogative to implement a system by 1986 the DOD FY 1982 supplemental budget request contains $34 million for the ELF program. DOD plans to make a final recommendation to the President before the 1 April date specified by Congress.

ELF was originally proposed as a large (2,400 miles of antenna) "survivable" system. High cost, the introduction of MIRVs and more accurate ICBMs into the Soviet strategic forces, and objections by environmentalists all contributed to the evolution from this large system to the present austere ELF project. Although the presently planned system is not designed to survive a direct nuclear attack, ELF signals will propagate in a nuclear-disturbed environment that disrupts other media. Also an ELF system will be highly resistant to jamming.

The system is considered important to ensure that our strategic SSBNs are not placed at risk in the period preceding initiation of a nuclear conflict. Additionally, ELF will significantly enhance the operational flexibility of our attack submarines, thereby increasing Soviet uncertainty that they can counter US submarine operations during a conventional war. Such uncertainty strengthens the overall US deterrent posture.

MULTIYEAR PROCUREMENT

Senator Stennis: There are a number of authorities that claim Defense should save substantial funds if allowed to contract on a multiyear basis. What are your feelings about this?

Answer: We would like to see greater use made of multiyear procurement. At the present time there are some statutory restrictions on its use. There is a $5 million limitation on contract cancellation ceilings and a prohibition against multiyear contracts in the continental United States funded by annual operation and maintenance appropriations. If these restrictions were to be removed, we believe that significant dollar savings could result through improved economies and efficiencies in production processes, better utilization of industrial facilities, enhanced attractiveness of and competition for Government requirements, and a reduction in the administrative burden in the placement and administration of contracts.

Educational Incentives

Senator Stennis: The Department has made no recommendation as yet for reactivation of the GI Bill. Do you believe something of this nature would be a significant inducement to first-term enlistments?

Answer: The Department is currently testing several different types of educational assistance programs, as directed by Congress. Those programs designed to test educational assistance as a recruiting incentive began 1 December 1980 and will be completed 30 September 1981. Our purpose in conducting the test is to learn how effectively educational benefits act as recruiting incentives. The results of the test will be used to develop the Department's permanent educational program which will be transmitted to the Congress early next year.

Early Availability for Airlift and the CX

Senator Stennis: Tell me about the proposed C-X airlift aircraft. Many authorities believe the need is today rather than in the 1985/1986 time frame. Is there any way the Department can obtain additional airlift capability of the type required in the near term?

Answer: We agree that the need for additional airlift exists today. The size and nature of the airlift shortfall varies with scenario. In most cases, part of the shortfall could be eliminated by commercial freighters or their minor derivatives (e.g., KC-10s), but part of the shortfall can only be eliminated by a military airlift aircraft (or a major modification to a commercial cargo aircraft). Obtaining this latter capability will require several years whether we choose a new design or a derivative of an existing aircraft for the C-X mission. The Air Force is currently evaluating alternative mixes of commercial freighters and new or derivative military airlift aircraft to meet the airlift demands identified in the Congressionally-Mandated Mobility Study. We expect to reach a decision in early June. Whatever we decide, we will need funding for additional airlift in FY 82.

M1 Main Battle Tank

Senator Stennis: Deliveries of the M1 tank continue to lag. This is paced by the fact that deliveries of the engine are way behind schedule. Do you have faith that the delivery problems can be solved to meet the requested number of tanks in the fiscal year 1982 budget?

Answer: The lag in production deliveries of the M1 tank in the past year resulted principally from production start-up problems of the AVCO AGT-1500 turbine engine, with consequent delay in engine deliveries to the prime contractor, Chrysler Defense Incorporated. Production start-up problems were also experienced by Chrysler and by several of the subcontractors (Allison, Hughes, Singer-Kearfott, and Cadillac Gage) but late deliveries of turbine engines paced the tank production deliveries. Intensive management reviews have been held to identify the causes of the production problems and to develop solutions, which are being implemented as quickly as possible. It is now expected that the 30 per month tank delivery rate will be achieved by August 1981 and the 60 per month rate will be achieved in September 1982. It will be main-

tained at that rate through the FY82 funded delivery period provided the FY81 supplemental and FY82 amended budget requests are approved by the Congress. We believe that the 60 per month production rate for the FY82 buy will be maintained on schedule, with no greater than moderate risk.

BLACKHAWK HELICOPTER COSTS

Senator Stennis. The cost of the Army's BLACKHAWK helicopter continues to escalate dramatically. During the past two years the requested sum has not been adequate to buy the number of helicopters authorized. Do you believe the estimate for Fiscal Year 1982 will procure the number of aircraft requested?

Answer: The procurement cost estimate for 96 BLACKHAWK aircraft in FY 82 as projected in the FY 81 President's budget submission was $407.6 million. The FY 82 budget request for these aircraft is $629.7 million. This request reflects Army and Sikorsky recognition of gross underestimation of BLACKHAWK costs in FY 80 and FY 81. Army and other Defense analysts are confident that this estimate is accurate.

Joint Programs

Senator Stennis: Experience has shown that, in many instances, joint programs result in more defense capability for less cost. What are your feelings about joint programs?

Answer: Joint Service acquisition programs are very useful in certain situations to satisfy common or similar requirements held by more than one Service. The programs benefit from the expertise applied by more than one Service. There are also savings to be realized in acquisition cost due to higher quantities and in support costs by virtue of commonality in the field. A single program instead of two or more also reduces overlap between the Services and makes better use of scarce Government and industry resources.

Joint programs arise when requirements for similar equipment are combined. We are currently working toward combining Army and Marine Corps light tank requirements in a single program. Another example of joint management is the Joint Cruise Missile Project Office, which has brought about numerous economies in procurement of common subsystems and components for the cruise missile variants. Larger procurements are sometimes conducive to dual sourcing, which has a multiplier effect on such savings.

In constructing a joint program it is vital that a lead Service be designated and the responsibilities of the participating Service(s) be clearly enumerated and confirmed by a program charter, our Department of Defense Instruction 5000.2, Major Systems Acquisition Procedures so stipulates.

Second Sourcing Strategic Programs

Senator Stennis: Another cost savings approach to weapons procurement that has been successful is second sourcing of selected weapons systems. Not only is the industrial base broadened, but costs can also be reduced and product improvements made. A prime example is the Sparrow missile wherein, through second sourcing, unit costs were dramatically reduced and product improvements made. Could I have your thoughts on second sourcing of critical strategic programs?

Answer: We routinely look for opportunities for second sourcing on all categories of programs. Revisions to our top level acquisition management documents DoDD 5000.1 and DoDI 5000.2 call for competition to be introduced in the conceptual phase and carried forward in the acquisition cycle as far as economically practical. In addition, they direct that both contractor-furnished and government-furnished components of systems be broken out for competition.

The ALCM is a strategic system that conforms to this direction. Competition was maintained through full-scale development on the ALCM airframe. Although a second source has not been advanced to production, second sources have been qualified for the high-priced components making up the majority of the cost, such as the airframe castings. In addition, high cost subsystems, the engine and interial navigation system, have second sources in production. The existence of these alternate sources protects the availability of the components and promotes surge capability as well as control of cost.

In the case of the TRIDENT II SLBM, a thorough review of the program's acquisition strategy concludes that an evolutionary development making use of existing qualified and experienced contractor and government teams constitutes least technical cost and schedule risks. Extensive competition at the subcontract level will be pursued instead of conducting competition at the subsystem prime contract level. In addition, there will be production competition for the new guidance system between two contractors qualified during the engineering development phase.

Cost Effective Production Rates

Senator Stennis: We are all aware of the need to increase the efficiency of production of weapons systems, both as a responsibility to the taxpayers and in order to increase our defense. What is your commitment to producing weapons at the cost effective rate?

Do you believe that the F-16 request is at the optimum production rate?

Answer: We are committed to producing weapons at a cost effective rate. What we mean by this is a rate at least as large, and hopefully larger, than the minimum economical rate for any given system and facility. If you are comparing unit cost as a function of production rate there is usually a rate below which unit costs increase very rapidly as rate decreases. This "knee" in the curve is what we mean by minimum economical rate, We hope to be able to produce all our programs as cost effective rates.

"Optimum" rate for a given program is more difficult to define since it implies a specific point estimate rather than a "cost effective" range. Generally speaking, the optimum rate would correspond to a maximum facility output on a nominally one shift basis although certain high cost tooling and equipment operations may be utilized on a multiple shift basis.

This administration has requested an increase in the F-16 FY 1982 buy from 96 to 120 aircraft. We could expect a lower unit production cost in the order of 4 to 5 percent as a result of the higher rate. We believe this is a much more efficient rate although even higher rates and lower unit costs could be achieved. Our programmed rate must include consideration of the total Defense budget, the priority of tactical aircraft in an overall balanced force, and our ability to deploy, man and support the system.

OMB Circular A-109

Senator Stennis: OMB Circular A-109, as implemented by DoD Directive 5000.1 and DoD Instruction 5000.2, requires that a validated need be documented in terms of a mission oriented requirement prior to initiation of an acquisition program to fill that need. They also require the exploration of competitive solicitation from industry of alternative design concepts to fill the approved need. These precepts also apply where the mission of an existing weapons system is changed. Has the intent of OMB Circular A-109 been followed with all programs in this year's budget request?

Are there any new programs or mission changes to existing programs included under other names in the research and development accounts in this budget where there has not been compliance with these rules?

Answer: We have fully implemented OMB Circular A-109 in our current DoDD 5000.1 and DoDI 5000.2. During the past year, thirty-two Mission Element Need Statements were submitted by the Services to OSD. Of these, twelve have been approved as major system new starts. The MENS serves as a vehicle for documenting a validated need. The practice of submitting MENS has now become institutionalized in DoD as indicated by the number submitted during the past year compared to 1977 and 1978 when only two MENS were approved in each of these years. The requirement in A-109 to explore alternative design concepts is being followed as well as the requirement to solicit alternative system design concepts. Both OMB and OSD have reviewed the FY 82 POM submission for potential major system new starts which require MENS. The review indicated that MENS had either been submitted or were in preparation for those programs which were identified as major system new starts. To the best of our knowledge, there are no new programs or mission changes to existing programs included under other names in the research and development accounts in this budget where the rules for documentation of a validated need and consideration of alternative system design concepts have not been met. Programs in the technology base, which have not been designated major system new starts and which are not intended as system development efforts, do not require a MENS.

Questions Submitted by Senator Inouye

CHILD ADVOCACY PROGRAMS

Senator Inouye: During the deliberations on the Fiscal Year 1981 Appropriations Bill, conferees expressed great concern about the incidence of child and spousal abuse in families of military personnel, especially in areas of high military concentration such as the State of Hawaii. Child advocacy programs were the subject of a General Accounting Office report, and described as "victims of neglect." Furthermore, a formal assessment of the Department's activities in this area was requested in the Fiscal Year 1980 Appropriations Bill. However, no report has yet been transmitted. Could you describe the Department's activities in the area of child and family advocacy programs?

Answer: The report that was requested in the Fiscal Year 1980 Appropriations Bill has been prepared and sent to the Chairmen of the Senate and House Defense Appropriation Subcommittees. The Department's activities in the area of family advocacy are described in the report. A copy of the report is attached.

Senator Inouye: How many programs are there? Where are these programs located? How many programs are located in areas of high military concentration?

Answer: Every Air Force installation has a Child Advocacy Committee. Every Army installation with 2,000 or more military personnel has a Child Advocacy Program. Every Naval medical facility has a Family Advocacy Committee.

Senator Inouye: Are there regional programs to coordinate activities particularly between the Services?

Answer: The report describes a pilot effort in Hawaii to coordinate activities in the family advocacy area among the Services and between the military and the civilian social service providers. Regional coordination is encouraged by the Department of Defense draft Directive on Family Advocacy Programs.

Senator Inouye: How many personnel are specifically assigned to child and family advocacy programs?

Answer: All the personnel assigned to Family Advocacy work have other duties. There are no personnel whose sole responsibility is family advocacy work.

Senator Inouye: What are the present and future resource needs of these programs?

Answer: The attached report describes general resource needs. However a request for more detailed resource information will be sent to the Services in early April with a reply expected in May.

Senator Inouye: In the Fiscal Year 1981 Appropriations Bill, the Department was directed to address the serious problem of child abuse within existing Quality of Life resources, including the utilization of funds for psychiatric services provided under the CHAMPUS program. What progress has been made to combat child abuse given the availability of these resources?

Answer: These funds have not yet been utilized in child advocacy activities. However, progress is being made in developing policy and procedures for such a program. Resource requirements for this and succeeding fiscal years will be assessed in the forthcoming program review.

Senator Inouye: The conferees also directed the Department to provide, in conjunction with the Fiscal Year 1982 budget, a report on DoD's efforts to coordinate its internal activities to reduce incidences of child abuse, to establish various regional family advocacy initiatives, to assure accurate statistics of child abuse/family violence are being obtained, and to determine the extent to which the problem in the military differs from that in civilian communities. Would you describe the specific activities of the Department in meeting the specifications of this Congressional directive?

Answer: As mentioned previously this report was prepared and sent. A copy is attached here.

Senator Inouye: We continue to hear from State agencies about the impact on social services of areas of high and/or increasing military concentration. What is the Department doing to determine the strain on social services of regions which are heavily impacted by new or growing military installations?

Answer: Although there are no reliable statistics with which to determine the amount of strain on social services caused by violence within military families, the Department of Defense recognizes and has addressed this issue. The draft Directive would improve coordination between civilian agencies and the military program. The Directive also designates the inclusion of program elements within the military social service system which would relieve the burden placed on civilian agencies.

REPORT TO THE HOUSE AND SENATE
APPROPRIATIONS COMMITTEES

Reference: Appropriations Conference Committee Report No. 96-1528 pages 12-13

The efforts directed at addressing the problems of child and spouse abuse in the military community are operating at two levels: 1) within the Office of the Assistant Secretary of Defense (Health Affairs); and 2) within each of the Military Services. This report will detail ongoing efforts at each level.

HEALTH AFFAIRS

The Office of the Assistant Secretary of Defense (Health Affairs) has coordinated the development of a draft DoD Family Advocacy Program Directive which would establish a uniform DoD-wide program to include a DoD Family Advocacy Committee (FAC) consisting of medical and manpower representatives of each of the Services, the Office of the Assistant Secretary of Defense (Health Affairs) and the Office of the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics). The FAC will oversee and coordinate the family advocacy activities of the Services.

A Military Family Resources Center (MFRC), which will receive support from the Services and from the National Center for Child Abuse and Neglect (NCCAN), Department of Health and Human Services (DHHS), is being established by the Armed Services Department of the National YMCA. The OASD(HA), along with the Services, is actively involved in the planning of the MFRC and will continue to support it through its development and operation. The MFRC plans to provide support to field providers at military installations all over the world.

The Department is supporting a survey on spousal violence in the military community. This survey will be conducted by Louis Harris and Associates, Inc., in conjunction with the Department of Health and Human Services. The survey instrument has been submitted to OMB for approval. Data from the survey would be invaluable to DoD in determining differences in the incidence of spousal violence between the military and civilian communities and in establishing baseline DoD statistics to support budgetary planning.

THE MILITARY SERVICES

The Principal Deputy Assistant Secretary (Health Affairs) sent a memorandum to each of the Service Assistant Secretaries for manpower on December 16, 1980, requesting an assessment of their family advocacy programs, including the following information:

A. (1) Program Overview. A narrative description of CONUS and OCONUS activities, in terms of structure, personnel, clients and services.
   (2) Statistics to define information described in (1).
   (3) Description of trends.

B. Program Projections, in terms of broadening activities, expansion into new geographical areas, personnel, clients.

C. Current and Projected Resource Needs and Shortfalls, in terms of personnel, space, equipment, or fiscal support.

D. An Overview of Military/Civilian Social Service Linkages in addressing family violence problems.

E. Suggestions for Improvements at Service and DoD levels.

Each of the Services provided responses which are summarized below. An overview of the programs reveals variations in organizational structure, approach, staffing levels, statistical feedback capability, level of development, and projected future growth.

PROGRAM OVERVIEW

Air Force

The Air Force Child Advocacy program is managed by the Social Work Program Manager within the Office of the Surgeon General (AFSG). Every Air Force installation with a medical treatment facility, overseas and within the continental United States (CONUS), has a functioning Child Advocacy Program (AFCAP). The central figure at installation level is the Child Advocacy Officer, usually a clinical social work officer. This generally is an additional duty. All major Air Command surgeons' offices have an officer, usually a career physician, who serves as the Child Advocacy Program Coordinator. Each medical center and regional hospital has a senior clinical social worker who serves as area or regional Child Advocacy Program Consultant. Every Air Force installation has a Child Advocacy Committee which reviews all cases of suspected child abuse

and neglect. This committee then makes recommendations regarding the cases, and proposes treatment plans for the families when appropriate. A Central Register of established child maltreatment cases is maintained by AFSG. This register is currently being computerized. Suspected cases of child abuse and neglect are forwarded through Air Force Office of Special Investigations (AFOSI) channels and logged in the Defense Central Investigative Index (DCII). The AFCAP serves all individuals who are entitled to medical care at Air Force medical treatment facilities. Each year a 3-day training course is conducted at the School of Health Care Sciences, Sheppard AFB, Texas, for child advocacy officers from throughout the world. Representatives from the Army, Navy, and Coast Guard are invited.

The Air Force is currently preparing a directive that will establish spouse abuse programs and will involve the collection of data permitting a determination of incidence.

Army

The Army Child Advocacy Program (ACAP) is one component of the Army Community Service (ACS) Program in the Adjutant General Center. The regulation governing the program provides for an ACAP officer and a Child Protection Case Management Team (CPCMT) on installations with 2,000 or more military personnel and their dependents, an inclusive maltreatment reporting system, and a central registry. The ACAP officer administers and directs the installation ACAP and serves on the CPCMT. He is usually the ACS officer or ACS social worker. The duties of the ACAP officer include assessing the special needs of children, developing and publicizing procedures for reporting incidents of child maltreatment, and a post-wide prevention and education program.

The CPCMT does the actual management of child and family maltreatment cases. This multidisciplinary team usually includes representatives from pediatrics, social work, psychiatry, psychology, nursing, and the law. This team is responsible for evaluating alleged maltreatment cases, for establishing methods of insuring help to those families with abused or neglected children, and for following referred children even if they move to another community.

Navy*

The Navy Family Advocacy Program is managed by the Bureau of Medicine and Surgery (BUMED), Human Resources Program, Family Support Branch. The responsibility for implementing local Family Advocacy Programs lies with the commanding officer of the Naval medical and dental treatment facilities. The local program is organized by a Family Advocacy Representative, who is a social worker if possible, or a senior member of the command. A standing Family Advocacy Committee, composed of medical, legal, and social work representatives appointed by the commanding officer makes programmatic recommendations, reviews cases and evaluates the services provided.

A central registry manually compiles both confirmed and suspected cases of child abuse.

The Navy Family Advocacy Program (FAP) has initiated several pilot projects and innovative approaches to address the problems of family violence. Some of these projects are summarized below.

The FAP is designing and developing a comprehensive resource needs assessment and a system by which local commands will have ready access to reliable referral resources. The FAP is working with the Navy Family Services Program, the National Center on the Prevention and Control of Rape, and civilian contractors for program implementation. This project includes the goal of developing a US Navy Director of Community Services. The directory will contain all agencies capable of delivering necessary social-medical services within prescribed geographic areas. This pilot project is expected to be completed during FY 81.

The FAP is developing a research and demonstration project on violence crisis intervention. This model utilized the specific advantage of the military in dealing with spouse abuse. The theme is to use the "home" as the shelter and the active duty member is ordered to an on-base crisis and treatment center. FAP evaluation of the incident and the individuals is to be accomplished prior to return of the member to his home. The benefit is that extensive shelter costs are nonexistent and immediate assistance and family

* Navy information based on provisional data.

protection is provided at a low cost. The pilot project is expected to be accomplished during FY 81 and FY 82.

The FAP is developing a research and demonstration project that will provide a one program effort, through a single funding source, a combined military and civilian Family Treatment Program at a local community level. This program would address alcoholism, drug abuse, child abuse, etc., and include the training of para-professionals. This pilot effort is projected for FY 81 and FY 82.

STATISTICS AND TRENDS

Air Force

As advocacy programs improve, an increase in the number of reported cases is to be expected, due to improved detection methods and greater public awareness. The Air Force has reported that the number of cases of suspected child maltreatment has generally increased since the inception of the AFCAP. In CY 75 there were 336 cases reported and 56 confirmed cases; in CY 76 there were 556 with 401 confirmed; in CY 77 there were 527 and 423 confirmed; in CY 78 565 cases, 431 confirmed; and, finally in CY 79 a total of 695 suspected cases reported, with 642 confirmed.

There has been both a numerical and percentage decrease in the cases of child abuse deaths. The largest percentage increase over the years has been in "neglect" cases. At the same time, the percent and number of "sexual abuse" cases has increased. Both increases parallel widespread education programs initiated by the Air Force and civilian community. These trends are expected to continue.

SUSPECTED CHILD ABUSE AND NEGLECT CASES REPORTED IN THE AIR FORCE

	NUMBER & PERCENTAGE REPORTED									
TYPE OF CASE	CY 75		CY 76		CY 77		CY 78		CY 79	
DEATH	19	6%	10	2%	14	3%	14	2%	9	1%
PHYSICAL ABUSE	166	49%	342	62%	320	61%	332	59%	355	51%
NEGLECT	35	11%	111	19%	92	17%	107	19%	177	25%
SEXUAL ABUSE	116	34%	93	17%	101	19%	112	20%	154	23%
TOTAL	336	100%	556	100%	527	100%	565	100%	695	100%
CONFIRMED CASES	56		401		423		431		642	

Army

The Army's reporting system, at this time, does not provide reliable child abuse incidence data. There are no established channels in the Army for documenting spouse maltreatment cases. The Army is taking measures to improve the reliability and validity of information regarding child maltreatment in Army families. It is expected that there will be a significant improvement in reporting procedures in FY 81 due to increased command emphasis. Even though the current data on child abuse and neglect fail to meet acceptable standards of reliability and validity, there are some strong trends evident that are worthy of mention. In FY 80, most of the cases of maltreatment appeared to involve physical abuse or neglect and it appeared that maltreatment was most prevalent among children of ages 1-3.

Navy

The Navy reported that 2,456 child abuse or neglect incidents and 3,281 spouse abuse incidents occurred in the calendar years 1976-1979. The current reported incidence is believed to be only a portion of the actual incidence. Navy data show in reported child abuse cases the service member was the abuser in 50.53% of the incidents, with the spouse accounting for 30.54%, and both being the abuser in 5.09% of the incidents. The remaining 13.84% were babysitters or other caretakers. The age of the abuser was predominantly in the 17 to 25 age group; however, this may be questioned due to the large number of unknown ages. When the military member was the abuser, it was essentially a male E-4 or E-5. The abused was birth to 5 years old in 65.51% of the incidents with the age group 5-10 having 18.32%, and the 10-18 having 11.69%. The remaining 4.48% comprised the unknown category. Males abused represented 48.37%, females represented 47.15% and the unknown category accounted for 4.48%. Abuse accounted for 57.90%; neglect for 28.38%; sexual abuse for 9.20%; homicide occurred in .16% of the incidents and unknown accounted for 4.36%. Of the reported incidents, 63% involved Navy families and 37% involved Marine families.

Spouse Abuse: The following is based on 1979 data only: The abuser was the service member in 94.38% of the incidents, with the

spouse accounting for 4.77% and "unknown" accounting for .85%. The age of the abuser spread across the range of 17-40, with no predominant group in evidence. The male was the abuser in 96.77% of the incidents with females accounting for 3.32% of the abuse. When the military member was the abuser, it was spread across the E-3 to E-6 ranks.

PROGRAM PROJECTIONS AND RESOURCES

Air Force

The Air Force reports that its program has operated quite effectively since its inception in April 1975. No plans exist for expansion into new geographical areas in that services are now provided on a worldwide basis. The major shortcoming for the AFCAP is the fact that with one or two exceptions, Child Advocacy Officers function in a part-time role and perform their child advocacy responsibilities as an additional duty. It is clear that greater efforts could be made in the preventive-education areas if this individual could devote all or at least greater portions of time to child advocacy.

In anticipation of the DoD Family Advocacy Program Directive, the Air Force requested 62 additional clinical social workers, as well as one secretary and one enlisted technician. Sixty of these clinical social workers would have been utilized at installation level to work in local child advocacy and spouse abuse programs. One additional clinical social worker was requested for each medical treatment facility serving total populations of 20,000 or more. One clinical social worker, one secretary, and one enlisted technician were requested to serve as program manager, operate the central register, and deal with all other family violence data forwarded to higher headquarters. However, the Air Force did not approve these personnel requests. Other than the personnel requested, additional equipment or fiscal support appear unnecessary.

Army

In FY 81 the Army plans to establish a Family Advocacy Program (FAP) worldwide which will expand the ACAP to include spouse abuse as well as child abuse and neglect. A few installations already

have spouse abuse programs. Included in these programs are crisis lines, counseling services, and shelters.

Additional fiscal and personnel resources are necessary to effectively implement the Army FAP. It appears that sizeable increases will be required in the Army Community Service staff, other community support/medical area staffs, for the increased workload, and clerical/data processing costs for proposed reporting requirements.

Navy

There are 27 major BUMED activities (medical centers) supporting a total of 168 branch clinics and hospitals. There are currently 40 civilians identified for field activity support, and one officer as Program Manager for headquarters. Fiscal year 82 budget requests reflect, at the minimum level, a request of 34 additional civilian billets and one military officer. This is an absolute minimum for initial implementation of the program at the local level. However, this does not provide for adequate assistance at non-CONUS or overseas activities. Future requests in 1983 and outyears identify the pressing need for additional fiscal and staffing support. Commissioned social workers are expected to assist program efforts. However, the current authorization of 13 is not adequate to provide the required services. Family Advocacy is only one area to be served by these social workers.

Thirty-two ceiling points were provided in FY 1981 to respond to program needs. In order to maximize the effective utilization of these personnel, the FAP has been restructured. The Naval Regional Medical Center at Portsmouth, VA, has been tasked with the responsibility for field management of all BUMED Family Advocacy Programs, worldwide. To accomplish this responsibility a Field Management Team is being established at Portsmouth, Virginia. This team will review, monitor, manage, and coordinate the development of the worldwide FAP with the assistance of FAP regional coordinators/directors. Four Naval Regional Medical Centers have been tasked with regional responsibilities and are hiring an individual to accomplish this. NRMC Pearl Harbor, Hawaii is responsible for the Pacific area; NRMC Long Beach, California is responsible

for the Mid-West and West Coast; NRMC Portsmouth, Virginia is responsible for the Mid-East and the East Coast; and NRMC Naples, Italy is responsible for Europe. The Field Management Team and regional coordinators/directors form the nucleus for program development and management. The remaining ceiling points have been assigned to BUMED activities to be utilized as direct service providers to families in need. Currently, Navy Instructions are being prepared to incorporate the FAP into the Family Support Program efforts. This will extend guidance and responsibilities beyond Navy Medical Department activities and include all Navy and Marine Corps commands.

The Navy's 1982 plans call for increasing the personnel and social services available to assist families identified as being at risk of experiencing domestic violence.

MILITARY-CIVILIAN COOPERATION

Increasingly, military family advocacy workers have developed effective links with civilian agency personnel. This interaction, which is designed to expand the capability of the installation to handle child abuse and neglect, is not easily developed and maintained. One of the major problems is in the area of jurisdiction and authority. Both the Army and the Air Force cited problems with regard to jurisdiction. Because of the particular jurisdictional status of installations which varies from "exclusively federal" to "concurrent federal and state" the management of child maltreatment cases involving military families is sometimes hampered.

Cases have arisen where civilian protective service workers were prohibited from entering the installation. Also, there have been cases where the local civilian social service agency refused to become involved in cases where families were military. The draft DoD directive will address and, hopefully, resolve this issue. These jurisdictional problems necessitate the coordination of the diagnosis, evaluation, treatment, and disposition of cases with responsible local civilian authorities. To encourage a therapeutic rather than a punitive approach to child maltreatment, civilian child protection workers are seen as an integral part of the CPCMT.

FIELD RESOURCE CONSIDERATIONS

Each of the Military Services expressed the need for additional personnel to work in Family Advocacy Programs. The under-reporting of cases hampers the Program's efforts in each of the Services. Inadequate case finding and reporting understates the significance of the problem and therefore contributes to the scarcity of personnel dedicated to the Programs. Under-reporting is also due in part to a reluctance among many medical care providers to report suspected cases of abuse. The shortage of Family Advocacy personnel does not permit an expenditure of effort to be made in the area of convincing the community of the importance of reporting.

COMPARISON BETWEEN MILITARY AND CIVILIAN RATES OF DOMESTIC VIOLENCE

Data that could definitively answer the question of whether there are differing incidences of family violence between civilian and military communities are not available.

The Survey on Spousal Violence, referred to in the beginning of this report, would provide reliable data in the area of wife abuse.

The state of Hawaii has collected figures that can be used to address the question of child abuse. An estimate for 1980 shows that the military comprises 20% of the state's population and contributes 20% of the state's cases of child abuse. The 1979 figures show that the military contribute 16% of the population and 20% of the child abuse problem.

REGIONAL INITIATIVES

While CONUS family advocacy programs can utilize civilian community support services, overseas military communities often are forced to manage without such assistance. A tendency toward family violence may be exacerbated by the isolation and financial pressures facing the young active duty personnel and their dependents.

Although it is a state, Hawaii, as an overseas area, has been the focus of special attention. A pilot tri-service effort has been made through the designation of a Military Coordinator. The Military Coordinator has initiated regular tri-service meetings of Family Advocacy workers, as well as maintaining a close working

relationship with Hawaii's social service network. This Military Family Advocacy Coordinating Council will work to establish procedural guidelines, develop preventive programs, obtain memoranda of agreement with the state, provide continuing education and coordinate with installation commanders. This effort is being followed closely as a possible prototype for other regional efforts.

CONCLUSION

Family violence is recognized as a significant and disturbing problem within military communities. Whether or not it is a greater problem in the military than in the civilian community, it is of the utmost importance that it be addressed by military social service and medical providers, in conjunction with civilian social service systems. Military life imposes its own particular set of economic, lifestyle, and cultural stresses. For a young, struggling family, stationed far from home, facing frequent moves, and sometimes language barriers, day-to-day stresses may lead to an eruption of violence directed at a child or spouse. A dysfunctioning family life impairs the capabilities of the active duty member to perform his or her duties. A military structure that does not provide assistance for troubled families may lose the service of qualified individuals. During a time when there is an increased emphasis on military preparedness, dependent upon an all-volunteer force, attention must be paid to problems affecting the family.

Each of the Military Services and the Office of the Assistant Secretary of Defense (Health Affairs) recognizes the importance of the problem and has taken steps to address it. In the competition for scarce resources, Family Advocacy Programs have suffered. It is hoped that the need for additional personnel and financial support will be recognized so that needed expansion of Family Advocacy Programs can be undertaken.

Quality of Life

Question: Statistics from the May issue of U.S. Navy Medicine reveal some significant considerations regarding the critical issues of the morale, preparedness, and retention of our trained military personnel:

- Forty-three percent of the officers and enlisted personnel are married, and the percentage increases to 75 percent for service members with four or more years of Navy experience
- There is clear evidence that reenlistment decisions and hence personnel and operational readiness are greatly influenced by spouse and family considerations
- Inflation and economic setbacks have affected the services provided to our service members and their families.
- Abuse, neglect, drug and alcohol abuse cross military hierarchies.

What are the Department's activites, given these statistics, which are aimed at enhancing and supporting the morale, preparedness, and retention of our military personnel?

Answer: Adequate compensation, aimed at retaining leaders and technicians who have been trained at great cost, is a fundamental requirement of our volunteer force. Recent improvements in compensation are beginning to increase retention, but the momentum must be sustained. We are accordingly examining some new initiatives, to include not only long term pay increases, but also increased travel reimbursements, a funded program for emergency leave travel, and increased household goods weight allowance. We would like to see the ceiling lifted on the numbers of dependents overseas. We must improve our medical facilities, recruit more doctors, and develop a better health care program for dependents through improvement to CHAMPUS.

One of the pressing problems that we face concerns support for family members. Frequent reassignments, unaccompanied tours, long periods of sea duty, irregular working hours and training exercises, and a significant number of working spouses have all combined to necessitate more and better family services, child care, and youth activity programs. Each of the Military Services plans to have a single Family Service Center at each installation. We are seeking additional appropriated funds for such basic facilities as child care centers, libraries, gymnasiums and the other types of community construction. With regard to drug and alcohol abuse, each Service has extensive programs designed to assist both military members and their dependents.

ALTERNATIVE HEALTH CARE PLAN

Senator Inouye: A 1975 OSD/OMB/HEW military care study recommended that DoD test the concept of offering beneficiaries the option of enrolling in alternative health care plans. Included in the Fiscal Year 1981 DoD Appropriations Bill was the Committee's recommendation of a new general provision that would allow DoD to test the concept of using alternative health care delivery systems,

such as health maintenance organizations (HMOs) in lieu of the current CHAMPUS reimbursement system.

Could you describe for the Committee what progress has been made to test the use of alternative health care delivery systems?

Answer: The DoD is designing a test of alternative health benefit plans under CHAMPUS as authorized in the Fiscal Year 1981 DoD Appropriations Bill. This demonstration will determine the feasibility of providing an improved health benefit to beneficiaries by offering the option of prepaid health benefit plans. Specific issues which will be addressed in the demonstration are: (a) the relative costs associated with providing options; (b) the impact of such options on the beneficiary; (c) the administrative requirements for implementation and maintenance of such alternative benefit packages. The demonstration will take place in several sites selected for representativeness in terms of geographic, demographic and health care variables. Sites will be phased in over an 18-month period, with a pilot site expected to be implemented by September.

Military Clinical Psychologists

Senator Inouye: During the hearings on the Fiscal Year 1981 DoD Appropriations Bill, the Department provided testimony about a continuing morale problem among members of the military psychologists community. These problems appear to stem from instances where clinical psychologists are not allowed to function as chiefs of mental health services if there are psychiatrists in the mental health clinics. The Committee was also informed that there is a similar problem within the military nursing corps. What activities has the Department engaged in to address these morale problems among nonphysician health care providers?

Answer: We are aware of the problems of the psychologists. We have approached the military medical departments with the idea that psychologists senior to psychiatrists in rank be permitted to serve as chiefs of mental health services. Their reactions ranged from coolness to outright rejection. We did not feel we could overcome their objections and have not pursued the matter further. We are aware that the situation is unresolved.

This particular issue points up the growing conflict between physicians and other mid-level health practitioners over matters of professional primacy and authority. If the forecasts of physician excesses in the coming decade prove to be true these turf battles will be exacerbated and they will not be easily or simply solved in either the military or civilian medical setting.

Questions Submitted by Senator Huddleston

Near Term Prepositioning Ships Programs

Senator Huddleston: Last year Congress approved funding for the immediate prepositioning of equipment on seven ships located at Diego Garcia and for longer range prepositioning activities.

(a) What is the current status of these programs?

(b) Are other prepositioning efforts anticipated in FY 82 or any near out-years?

Answer: The seven ships in our near-term (or interim) prepositioning program, which contain equipment, munitions, and supplies for a Marine Amphibious Brigade (MAB) plus limited

Army and Air Force munitions, have been in the Indian Ocean since last summer. We have requested funds to continue operating them there through FY 82. For the longer term program, which will accommodate three MABs, we now plan to construct six new ships and modify six existing ships. We are requesting funds in FY 82 for construction of the first new ship and conversion of two existing ships.

In the FY 81 Supplemental and FY 82 Amendment, we are requesting funds to expand the near-term prepositioning program by six ships in FY 81 and five more ships (drawn from the NDRF) in FY 82. These ships would be used to store ammunition and supplies, mainly for Army forces.

Senator Huddleston: You recently approved the use of some $100 million for construction of military facilities in the Indian Ocean/Persian Gulf area. Will construction of these facilities actually give the US any additional military capability in the area or does their significance lie more in the symbolism of "taking action" and having a more "visible US presence" there?

Answer: We plan to develop a network of facilities capable of supporting the US forces necessary to defend the vital oil flow against the most demanding threat -- a Soviet invasion of the Persian Gulf region -- as well as to provide feasible military options for the range of more likely but less demanding threats. If regional facilities were not available or adequate to receive and support the forces that might be required for rapid deployment to Southwest Asia, then it would be very difficult for us to overcome the primary constraints on our power projection capabilities: strategic mobility and sustainability. The FY 81 Indian Ocean MILCON program therefore increases significantly our regional military capabilities.

Militarily Capable Locations

Question: Aside from Diego Garcia (and Ras Banas which is mentioned below), once the $100 million construction package is completed, which of the locations where the US has spent money would be the most militarily capable?

Answer: Military capability is meaningful only in terms of military missions. Different facilities in the Southwest Asia/Indian Ocean region are each intended to accomplish a variety of different missions. Therefore, it would not be meaningful to select one facility in one country and say it is "the most militarily capable."

Permanent Facilities

Question: Do you believe the US can effectively operate in the area without more permanent facilities, i.e., facilities which are operational all the time and at which major weapon systems are either based or maintained on a fairly continuous basis? Is Diego Garcia close enough to serve as such a facility or is one needed closer to the Persian Gulf?

Answer: There are many military missions we can accomplish effectively without permanent facilities. We would like to improve certain facilities in a number of places in Southwest Asia that we could use as transit and/or staging areas rather quickly if conflict were to erupt. We would prefer to maintain multiple facilities arrangements than to have a few large fixed bases for

operations--primarily because of the size of the area and the uncertainty of where conflict might concur.

Diego Garcia, while valuable for a number of military purposes, is not geographically situated to accomplish all the military functions which may be necessary in the area.

Ras Banas

Senator Huddleston: Ras Banas has been mentioned as a possible staging area for US operations in the Gulf area.

(a) Assuming that you cannot use Saudi facilities or overfly Saudi airspace, under what contingencies would Ras Banas be an effective staging area?

Answer: [deleted]

(b) To approach Ras Banas by sea, one must transit either the Suez Canal or the Bab el Mandeb. Does this cause you any concern and what alternative logistical routes would you use if either or both were impossible?

Answer: [deleted]

(c) Would a staging area at Masirah or perhaps in Turkey or Pakistan make more sense strategically?

Answer: [deleted]

(d) Is there any economic benefit to Egypt in the US's development of Ras Banas?

Answer: During the construction at Ras Banas, we would expect that money would be pumped into the Egyptian economy through letting of sub-contracts, employment, and purchase of some material locally. We do not foresee any permanent economic benefit to Egypt resulting from the upgrade of Ras Banas which is in a sparsely populated, isolated area removed from any major Egyptian population center.

(e) President Sadat has been unwilling to conclude a written agreement regarding Ras Banas. Do you believe any kind of letter or memorandum of understanding would be obtainable? If not, would you still advise an investment of substantial US resources there?

Answer: [deleted]

(f) Should there be no agreement and should the US agree to the investment of a sizeable sum at Ras Banas, would this be a unique situation or are there other areas from which the US operates without any written agreement?

Answer: The US engaged in major construction programs and military activities for a number of years without any agreement in Morocco, Iran, Thailand and Vietnam. Apart from transitory activities of short duration, the presence of US forces in other nations is now covered by formal agreements.

SINAI BASES/RAS BANAS

Senator Huddleston: Assuming that you cannot overfly Saudi airspace, would Ras Banas be any more useful militarily than one of the Sinai Bases?

Answer: Yes. While we do not foresee any Gulf contingency requiring deployment of US combat forces where we would be denied Saudi airspace, use of the Sinai bases in lieu of Ras Banas would add approximately 200 nautical miles to the preferred airlift route.

(a) Has the Department examined Etam and Etzion as possible US bases?

Answer: Yes. The Sinai bases, as well as numerous other potential sites in the region, were examined in detail on an individual and a comparative basis. These assessments were concluded prior to the development of the MILCON proposals.

(b) Could either of these be brought to US specifications in a less expensive manner than Ras Banas?

Answer: No. Cost estimates for upgrade of the Sinai bases were at least $25 million dollars higher than that for Ras Banas and for Etzion over 100 million dollars higher.

(c) What are current Egyptian and Israeli attitudes toward use of these facilities?

Answer: Israel would welcome and in fact has made numerous informal suggestions that the US assume control of the Sinai facilities. However, the Egyptian government, including President Sadat, has repeatedly declared that the Sinai bases were not available to anyone. Since the bases are on territory to be returned to Egypt by April 1982, this is a matter of Egyptian national sovereignty and pride and is not likely to change in the foreseeable future.

B-52 CAPABILITY AT DIEGO GARCIA

Senator Huddleston: Apparently, the Administration plans to make Diego Garcia B-52 capable.

(a) Has a final decision been made on this?

(b) Has agreement been reached with the British?

(c) Would you intend to deploy B-52s there on a continuous basis or only make interim deployments?

(d) Are there currently B-52 capable runways (whether or not the U.S. has access to them) in the area -- for example, in Egypt, Israel, Saudi Arabia, Oman, Pakistan or along the east African coast?

(e) If you had to move B-52s into the area in the next few months, what facilities would you be most likely to use?

Answer: Our FY 82 budget requests include funds to build a new 10,000 foot parallel taxiway and parking apron to accommodate the full range of military aircraft, [DELETED] The FY 82 projects alone, however, would not make the airfield capable of supporting landing and takeoff by fully loaded B-52s without further work on the runway.

[DELETED]

Facilities in Turkey

Senator Huddleston: Mr. Secretary, there has been discussion of upgrading some Turkish facilities for potential use in operations in the Gulf area. What facilities in eastern Turkey might be upgraded for this purpose? One problem with using facilities in Turkey relates to Turkey's membership in NATO. Has the potential use been broached with members of NATO?

Answer: The facilities in eastern Turkey of most obvious use are air bases. There are several such air bases in eastern Turkey that could be upgraded to handle USAF and NATO tactical air operations. Some of these have been discussed with Turkey in the context of the NATO co-located operating base program for US use during NATO contingencies. [DELETED]

Japanese Self-Defense Forces

Senator Huddleston: Japan is highly dependent upon open sea lanes, yet she is furnishing little to the effort to keep the lanes to Southeast Asia and the Indian Ocean open.

(a) Has this matter been discussed with the Japanese?
(b) Does the Administration intend to encourage or prod Japan to take a more active role in this area?
(c) Does Japan currently have any vessels which would be useful in such activities?
(d) If the Japanese cannot or will not take a more active role in securing the shipping lanes, are there other ways in which the country might contribute to free-world security efforts?

Answer: Although Japan has 45 destroyer-type ships, 15 submarines, and other modern weaponry, Japan has political and constitutional limitations on deploying forces far away from its shores, e.g., to the Indian Ocean. Japan is responding to our calls for economic assistance to strategically important countries, such as Turkey, Pakistan, and Somalia, and Japan can do much more in its own defense which will benefit the U.S. and other free nations as well. We would like to see Japan attain effective self-defense capability as quickly as possible as its first priority objective.

NATO Commitments

Senator Huddleston: The Administration has asked for major increases in defense spending, much of which is greatly needed. At the same time, however, there have been reports to the effect that the Administration does not intend to hold the NATO allies to the 3 percent increases negotiated several years ago.

(a) Is it true that the Administration does not intend to ask the NATO countries to honor the 3 percent commitment?

(b) If so, is this a realistic approach to upgrading the capabilities of the Western alliance--shouldn't everyone be involved, not just the U.S.?

Answer: It is necessary for both Europe and America to do more to meet agreed defense goals. We stand by the 1977 NATO decision to increase defense spending and intend to do more ourselves. We believe the 3 percent commitment is a useful starting point for each nation's effort and will urge the Allies to honor the commitment, as well as other force goal criteria.

Expendable Launch Vehicle Backup for Shuttle

Senator Huddleston: The Space Shuttle has very significant potential ramifications for Defense activities, yet the system is being developed outside the Department.

Has the Department been consulted regarding the number of orbiters it believes to be necessary?

What is the Department's position (not OMB's) regarding the number necessary to insure its programs?

What is the Department's current policy with regard to back-up expendible launch vehicles (ELVs)?

How many does the Department currently have?

Which are dedicated and to what missions?

How many are requested in the FY 82 budget?

Does the Department intend to keep the production lines open in the foreseeable future?

Answer: The Department of Defense has participated in a continuing series of studies on Orbiter production requirements which formed the analytical basis for the determination of the Orbiter fleet size. Administration budget actions affecting the Orbiter production line have been referred to DoD for comment and impact assessment.

The Shuttle is a national capability in the truest sense. The Orbiter fleet size should be determined based upon the projections of the national requirement (of which the DoD requirement will be a significant portion). Current fleet size projections are based upon a relatively stable DoD traffic projection and upon two significant variables.

- The projection of civil traffic growth.
- The projection of turnaround times (the time to refurbish and reconfigure an Orbiter for the next launch).

Until sufficient operational experience is gained to validate the turnaround and the civil traffic projections, it would be prudent to maintain an Orbiter production capability. This would allow fleet expansion for any of the following reasons:

- Replacement of attrited Orbiters.
- Longer than expected turnaround times.
- Higher than expected civil traffic.

The DoD backup plan is to maintain an austere Titan III(34)D pool sufficient to provide backup of critical DoD missions until the Shuttle operational capability is proven (two years past Shuttle IOC at the Kennedy Space Center; one year past Shuttle IOC at Vandenberg AFB). In addition, our policy is to maintain critical Titan III production capability until at least the Shuttle is operational at the Kennedy Space Center. This will preserve our ability to procure additional Titan III(34)D backup vehicles if required by further delays in the Shuttle development or major problems encountered during the early Shuttle flights.

DoD currently has five Titan III(34)D backup vehicles in procurement or production using funding appropriated through FY 81. Two other Titan III(34)D vehicles, originally procured for the backup pool, have been assigned to support prime launches. This was necessitated by delays in the Shuttle development and by the impact of modifying one spacecraft for the current Shuttle payload bay environment.

We do not dedicate backup vehicles to specific missions, but rather allocate the backups as required to support changing critical mission needs. Currently, the five backups are allocated as follows:

2 support [DELETED] in FY 85

1 supports in FY 85

2 support [DELETED] in FY 85

Our FY 82 request includes funds for production of two sets of Titan III(34)D liquid rocket engines (using advance materials procured with funds in our FY 81 Supplemental Request) and for an advance buy of materials for two Titan III(34)D backup boosters.

FY 83 funds will be required to complete the production of these two vehicles.

As part of our expendable launch vehicle backup policy, we intend to maintain critical Titan III production capability until the Shuttle is operational at the Kennedy Space Center. The funds appropriated through FY 81 and contained in our FY 81 Supplemental Request, FY 82 Budget Request, and FY 83 program will maintain this critical capability past the current Shuttle IOC (Sept 82) and into FY 83. Our purpose is to assure our ability to procure additional Titan III(34)D backup vehicles if required by further Shuttle development delays or Orbiter fleet groundings caused by major problems during the initial Shuttle flights.

Inertial Upper Stage

Senator Huddleston: What is the total amount committed to date to the Inertial Upper Stage (IUS)? Please specify amounts appropriated and amounts reprogrammed. Has the Department considered the alternative of the Atlas Centaur and the Saturn IV-B? What will be the cost impact on the Department if NASA goes ahead with the Centaur rather than the IUS? If NASA proceeds with the Centaur and the Department with the IUS, will the Government in effect be developing two duplicate systems?

Answer: The standard DoD two stage IUS development program is funded at $457.6M through FY 82 (no funds are programmed beyond FY 82). Of the total, $33M was reprogrammed in Apr 80. An additional $95.2M is committed or programmed for development of a Titan/IUS capability and the procurement of 4 IUS flight vehicles for DoD use on the Titan Launch vehicle ($6M of that total was a reprogramming). The remaining 5 vehicles procured under the Full Scale Development contract are for NASA Shuttle launches and represent nearly $60M in NASA fund commitments. A further $28M is committed by both Agencies for long leads for the procurement of the next eight vehicles (#10-#17).

We have done a number of alternative upper stage studies which consistently came to the following conclusions:

No cost advantage for choices other than IUS.

No identified, approved requirement for more capability than the IUS provides.

NASA intends to proceed with the two-stage IUS for the Tracking and Data Relay Satellite System launches. NASA has terminated the three stage (planetary) IUS variant in favor of the Centaur. The DoD will experience funding impacts in the development, production, integration and operations areas when the planetary IUS is removed from the current and planned IUS program. These impacts are under investigation - with a completion date of the investigation in late April 83.

The Centaur and IUS are designed to meet different requirements. The Centaur is being designed to meet the requirements of the planetary missions for 1985 and beyond. Centaur will inherently have a substantially greater payload capability than the IUS payload delivery to geosynchronous orbit (14,000 lbs for the Centaur versus 5,000 lbs for the IUS). There are, however, a number of other design requirements which are met by the IUS and not by the presently proposed Centaur. Among these are: a 40 foot effective payload length in the Shuttle bay, high reliability avionics, and an operating capability in 1982. Given the operational requirements in the early 1980's, the DoD requires the IUS (as does NASA for the Tracking and Data Relay Satellite System). The DoD will undoubtedly find useful the additional

capability promised by the Centaur but, given that there is now no approved program requiring the additional payload throw-weight, does not currently require the Centaur.

Since some of our payloads are near the limit of IUS capability and will likely grow in the next few years, we support the idea of a high energy liquid upper stage.

Release of Classified Information

Senator Huddleston: I have been greatly concerned about releases of classified information in the past several years, both by individuals who took it upon themselves to release such information and by more formal decisions to release information, such as with the Stealth program.

(a) Have you taken or do you intend to take any steps to stem the release of such information--both by individuals acting on their own and by more formal means?

(b) Could any of the principles of the Snepp case be applied to DoD?

(c) Could the procedures regarding special access programs be strengthened?

Answer (a): There are, of course, DoD regulations that prohibit the disclosure of classified information to unauthorized individuals. These regulations furthermore provide clear guidance with regard to who may declassify information for release. The problem is that we have employees who choose to violate these regulations, and, as a practical matter, it has proven very difficult to identify them. I intend to make clear to DoD employees that the established procedures must be followed, and we will deal firmly with those who choose to ignore them.

Answer (b): The Snepp case did uphold the right of CIA to enforce a contractual agreement with an employee in which the employee had promised to submit to CIA for security review any manuscripts intended for publication.

It may, in fact, be feasible to require DoD employees with access to information revealing intelligence sources and methods to sign similar contractual agreements. My staff is exploring this possibility.

Answer (c): We regard the security arrangements for special access programs in DoD to be adequate, however, we are continuously evaluating them and exploring means to strengthen them further.

Transfer of Technical Information

Senator Huddleston: I am also concerned about the amount of information disseminated through technical manuals which are freely available and technology transfers.

(a) Is any effort being made to stem the flow of sensitive information through these channels?

(b) Is it possible that the withdrawal procedures of the

Freedom of Information Act might be used to stem the flow of such information?

(c) A list of critical technologies has been developed by the Department under the provisions of the Export Administration Act. What is the current status of this list?

Has it been approved?

When will it be put into effect?

How do you expect it to operate?

Do you believe controls in this area could be strengthened?

Answer (a): Yes. The Department has recently taken action to ensure that its unclassified technical manuals printed by the Government Printing Office are not made available under the International Exchange program of the Library of Congress. The recent issuance of the critical technologies list by the Under Secretary of Defense for Research and Engineering should also improve our ability to input to decisions on export licenses involving the transfer of sensitive technology.

Answer (b): We are exploring the legal possibility of considering the Export Control Act and the Arms Export Control Act as "withholding" statutes under the Freedom of Information Act. If this interpretation were accepted, it would better enable us to protect unclassified but sensitive technology which is subject to export control.

Answer (c): The initial version of the Militarily Critical Technologies List (MCTL) has been completed, approved by the Department of Defense, and its table of contents published in the 1 October 1981 Federal Register. Currently, the MCTL is being reviewed by industry and government agencies for refinement and elaboration to improve its utility as a guide for export control decisions. Although it is now being used as guidance in the DoD review of proposed transactions with the Warsaw Pact countries, it requires additional refinement in some areas to fulfill Export Administration Act (EAA) requirements (i.e., to be sufficiently specific to guide determinations of any official exercising export licensing responsibilities...). We also expect the MCTL to operate by serving as the basis for developing U.S. positions, to be negotiated with COCOM allies, for the multi-lateral control of goods and technologies exported to potential adversaries. These controls will be effected by use of the COCOM List and the Commodity Control List (as required by the EAA). In a few cases, where a technology identified has high military utility and is easily transferred, control of an MCTL item may be implemented by use of the Munitions List. We believe the MCTL will provide an improved focus for export control, increasing control of technology transfer in critical technical areas. The MCTL is not, however, intended as a substitute for the current Commodity Control List or the Munitions Control List.

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HEARING PROCEDURE

Senator STEVENS. As I stated at the beginning, this is the first of our early morning hearings, and you will note that our colleagues as they finish their questions have gone on to another meeting which normally starts at 10 o'clock. That is the reason for these early hearings, and I do appreciate your courtesy and cooperation.

I would also appreciate the cooperation of the Department of Defense on the position of the limitation of space of this room, and to notify witnesses that we are going to insist that only five assistants attend. That would not apply to you and the Chief when you appear, because you have to have your whole group; but I mean of the witnesses that represent the individual services and the individual areas.

Secretary WEINBERGER. We will comply with those rules and they are here in the event, in my case, I wouldn't be able to answer your questions.

Senator STEVENS. When we have the overall approach to the Department as a whole, it certainly is another matter; but I do think that we can go on and we will work with you as soon as possible to establish the time for the briefing.

I personally want to congratulate you for this very positive approach to our defense needs. Many of us have been very worried about the trend in the past, and we have had to have an overall change in our approach, that whole question of the quality of life of our personnel.

I have been in the Defense Department and I am aware of the needs for a future generation of hardware, and this has to be addressed.

This committee, I am certain, is going to want to work with you to make certain we get the greatest return for the taxpayers' dollars. We are not going to agree with you 100 percent; I know that.

The only objection to our meetings at 8 o'clock is when we have a hearing scheduled for Wednesday. Because of my great love for my distinguished friend here on my left and all of the members of this committee who attend the prayer breakfast, we will convene at 9:15 on Wednesdays.

SUBCOMMITTEE RECESS

The subcommittee will stand in recess until Wednesday, March 11 at 8 a.m. when testimony will be received on the fiscal year 1982 budget request for research and development in the Department of Defense.

[Whereupon, at 10:10 a.m., Monday, March 9, the subcommittee was recessed, to reconvene at 9:15 a.m., Wednesday, March 11.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

THURSDAY, MARCH, 12, 1981

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

The subcommittee met at 8 a.m. in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Garn, Schmitt, Andrews, and Stennis.

DEPARTMENT OF DEFENSE

ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

STATEMENT OF JACK R. BORSTING, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

ACCOMPANIED BY:

JOSEPH H. SHERICK, DEPUTY COMPTROLLER (PROGRAM/BUDGET), OFFICE OF ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

JOHN W. BEACH, DIRECTOR FOR PLANS AND SYSTEMS, OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

MAJ. GEN. GEORGE M. BROWNING, JR., DIRECTOR OF AIR FORCE BUDGET, HEADQUARTERS, U.S. AIR FORCE

REAR ADM. R. A. MILLER, DIRECTOR OF BUDGET AND REPORTS, OFFICE OF THE COMPTROLLER OF THE NAVY

L. E. HOOLE, DEPUTY DIRECTOR FOR BUDGET MANAGEMENT, OFFICE OF THE DIRECTOR OF ARMY BUDGET, OFFICE OF THE COMPTROLLER OF THE ARMY

OVERVIEW OF DEFENSE BUDGET

Senator STEVENS. This subcommittee will come to order.

This morning we will receive the testimony of the Honorable Jack R. Borsting, Assistant Secretary of Defense (Comptroller). We are interested in hearing your overview testimony on the defense budget. We are particularly interested in the economic forecast and inflation factors that were used in developing the budget amendment as contrasted to the same factors that were contained in the January budget.

I doubt that it will be necessary to close the hearing due to classification of materials to be covered. However in the event that classified materials are to be discussed, the witness or members of the subcommittee may indicate their desire to close the hearing. If this is the case, those individuals not cleared or having the need to know will be required to leave.

Mr. Secretary, we are happy to have you here this morning. You may present your statement as you so desire, but I would hope you would offer your statement for the record and summarize your testimony.

CHART PRESENTATION

Dr. BORSTING. It is an honor to testify this morning before you for the first time. I have submitted my statement for the record.

I know the service budget officers will be at future hearings and I am sure they will go into many of the details on each of the service programs in later sessions. What I would like to do today is in a quick fashion just go over some charts that each of you have so that I have time for your questions. All of these charts will be in my statement except for two, but you also have all of them in front of you.

FY 1982
NATIONAL DEFENSE FUNCTION
($ MILLIONS)

	BA	OUTLAYS
DEFENSE APPROPRIATIONS	213,784	180,119
MIL CON/FAMILY HOUSING	8,018	4,681
SUBTOTAL, DoD	221,802	184,800
ATOMIC ENERGY DEFENSE ACTIVITIES	5,000	4,626
EMERGENCY PLANNING, PREPAREDNESS & MOBILIZATION	183	166
GSA STOCKPILE SALES & RELATED	−849	−886
OTHER DEFENSE RELATED	118	119
TOTAL	226,255	188,826

TOTALS ARE ROUNDED

CHART 1

DEFENSE FUNCTION

This is the chart that summarizes the way the defense function is presented and I have two points here. One, your committee will be worried about the budget authority, this number and this number. Other committees will be concerned about each of these other functions. But I think overall you will also be worried about the total number which is $226.255 billion in budget authority and $188.826 billion in outlays. This is for scorekeeping purposes in the national defense function.

CONTINGENCIES

($ IN MILLIONS)

CATEGORY	BUDGET AUTHORITY	OUTLAYS
10/1/81 CIVILIAN AND MILITARY PAY RAISES	5,411	5,325
FY 1982 WAGE BOARD PAY RAISES	86	85
RETIRED PAY LEGISLATION	−380	−380
OTHER LEGISLATION	370	370
TOTAL CONTINGENCIES	5,487	5,400

CHART 2

CONTINGENCIES

Included in the total numbers that I gave you is the contingency which will be submitted later. The contingency totals $5.5 billion in budget authority and almost the same number in outlays. This will be submitted in the next session, which is custom. It includes the civilian and military pay raises for next year and some retired pay legislation and also some other legislation that will be mainly concerned with pay.

Senator STEVENS. Do you want to go into some of those items as you go along or would you prefer to go through the whole briefing?

Dr. BORSTING. It is your pleasure, Mr. Chairman. I will be happy to take your questions at any time.

Senator STEVENS. Why don't we go on through the cards unless there is a question in the cards themselves.

Dr. BORSTING. That will be fine.

DEPARTMENT OF DEFENSE ESTIMATES

($ IN BILLIONS)

CURRENT DOLLARS	FY 1980 ACTUAL	FY 1981 ESTIMATE	FY 1982 ESTIMATE	INCREASE FY 1981-82	% INCREASE
TOTAL OBLIGATIONAL AUTHORITY (TOA)	142.2	178.0	222.2	44.2	24.8
BUDGET AUTHORITY (BA)	142.6	177.1	221.8	44.6	25.2
OUTLAYS	132.8	158.6	184.8	26.2	26.5
CONSTANT FY 1982 DOLLARS					
TOTAL OBLIGATIONAL AUTHORITY (TOA)	172.6	193.9	222.2	28.3	14.6
BUDGET AUTHORITY (BA)	173.0	193.0	221.8	28.8	14.9
OUTLAYS	162.7	174.0	184.8	10.8	6.2

CHART 3

TOA ESTIMATES

I think you have seen this number before. The total TOA estimate for 1982 defense budget is $222.2 billion and the outlay number is $184.8 billion. This results in a real increase now, using constant 1982 dollars of 14.6 percent from 1981 to 1982 and in outlays, 6.2 percent from 1981 to 1982.

Senator SCHMITT. You used what inflation assumption?

Dr. BORSTING. That is the next chart.

PAY AND INFLATION RATE ASSUMPTIONS
FY 1980-1986
ANNUAL PERCENTAGE CHANGE

CATEGORY	1980 to 1981	1981 to 1982	1982 to 1983	1983 to 1984	1984 to 1985	1985 to 1986
PAY:						
MILITARY	13.2	13.4	8.9	7.9	7.0	6.4
GENERAL SCHEDULE	9.1	4.8	7.0	7.0	7.0	6.4
WAGE BOARD	8.3	6.5	5.5	6.0	6.0	6.2
MILITARY RETIRED PAY	12.3	7.8	8.0	6.0	4.8	4.1
INDUSTRY PURCHASES (NON-PAY)	10.0	8.7	7.3	6.2	5.5	5.0
COMPOSITE DoD	11.6	9.7	7.5	6.5	5.8	5.3

CHART 4

INFLATION RATE ASSUMPTIONS

This chart will show you the inflation assumptions. Mr. Chairman, you mentioned you were particularly interested so let me take a little more time on this chart.

The pay assumptions are here and the defense purchase assumptions are down here with a total composite DOD inflation assumption on the botton line. Let me contrast a little bit the difference between these assumptions and the Carter budget.

The military pay is less. In the Carter budget this was 11.7 percent and this was 9.1 percent. The civilians, this is the same, in the Carter budget were 5.5 percent pay increase. In the Reagan budget this is 4.8 percent. The wage board is pretty much the same as in the Carter budget. Similarly the military retired pay is a little lower in the out-years in the Reagan budget.

In purchases, which is procurement, various supply items, the figures in the Carter budget would be the following. This would be 10.43 percent higher. This would be 9.7 percent. This would be 8.6 percent, 8 percent, 7.2 percent, and 6.4 percent. The total composite DOD for the Carter budget was 11.8 percent. Here it was 9.45 percent, which was lower, a result of the increase in military pay. This is 9.07 for the Carter budget; 8.03, 7.32, and 6.62.

BUDGET FORECASTING

Senator SCHMITT. Do you have any historical comparison of those numbers, comparing what has happened in the past to reality?

Dr. BORSTING. With forecast?

Senator SCHMITT. Yes.

Dr. BORSTING. Well, economists in general have not been the best forecasters of the economy.

Senator SCHMITT. Administrations have been even worse.

Dr. BORSTING. We do have I guess for the last 20 years the forecast of what actually happened, which I would be happy to submit for the record. Most of the time the inflation estimate was too low, but there have been 1 or 2 years where the inflation estimate was too high.

[The information follows:]

COMPARISON OF ACTUAL AND FORECAST INFLATION RATES

ANNUAL RATES OF CHANGE IN PURCHASE PRICES

Time of forecast	Period covered in forecast (fiscal year)	Percent	
		Forecast rate	Actual rate [1]
February 1970	1970–71	2.6	5.1
January 1971	1971–72	3.5	4.2
January 1972	1972–73	2.8	4.3
January 1973	1973–74	3.0	7.5
February 1974	1974–75	5.8	12.4
February 1975	1975–76	15.0	8.0
January 1976	1976–77	[2] 7.9	[2] 10.2
January 1977	1977–78	6.8	7.9
January 1978	1978–79	6.2	8.7
January 1979	1979–80	7.0	15.0
January 1980	1979–80	9.3	15.0
Total inflation fiscal year 1970 to fiscal year 1980		83.0	121.6

[1] BEA implicit price deflator for DOD purchases excluding compensation.
[2] 15 mos.

INDUSTRY PURCHASES

Senator SCHMITT. What I am getting at, let's say in fiscal year 1980 what was the inflation rate for industry purchases relative say to the CPI?

Dr. BORSTING. Let me comment about the industry purchases. This is based on the GNP deflator which is a market basket composed of a number of things and is not special to defense. And in certain defense areas we have experienced, particularly with fuel, higher rates than this because of the increase in fuel costs. One of the things that has happened is that the defense budget contains about 95 percent of the purchased fuel for the Government, and the fuel increases have hurt us more than they have hurt other agencies.

Senator SCHMITT. Do you think that is realistic then, with respect to the fuel prices?

Dr. BORSTING. As Secretary Weinberger said, the President on February 18 sent up a very comprehensive package designed to curb inflation. With the tax incentives, with the various cuts in domestic programs, which is a significant change from the past, I would hope to realize these lower inflation rates.

Senator SCHMITT. I am more concerned about fiscal year 1982. It will be awfully hard to have an effect even if we get everything we want.

Dr. BORSTING. That is true. It will be hard to have an effect that fast. And as Secretary Weinberger said, I believe before this com-

mittee, while he did not like supplementals he would be happy to come forward with a supplemental to preserve the program.

Senator STEVENS. That 10-percent figure under 1980–81 is really not accurate right now, is it?

Dr. BORSTING. We are not through with 1981 yet.

John, do you have an estimate?

Mr. BEACH. The first answer is that we do not know yet. We have not had enough experience with 1981 to know that. There are some forecasts outside the Federal Government that indicate it will be higher than 10 percent. But we do not have the actual data yet because fiscal year 1981 is not over.

Senator STEVENS. Isn't that just about the CPI?

Mr. BEACH. Yes; it is. It is in the range of what the Government is projecting for the CPI.

Senator STEVENS. And since October 1 it has been running substantially more than 10 percent.

Can we move on?

Senator SCHMITT. Mr. Chairman, I think we ought to be realistic. This business of planning on a lower inflation rate and then with your safety valve as a supplemental, this is what we have been doing for years and I just don't think we ought to do it that way.

Senator STEVENS. I think if you examine it, they have redundant CPI in this, because there is a contingency factor in each one of the budgets. Wait until you get to them.

LONG-RANGE FORECAST

TOA ($ BILLIONS)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
MILITARY RETIRED PAY	13.8	15.4	17.1	18.7	20.2	21.6
OTHER MILITARY FUNCTIONS	164.2	206.8	237.7	270.5	306.3	345.9
TOTAL, CURRENT PRICES	178.0	222.2	254.8	289.2	326.5	367.5
TOTAL, CONSTANT (FY1982) PRICES	193.9	222.2	238.4	255.1	272.9	292.0
PERCENT CHANGE	12.4%	14.6%	7.3%	7.0%	7.0%	7.0%

CHART 5

OUTYEAR FORECASTS

Dr. BORSTING. Let me just go quickly over the outyear forecasts, using these rates. Here are the numbers and I think you have seen these numbers already. The real growth rates are given here: The 12.4 percent for 1981, 14.6 percent for 1982, and then basically a 7-percent growth in the outyears. This is in total obligation authority.

LONG-RANGE FORECAST

OUTLAYS ($ BILLIONS)

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
MILITARY RETIRED PAY	13.8	15.4	17.1	18.7	20.2	21.6
OTHER MILITARY FUNCTIONS	144.8	169.4	204.0	231.1	277.1	314.4
TOTAL, CURRENT PRICES	158.6	184.8	221.1	249.8	297.3	336.0
TOTAL, CONSTANT (FY 1982) PRICES	174.0	180.0	205.6	218.1	245.3	236.3
PERCENT CHANGE	7.0%	6.2%	11.3%	6.1%	12.5%	7.4%

CHART 6

OUTLAYS

Next on outlays, the outlays increase like this and here are the real growth rates. As you know with Defense purchases, ships being 5 or more years, aircraft 3 or more years, when you obligate TOA you are obligating spending for the outyears. So the big bulge in 1982 is going to hit us later and there will be an increase in outlay growth in future years.

Senator STEVENS. Why do you have retired military pay and the other functions on that chart?

Dr. BORSTING. This is retired military pay.

Senator STEVENS. I know.

Dr. BORSTING. We just normally separate out the retired military pay.

Senator STEVENS. Does that assume the once-a-year COLA?

Dr. BORSTING. Yes, legislation for once a year.

Senator STEVENS. And that is assumed in your chart?

Dr. BORSTING. That is assumed in the chart.

PROGRAM ADDITIONS
FY 1981 SUPPLEMENTAL AMENDMENT/
FY 1982 BUDGET AMENDMENT

($ IN MILLIONS—TOA)

BY CATEGORY:	FY 1981	FY 1982
FACT-OF-LIFE	2,296	881
QUALITY-OF-LIFE	665	2,750
READINESS	2,844	8,711
MODERNIZATION	2,024	13,729
SHIPBUILDING	367	3,833
TOTAL AMENDMENTS	8,196	29,904

CHART 7

SUPPLEMENTAL AND BUDGET AMENDMENTS

Now in working with this budget and in the presentation, we have grouped things in these five categories: fact-of-life, quality-of-life, readiness, modernization, and shipbuilding. It is not a formal submission that we would submit to OMB or the Congress, but it is a submission that we have used in the Department and it does, I think, tell you something about the overall composition.

The fact-of-life items have been basically increases of fuel, increases in weapons procurement due to inflation, things of this type.

In the quality of life, the military pay raise is 5.3 percent effective July 1 and then continuing in the outyears. Plus some Army special pay, some COLA, cost-of-living allowance for bachelors who live in quarters are included in the quality-of-life items.

In readiness there are items such as the sealift and airlift increases, also items that are RDF-related, about an additional $0.5 billion in 1981 and an additional $2 billion in 1982.

In modernization there are quite a few new items. I will talk about those a little bit on another chart. Secretary Weinberger presented the shipbuilding profile so I won't go into the details on that.

Secretary Weinberger in his statment also emphasized efficiencies and I believe submitted for the record a detailed account of efficiencies. In my statement I have a summary, not quite as detailed a statement as he submitted for the record. I would just like to quickly go over some of the efficiencies that we are talking about in the 5 or 6 weeks that Secretary Weinberger has been there.

Acquisition management includes several things such as multiyear contracting and buying more economical quantities. And in the 1981 and 1982 budget we have estimated that we can save about $700 million in the outyears by buying more economical quantities. This would not be a saving for 1981 and 1982, but would be a saving in the outyears.

If we get some legislation through, we feel we can save actually sizable amounts in the outyears by being able to do multiyear contracting. This requires some legislation, for example, deletion of the $5 million cancellation charge that is in existence now.

In 1981 and 1982 we have eliminated and reduced marginal programs. In fact, there are 16 outright cancellations of existing programs that were in the previous budget, and there are overall reductions and delays in other programs that we think deserve a closer look. The total amounts are about $350 million in 1981 and about $1.4 billion in 1982.

PLANNING PROCESS REVISIONS

We also have included in the budget $100 million to increase productivity which should have considerable benefit for savings in the outyears. We have also started a revision of the Department of Defense planning process, the so-called PPBS system, planning,

programming, and budgeting, which is almost completed now. And in parallel, the acquisition process review has just started.

The main goal is to simplify these processes, to cut out a lot of redtape, to have less submissions by the services so we can really spend more time, particularly in the PPBS system, more time on the planning phase, which I think has been lacking in the past.

DEPARTMENT OF DEFENSE BUDGET
TOTAL OBLIGATIONAL AUTHORITY
(BILLIONS OF CONSTANT FY 1982 DOLLARS)

BY APPROPRIATION CATEGORY	FY 1980	FY 1981	FY 1982	CHANGE FY 1981-82
MILITARY PERSONNEL	42.0	43.3	43.8	+0.5
RETIRED PAY	14.4	14.9	15.4	+0.5
OPERATION AND MAINTENANCE	55.6	60.1	64.1	+4.0
PROCUREMENT	40.4	51.4	68.9	+17.5
RDT&E	15.7	17.9	21.4	+3.5
MILITARY CONSTRUCTION	2.6	3.7	5.8	+2.1
FAMILY HOUSING	1.8	2.2	2.3	+0.1
REVOLVING AND MANAGEMENT FUNDS	—	0.4	0.6	+0.2
TOTAL	172.6	193.9	222.2	+28.3

CHART 8

APPROPRIATION CATEGORY

I would like to quickly point out highlights of the appropriation category. These are in constant dollars. By the way, this is overall totals; the Reagan changes are incorporated into the Carter submission.

Note the big increase in procurement. In the Carter budget there was a very, very small increase in procurement, about 1 percent. This is about a 33-percent increase from 1981 to 1982.

There is a larger increase in research and development, also a larger increase in operation and maintenance funds. There was in the Carter budget a large increase in military construction and this has been added to by some Southwest Asia items, but not greatly added to.

DEPARTMENT OF DEFENSE BUDGET
TOTAL OBLIGATIONAL AUTHORITY
(BILLIONS OF CONSTANT FY 1982 DOLLARS)

BY MAJOR PROGRAM	FY 1980	FY 1981	FY 1982	CHANGE FY 1981-82
STRATEGIC FORCES	13.4	14.3	17.5	+ 3.1
GENERAL PURPOSE FORCES	63.3	74.9	89.8	+14.9
INTELLIGENCE AND COMMUNICATIONS	10.9	12.4	14.6	+ 2.2
AIRLIFT AND SEALIFT	2.7	3.3	4.4	+ 1.1
GUARD AND RESERVE FORCES	9.8	11.0	11.3	+ 0.4
RESEARCH AND DEVELOPMENT	13.8	15.4	18.2	+ 2.8
CENTRAL SUPPLY AND MAINTENANCE	18.3	19.1	20.1	+ 1.0
TRAINING, MEDICAL, OTHER GEN. PERS. ACTIV.	36.5	38.7	40.9	+ 2.2
ADMINISTRATIVE AND ASSOC. ACTIVITIES	3.1	3.8	4.2	+ 0.4
SUPPORT OF OTHER NATIONS	0.8	1.1	1.3	+ 0.2
TOTAL	172.6	193.9	222.2	+28.3

CHART 9

TOTAL BUDGET BY MAJOR PROGRAMS

This is a breakdown of the total budget by major programs. And here again, I think you can see some differences. The strategic forces have been added to by programs such as a bomber, some more cruise missiles, some additional work on ballistic missile defense systems. The main increase though has been in general purpose forces. We have had a 20-percent increase on a fairly large number.

AIRLIFT AND SEALIFT INCREASE

I also would like to point out the airlift and sealift increase. While not a large number, it is a significant percentage increase from 1981 to 1982 and we are converting all the SL-7 ships, eight of them in 1982. We are also buying more spare parts for the C-5, the C-41, and the C-130 to be able to increase the readiness of our airlift capacity.

Senator SCHMITT. Regarding Reserve force increases, could I see that?

Dr. BORSTING. I will get to that. I have a chart on the Guard and Reserve force.

DEPARTMENT OF DEFENSE
FY 1982 BUDGET COMPARISONS
(TOA IN BILLIONS OF FY 1982 DOLLARS)

APPROPRIATIONS	JANUARY	MARCH	CHANGE
MILITARY PERSONNEL	41.3	43.8	+ 2.5
RETIRED PAY	15.6	15.4	− 0.2
OPERATION AND MAINTENANCE	62.4	64.1	+ 1.7
PROCUREMENT	49.1	68.9	+19.8
RDT&E	19.9	21.4	+ 1.5
MILITARY CONSTRUCTION	5.6	5.8	+ 0.2
FAMILY HOUSING	2.2	2.3	+ 0.1
REVOLVING AND MANAGEMENT FUNDS	0.3	0.6	+ 0.3
TOTAL	196.4	222.2	+25.8

TOTALS MAY NOT ADD DUE TO ROUNDING

CHART 10

CARTER/REAGAN COMPARISONS

This chart is not in the formal statement but is in your handout, and it basically takes the two breakdowns of the budget, the appropriation category, and compares the Carter and Reagan submissions.

First is the appropriation category. Notice the large increase in military personnel. This is due to the increase in pay over the Carter budget. It is also due to increased strength levels, which I will talk about in a few moments, and increased Reserve strength levels and additional benefits for the military.

I commented about the procurement and the operation and maintenance increases before. I mentioned earlier a small increase in military construction.

DEPARTMENT OF DEFENSE
FY 1982 BUDGET COMPARISONS
(TOA IN BILLIONS OF FY 1982 DOLLARS)

MAJOR FORCE PROGRAM	JANUARY	MARCH	CHANGE
STRATEGIC FORCES	15.0	17.5	+ 2.5
GENERAL PURPOSE FORCES	73.5	89.8	+16.3
INTELLIGENCE AND COMMUNICATIONS	13.0	14.6	+ 1.6
AIRLIFT AND SEALIFT	3.5	4.4	+ 0.9
GUARD AND RESERVE FORCES	10.3	11.3	+ 1.0
RESEARCH AND DEVELOPMENT	17.3	18.2	+ 0.9
CENTRAL SUPPLY AND MAINTENANCE	19.5	20.1	+ 0.6
TRAINING, MEDICAL, OTHER GEN. PERS. ACTIV.	39.2	40.9	+ 1.7
ADMINISTRATIVE AND ASSOC. ACTIVITIES	4.0	4.2	+ 0.2
SUPPORT OF OTHER NATIONS	1.0	1.3	+ 0.3
TOTAL	196.4	222.2	25.8

TOTALS MAY NOT ADD DUE TO ROUNDING

CHART 11

MAJOR FORCE PROGRAM

This is the breakdown by the major force program, again the January submission versus the March submission. Here again the general purpose forces change shows very strongly. So does the change for the strategic forces.

CHANGES IN ACTIVE DUTY STRENGTHS

	AVERAGE	END
ARMY	+ 3,001	+11,000
NAVY	+11,582	+14,244
MARINE CORPS	+ 1,469	+ 1,500
AIR FORCE	+14,421	+17,800
TOTAL	+30,473	+44,544

CHART 12

ACTIVE DUTY END STRENGTHS

Here it shows some increases in active duty end strengths for the military, the end strength increasing about 44,000 and the average

about 30,000. The Army's increase will be used for force modernization, new systems entering the field, and increased readiness. They have also reduced tour lengths overseas, which will require more end strength. The Navy, because they are actually having more ships enter the fleet now, will need more manning. The Marine Corps is ready to bring them up to strength. The Air Force has increased their skill training, improved maintenance, and also has new systems entering the Active Force. There are more A-10's, F-15's, and F-16's.

CHANGES IN RESERVE STRENGTHS

	AVERAGE	END
RES. PERS., ARMY	+21,847	+22,594
RES. PERS., NAVY	+ 200	+ 159
RES. PERS., MARINE CORPS	+ 1,751	+ 1,887
RES. PERS., AIR FORCE	+ 2,840	+ 3,211
ARNG PERS.	+15,520	+11,875
ANG PERS.	+ 1,509	+ 1,017
TOTAL	+43,367	+40,743

CHART 13

RESERVE STRENGTHS

Here is a chart reflecting the Reserve strength, increasing roughly 40,000 and here is the distribution spread out over the various categories.

Did you have a specific question, Senator?

Senator SCHMITT. We can get into it later, but how does this relate to your procurement? Are you also procuring new systems for the Reserve and Guard forces?

Dr. BORSTING. Yes. Of course many times as we procure the additional items then the older items from the Active Force will be transferred to the Reserves.

Senator SCHMITT. But some of those older items are so old they will never be used for combat again. This is your Ready Reserve presumably.

Dr. BORSTING. That is right.

Let me address that question when I get through a little bit and we will bring the service budget officers in to answer that question.

Senator SCHMITT. Sure.

Dr. BORSTING. The last two charts basically summarize some trends in three categories. Pay and pay related, investment, and other nonpay purchases of the Defense Department from 1950 to 1980.

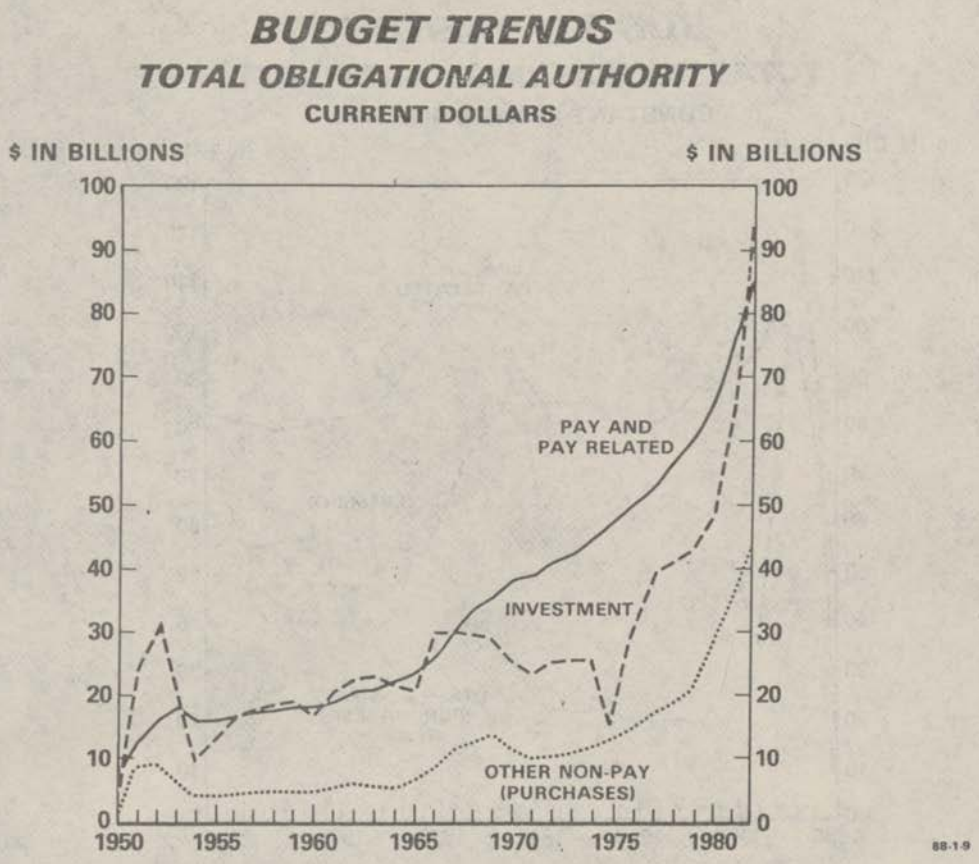


CHART 14

NONPAY PURCHASES IN CURRENT DOLLARS

This is in current dollars. And you can see what has happened with inflation, particularly when you look at the next chart. Things have gone up in current dollars very considerably in the last few years.

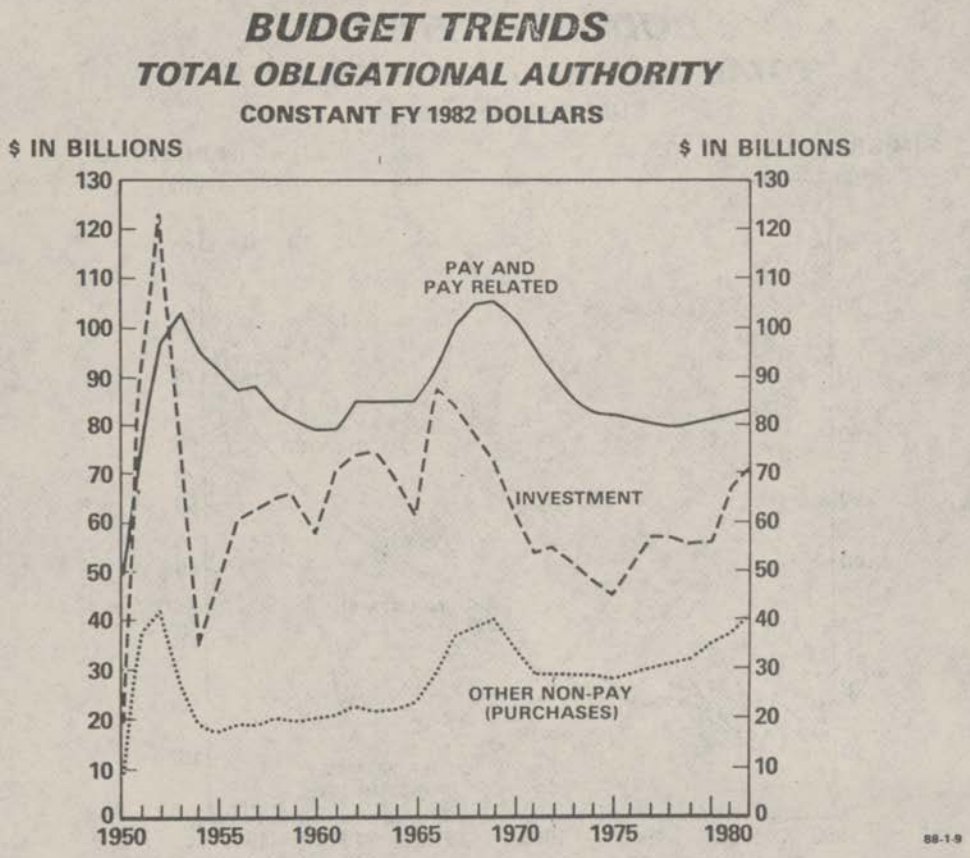


CHART 15

PAY AND PAY RELATED INCREASES

Let's put the next chart on. If I take constant fiscal year 1982 dollars we see that there has been a slight increase in the last few years in pay and pay related, and that has basically been due to the increased military pay, the fair benefits package of last year, and the increased pay we are talking about now. This has been offset a little bit by decreases in civilian strength, except this year, 1981 and 1982 we are getting a slight increase in civilian strength in the Department. But prior to that civilian strength was continually going down, as was military strength.

The investment category has gone up in real terms in the last few years, and this has been basically to replace outdated inventory with modern equipment.

Other nonpay purchases have gone up. Items in this category would be depot maintenance, supply inventory, and real property maintenance.

This completes my overall overview, Senators.

Mr. Chairman, I will be very happy to answer your questions.

PREPARED STATEMENT

Senator SCHMITT. Thank you, Secretary Borsting, for a fine detailed presentation. We will insert your prepared statement in the record at this point, after which we will have some questions for you.

[The statement follows:]

PREPARED STATEMENT OF JACK R. BORSTING

ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)

Mr. Chairman and Members of the Committee:

My purpose today is to provide a broad overview of the Defense budget that will serve as a framework for your later and more detailed discussions with representatives of the military departments and agencies.

During most of the discussion I will be addressing the total defense budget without separate identification of the revisions that have been made since January. However, because of the great interest in those revisions, I will deal specifically with them later in my presentation.

After first addressing the national defense function, I will consider the DoD Budget in somewhat greater detail, covering the economic forecast, and the summary totals for Budget Authority (BA), Total Obligational Authority (TOA), and Outlays.

Following the consideration of the summary budget totals, I will discuss the revisions that carried us from the January budget to the request now before you.

I will then summarize the programs and manpower proposed in the revised budget and in the final section, I will turn to some trends in defense spending. Those trends allow us to step back from the detail and view the Defense effort in a larger context.

II. THE NATIONAL DEFENSE FUNCTION

The National Defense function in the Federal Budget encompasses more than the Department of Defense. It also includes the defense-related atomic energy activities of the Department of Energy, the National Defense Stockpile Transaction Fund (GSA), and various other, relatively small, defense-related activities performed outside the DoD. The totals for this function for FY 1982 are $226,255 million in Budget Authority and $188,826 million in outlays.

The following table shows these totals by activity. The Department of Defense makes up approximately 98% of the total.

FY 1982
National Defense Function
($ Millions)

	BA	Outlays
Defense Appropriations	213,784	180,119
MilCon/Family Housing	8,018	4,681
Subtotal, DoD	221,802	184,800
Atomic Energy Defense Activities	5,000	4,626
Emergency Planning, Preparedness & Mobilization	183	166
GSA Stockpile Sales & Related	-849	-886
Other Defense Related	118	119
Total	226,255	188,826

Totals are rounded.

DoD Contingencies

Contingent items included in the DoD amounts total $5,487 million in budget authority and $5,400 million in outlays. These items are generally

related to military and civilian pay and benefit proposals that will in most cases be submitted in the next session and which are dependent in some instances on enactment of legislation. Although not yet submitted to the Congress, they are a part of the National Defense Budget totals and are considered for congressional scorekeeping.

Category	Budget Authority	Outlays
10/1/81 Civilian and Military Pay Raises	5,411	5,325
FY 1982 Wage Board Pay Raises	86	85
Retired Pay Legislation	-380	-380
Other Legislation	370	370
Total Contingencies	5,487	5,400

III. THE DoD BUDGET

The DoD portion of the National Defense Budget is summarized below.

Department of Defense Estimates
($ Billions)

Current Dollars	FY 1980 Actual	FY 1981 Estimate	FY 1982 Estimate	Increase FY 1981-82	% Increase
Total Obligational Authority (TOA)	142.0	178.0	222.2	44.2	24.8
Budget Authority (BA)	142.6	177.1	221.8	44.6	25.2
Outlays	132.8	158.6	184.8	26.2	26.5
Constant FY 1982 Dollars					
Total Obligational Authority (TOA)	172.6	193.9	222.2	28.3	14.6
Budget Authority (BA)	173.0	193.0	221.8	28.8	14.9
Outlays	162.7	174.0	184.8	10.8	6.2

The FY 1982 Department of Defense (DOD) budget is $ 222.2 billion in TOA. Real growth amounts to $ 28.3 billion or 14.6%. The budget authority amounts and percent changes differ slightly from those for TOA because of reimbursements in the military construction and family housing areas. Outlays in FY 1982 reflect a real growth of $10.8 billion (6.2%).

Estimation of future costs and the preparation of budgets require an estimate of future price changes. The economic assumptions used in preparation of the Defense budget are presented in the next table.

Pay and Inflation Rate Assumptions
FY 1980-1986
Annual Percentage Change

Category	1980 to 1981	1981 to 1982	1982 to 1983	1983 to 1984	1984 to 1985	1985 to 1986
Pay:						
Military	13.2	13.4	8.9	7.9	7.0	6.4
General Schedule	9.1	4.8	7.0	7.0	7.0	6.4
Wage Board	8.3	6.5	5.5	6.0	6.0	6.2
Military Retired Pay	12.3	7.8	8.0	6.0	4.8	4.1
Industry Purchases (Non-Pay)	10.0	8.7	7.3	6.2	5.5	5.0
Composite DoD	11.6	9.7	7.5	6.5	5.8	5.3

In FY 1982 military pay is assumed to increase by 13.4%; general schedule (GS) and wage board are both capped at 4.8%. The projected increase of 6.5% from FY 1981-FY1982 for wage board personnel results from the annualization of the FY 1981 and the FY 1982 pay increase. The 13.4% increase in military pay results from annualization of the 9.1% increase proposed in January for October 1, 1981 and an additional 5.3% increase we are proposing effective July 1, 1981. The industry purchase inflation rate (8.7%) is the Office of Management and Budget's estimate of the GNP deflator.

The forecasts for fiscal years 1983 to 1986, which are presented in the next table, are based on the economic assumptions just discussed.

Long Range Forecasts
And Inflation Assumptions

	FY 1981	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
TOA ($ Billions):						
Military Retired Pay	13.8	15.6	17.1	18.7	20.2	21.6
Other Mil. Functions	164.2	206.8	237.7	270.5	306.3	345.9
Total, Current Prices	178.0	222.2	254.8	289.2	326.5	367.5
Total, Constant (FY 1982) Prices	193.9	222.2	238.4	255.1	272.9	292.0
Percent Change	12.4%	14.6%	7.3%	7.0%	7.0%	7.0%
Outlays ($ Billions):						
Military Retired Pay	13.8	15.4	17.1	18.7	20.2	21.6
Other Mil. Functions	144.8	169.4	204.0	231.1	277.1	314.4
Total, Current Prices	158.6	184.8	221.1	249.8	297.3	336.0
Total, Constant (FY 1982) Prices	174.0	184.8	205.6	218.1	245.3	236.3
Percent Change	7.0%	6.2%	11.3%	6.1%	12.5%	7.4%
Composite Pay/Price Assumptions (FY 1982= 100) Outlay	91.13	100.0	107.54	114.55	121.22	127.61
TOA	91.80	100.0	106.88	113.37	119.64	125.86

The forecasts project a TOA increase from $222.2 billion in FY 1982 to $367.5 billion in FY 1986. In constant FY 1982 prices that increase is from $222.2 billion in FY 1982 to $292.0 billion in FY 1986. Outlays are projected to increase from $184.8 billion in FY 1982 to $336.0 billion in FY 1986 ($236.3 billion in FY 1982 prices). From FY 1982 to FY 1986 TOA rises by an average of 7.0% per year in real terms.

IV. REVISIONS TO THE JANUARY REQUEST

We are asking for an additional supplemental in FY 1981 of $6.8 billion and a FY 1982 amendment of $25.8 billion. The preceding portions of this statement dealt with the budget including the supplemental and amendment.

The amendment is the net result of program additions to increase capability, a revision of the economic assumptions, and management and operational changes to previous programs.

We have grouped the program additions into fact-of-life, quality-of-life, readiness, modernization, and shipbuilding. The following table details these additions by category and by component.

Program Additions
FY 1981 Supplemental Amendment/FY 1982 Budget Amendment
($ in Millions - TOA)

	FY 1981	FY 1982
By Category:		
Fact-of-Life	2,296	881
Quality-of-Life	665	2,750
Readiness	2,844	8,711
Modernization	2,024	13,729
Shipbuilding	367	3,833
Total Amendments	8,196	29,904
By Component:		
Army	2,600	7,615
Navy	1,607	9,950
Air Force	3,067	9,661
Defense Agencies	438	711
Defensewide	484	1,967
Total Amendments	8,196	29,904

The fact-of-life category includes changes in costs, programs, or operations which have already occurred or are beyond our control.

Increases in fuel costs are included in both FY 1981 and FY 1982. The FY 1981 increase reflects the accelerated decontrol of fuel. That acceleration will not affect the FY 1982 fuel price estimate at this time. The FY 1982 fuel increase is required to place the Defense Stock Fund cash on a level commensurate with the FY 1982 fuel price level. Allowing working fund levels to be inadequate does not save money, instead, it increases the risk our stocks will be inadequate in time of emergency.

Where the funding of weapons systems was determined to be inadequate to the planned production quantities, we have included these added requirements as facts-of-life. If indeed we intend to procure the systems, then we must program the financial resource. Army systems included within this category are PATRIOT and STINGER; Navy systems include the LVT Service Life Extension Program; and Air Force systems include GLCM and MRASM.

In FY 1982 the Navy will require added funds for the higher tempo characteristic of the Indian Ocean operation. The Air Force deployments of F-4's to Egypt and additional E-3A deployments are included in their FY 1981 supplemental. The fact-of-life category also includes civilian pay raises that were planned for "absorption".

The quality-of-life additions are the COLA for unaccompanied personnel overseas, an aviation continuation bonus, and real property maintenance ($391 million in FY 1982). Our real property maintenance levels must be increased to make up for recent periods of deferred maintenance. These actions will contribute to retention, to improved readiness, and to higher self-respect and morale for our people.

The readiness category includes ammunition for the RDF, increased training for all components, added tank conversions, vehicles, POMCUS and war reserves for the Army. Navy's additions include aviation and ship spares, torpedoes, ammunition, missiles and ordinance, and Marine Corps' firepower equipment. Additions for the Air Force include war reserve spares and munitions, increased exercises, and readiness manpower.

The modernization category provides increases in weapons systems, air defense capability, and mobility. The Army will increase the production levels of XM-1 tanks, UH-60 BLACKHAWK helicopters, AH-64 helicopters, and PATRIOT missiles. The DIVAD gun will go into full scale production and we will procure ammunition to support fielding it. Major investments in Army command, control and communications systems are included, as are increases in tank recovery vehicles, and chemical agent alarms.

The Navy will accelerate development of the DDGX and the MK-48 torpedoes, procure additional F-18's, SH-2F LAMPS helicopters, AV-8B HARRIERS, F-14 aircraft and HARM missiles, among other additions.

The Air Force will increase both tactical and strategic capabilities. Tactical additions include F-15, A-10, and F-16 aircraft. Strategic modernization includes the new manned bomber and reengining of the KC-135. Airfield defense will be enhanced with procurement of the RAPIER air defense missile system for U.S. bases in the United Kingdom.

We are convinced of the necessity for a much stronger Navy and have therefore made substantial additions to the shipbuilding program. Reactivation of the NEW JERSEY, the IOWA, and the ORISKANY will provide near term improvements to the fleet's firepower and ability to respond to crises. New ship additions are one CG-47 cruiser, two FFG-7 frigates, and one SSN-688 submarine. Long-lead funds for another nuclear aircraft carrier, and for an LSD-41 class ship also have been added. In addition, we plan to convert eight, rather than two, SL-7 container ships to improve the fast sealift capability and to convert two, rather than one, commercial ships to a roll on/roll off capability, improving our ability to preposition supplies and equipment.

V. EFFICIENCIES AND ECONOMIES

The Secretary of Defense has outlined a comprehensive package of actions and plans that is expected to save in excess of $31 billion in DoD budget requirements over the next six years. Savings can be grouped under three general categories as follows:

1. The first group, totalling $342 million in FY 1981 and $1.371 billion in FY 1982, consists of reductions in programs requested by the Carter Administration. There are some 51 specific Defense program reductions (22 Army, 18 Navy and 11 Air Force) and the Defense share of the National Oceanographic Satellite System. Sixteen of these 52 are outright cancellations of development programs, saving $209 million in FY 1981 and 1982, and $1.5 billion more through 1986. The balance covers a wide range of operations, maintenance, procurement, military construction, and RDT&E programs being reduced or rephased.

In addition, major changes in DoD's internal operations have been directed that promise major savings in civilian manpower utilization and base overhead ($200 million in FY 1981 and 1982); travel ($33 million); reliance on consultants and contract management services ($150 million); reform of contracting practices ($70 million); productivity improvements based on capital investments ($100 million); and reduced purchases of unneeded and marginally productive equipment ($107 million).

2. With the increased quantities of weapons and equipment planned for procurement, significant economies of scale will be realized. This second group of acquisition management improvements, for instance, will enable Defense to buy, on just 18 major systems, the same quantities in the FY 1981 and FY 1982 Carter budget for almost $700 million less. These same practices applied to other systems and to the increased quantities we propose to buy represent the largest areas of potential future savings in non-pay areas.

3. A third group consists of personnel compensation savings that are expected to result from President Reagan's restraints on Civil Service pay and federal retirement benefits. The President's proposed pay reforms will limit Civil Service pay increases to 4.8 percent, saving $1.6 billion in Defense in FY 1982 compared to current application of comparability surveys. Proposed once-a-year cost-of-living increases in lieu of semi-annual increases for civilian retirees will save $68 million in FY 1981 and $380 million in FY 1982. Proposed military retired pay reforms are estimated to save Defense $2.7 billion by the end of FY 1986. Taken together, these pay reform actions will save over $17 billion in Defense.

In addition to the savings addressed above, which will be continuing, major opportunities exist to make the Department of Defense more efficient while strengthening the nation's defense posture.

The acquisition process appears to offer the largest potential for improved management. A comprehensive internal review of the acquisition process is already underway with initial indications that upwards of $15 billion can be saved by innovative management techniques that incorporate expanded multi-year procurement policies and elimination of barriers in the Small Business Act, the Davis-Bacon Act, and other regulatory restrictions.

Reviews have also been initiated of two key internal processes which play an important roll in shaping the Defense programs - the Planning, Programming and Budgeting System (PPBS) and the Defense Systems Acquisition Review Council (DSARC) processes. Objectives of the review are to streamline the Defense decision-making process, shorten lead-times, improve long-range planning, and improve the match between capabilities and the demands of defense policies and national military strategy. These reviews should be completed by the end of March.

A separate review of facility utilization is also underway to determine the potential for eliminating duplication, consolidating similar functions, and reducing energy-inefficient and operationally costly activities. Such a review is essential in rooting out areas of waste that are a serious drain on defense resources.

These reviews will reduce waste in future Defense programs and increase the capability we buy with each Defense dollar.

Savings from efficiencies and reforms in current operations identified above represent only a beginning. The search for even further savings and efficiencies within the defense program will continue as an ongoing permanent management principle to be exercised by all management levels from the Secretary down to the most remotely located defense establishment. In order to achieve all of these savings, we will need the help of other government agencies, of Congress and of individual members in eliminating barriers to efficient prosecution of vital Defense programs.

VI. ECONOMIC ASSUMPTIONS

The changed economic outlook, as reflected in the OMB's current economic assumptions, reduces the funding required for our program additions. These revised FY 1982 assumptions lower the expected civilian pay raise from 5.5% to 4.8%, increase the expected 9.1% military pay raise by adding a 5.3% increase effective July 1, 1981, lower the expected CPI increase affecting military retired pay from 9.2% to 7.8%, and reduce the rate applicable to purchases from 9.7% to 8.7%. The projections for FY 1983 to FY 1986, which affect our investment programs, are, on the average, about 1.4 percentage points below the January projections.

VII. FY 1982 DEFENSE PROGRAM

The FY 1982 Defense program, and thus the budget, recognizes the current state of world affairs and the hazardous situation which would exist if we were to allow the Soviet Union to amass a preponderance of military power. The Soviet's investments in military hardware and technology have exceeded ours for the last decade. The time has come when we must either increase our own investments in military preparedness or chance finding ourselves in a second-class military position, with all the risks that entails.

In addition, the turbulent world situation is such that no one can foresee where or how our citizens or national resources may be placed at risk by a situation other than direct confrontation with the Soviet Union. Therefore, it is imperative we maintain a strategic force which will deter those who might sieze an opportunity, imagined or real, to overcome us while simultaneously remaining capable and ready to cope with lesser contingencies. It is essential we have both the strategic and general purpose capabilities.

The budget emphasizes modernization, readiness and the quality of life and pay of our military personnel to shape a force which can meet the realities outlined above.

The next table summarizes the DoD budget by appropriation category, by Major Force Program and by component. The last column shows the change from FY 1981 to 1982 in constant FY 1982 dollars.

Department of Defense Budget
Total Obligational Authority
(Billions of Constant FY 1982 Dollars)

	FY 1980	FY 1981	FY 1982	Change FY 1981-82
By Appropriation Category				
Military Personnel	42.0	43.3	43.8	+ 0.5
Retired Pay	14.4	14.9	15.4	+ 0.5
Operation and Maintenance	55.6	60.1	64.1	+ 4.0
Procurement	40.4	51.4	68.9	+ 17.5
RDT&E	15.7	17.9	21.4	+ 3.5
Military Construction	2.6	3.7	5.8	+ 2.1
Family Housing	1.8	2.2	2.3	+ 0.1
Revolving & Management Funds	-	.4	.6	+ 0.2
Total	172.6	193.9	222.2	+ 28.3
By Major Program				
Strategic Forces	13.4	14.3	17.5	+ 3.1
General Purpose Forces	63.3	74.9	89.8	+ 14.9
Intelligence and Communications	10.9	12.4	14.6	+ 2.2
Airlift and Sealift	2.7	3.3	4.4	+ 1.1
Guard and Reserve Forces	9.8	11.0	11.3	+ 0.4
Research and Development	13.8	15.4	18.2	+ 2.8
Central Supply & Maintenance	18.3	19.1	20.1	+ 1.0
Training, Medical, Other Gen. Pers. Activ.	36.5	38.7	40.9	+ 2.2
Administrative and Assoc. Activities	3.1	3.8	4.2	+ 0.4
Support of Other Nations	0.8	1.1	1.3	+ .2
Total	172.6	193.9	222.2	+ 28.3
By Component				
Army	42.5	47.9	54.7	+ 6.8
Navy	56.8	63.9	72.6	+ 9.6
Air Force	50.8	58.1	68.6	+ 10.5
Defense Agencies/OSD	6.1	7.2	8.0	+ .8
Defense-Wide	16.4	17.7	18.3	+ .6
Total	172.6	193.9	222.2	+ 28.3

Military Personnel

The real increase (after adjusting for inflation) in TOA for military personnel in FY 1982 is $500 million. Active strengths increase by 44,544, resulting in an increase of 30,473 in the average strengths. Reserve end strengths increase by 40,743 with the average strength increasing by 43,367.

Changes in Active Duty Strengths

	Average	End
Army	+ 3,001	+11,000
Navy	+11,582	+14,244
Marine Corps	+ 1,469	+ 1,500
Air Force	+14,421	+17,800
Total	+30,473	+44,544

Changes in Reserve Strengths

	Average	End
Res. Pers., Army	+21,847	+22,594
Res. Pers., Navy	+ 200	+ 159
Res. Pers., Marine Corps	+ 1,751	+ 1,887
Res. Pers., Air Force	+ 2,840	+ 3,211
ARNG Pers.	+15,520	+11,875
ANG Pers.	+ 1,509	+ 1,017
Total	+43,367	+40,743

The increases in military manpower are needed to improve the capability and readiness of our forces, both to support increased force levels and to adequately man the existing forces. The Army increases are associated with fieldng new weapon systems and reduction of overseas tour lengths. The Navy increases will improve the overall manning of the afloat forces. The Marine Corps increase will be used to bring Fleet Marine Force units to full strength with a consequent increase in readiness. The Air Force increases will be applied to improve maintenance and training and to eliminate wartime manning shortages.

To continue the recent improvements in recruiting and retention we are proposing a 5.3% pay increase for military personnel to be effective July 1, 1981. This increase is in addition to the 9.1% increase already planned for October 1, 1981. Taken together, these two increases should restore military pay to a level competitive with pay in civilian life and enable us to attract and retain the high quality personnel we must have.

In addition, we have budgeted a Cost of Living Allowance for unaccompanied-personnel overseas and an aviation continuation bonus. The COLA, payed at 47% of the rate applicable to accompanied personnel living on the local economy, will correct an unfair and unwarranted distinction which has adversely affected morale and retention. The aviation continuation bonus will improve retention of air crew members.

Operation and Maintenance

Operation and Maintenance funds are increased by $3.9 billion in FY 1982 dollars; most of that change is connected with increases in readiness. Forces are not ready for war simply because they can, or do, operate in peacetime; wartime maintenance and repair demand levels would be well in excess of the peacetime levels. While we can operate in peacetime with a large backlog of depot maintenance, in wartime that backlog would mean an inadequate flow of spares and parts. O&M funding has been increased to the reduce the depot maintenance backlog.

The fielding of new and improved weapon systems increases the requirement for operation and maintenance funds. The Army's force initiatives include activation of one armor battalion, one PATRIOT battalion, two Tactical Exploitation Battalions, six Combat Electronic Warfare and Intelligence battalions, and conversion of four 105mm Field Artillery battalions to 155mm. The Navy's active fleet will increase by a net of 22 ships as fleet submarines and surface combatant forces increase through the addition of 20 major combatant ships, 5 patrol missile combatant ships, and 3 fleet support ships and commercial acquisitions. These additions are offset by the retirement of older ships and the transfer of four fast frigates to the Navy Reserve. The Air Force will receive additional A-10, F-15, and F-16 aircraft, and will continue the program of transferring more capable aircraft to the Reserves.

In addition to the added training required for new weapon systems we plan to increase the intensity and length of training for the current forces. These changes involve both formal training and exercises. For example, the Marine Corps will increase training in skills critical to fighting in the mountain and desert environments of Southwest Asia, the Air Force will increase flying training and maintenance training, the Navy will increase pilot training and has added a Nuclear Power Officer Course for the Naval Reserve, and JCS exercises will increase. Civilian personnel end strengths are also programmed to increase over prior years.

Civilian End Strengths

	1980	1981	1982
Army	360,508	370,633	381,716
Navy	308,711	317,509	312,989
Air Force	244,342	243,834	247,353
Defense Wide	76,854	81,942	82,842
Total	990,415	1,013,918	1,024,900

These increases will support an improved depot maintenance and logistics posture, free military manpower from support duties that would have been performed in the past by civilians had the end strengths been available, and provide more efficient procurement and contracting services. The bulk of the increase (34%) is for maintenance and logistics activities and to release "borrowed" military manpower to their essential military functions (53%). These increases have already been partially offset by an anticipated 10,000 space reduction associated with additional contracting out of work. Although a relatively small part of the total, added manning in audit, procurement, and contract administration should contribute significantly to our ability to get the most out of the available dollars.

Procurement

The following is a summary of the FY 1982 procurement program by military department.

Army Procurement Program
(Millions of Constant 1982 $)

	1980	1981	1982	Change 1981-1982
Aircraft Procurement	1,081.1	1,281.6	1,797.4	+ 515.8
Missile Procurement	1,322.7	1,650.5	2,842.5	+1,192.0
Weapons and Tracked Combat Vehicles	2,067.4	3,591.5	4,142.7	+ 551.2
Procurement of Ammunition	1,322.6	1,673.9	2,444.5	+ 770.6
Other Procurement	1,691.5	3,143.1	3,869.6	+ 726.5
Total	7,485.3	11,340.6	15,096.7	+3,756.1

The emphasis in the Army aircraft program is concentrated in the UH-60A BLACKHAWK and AH-64 (AAH) Attack Helicopter procurement programs. Spares and repair parts and flight simulators are also emphasized. Missile procurement is highlighted by increases in the PATRIOT, HELLFIRE, STINGER, and ROLAND programs. Procurement of the Fighting Vehicle System is increasing from 400 to 600 and XM-1 tank production will rise in FY 1982 from 569 to 720. The DIVAD gun is funded with initial production at a rate of 50 for FY 1982.

The major increases in ammunition procurement are for 8-inch artillery projectiles, the VIPER rocket system, ammunition for the 25mm BUSHMASTER weapon system, and 155mm artillery-delivered mines. The increases in other procurement are primarily for support vehicles and equipment.

Navy Procurement Program
(Millions of Constant 1982 $)

	1980	1981	1982	Change 1981-1982
Aircraft Procurement	4,974.1	6,673.2	9,352.5	+ 2,679.3
Weapons Procurement	2,274.4	2,911.5	3,271.8	+ 360.3
Shipbuilding & Conversion	7,255.3	8,236.9	10,290.1	+ 2,053.2
Other Procurement	2,964.0	3,237.6	3,865.0	+ 627.4
Procurement, Marine Corps	312.7	537.2	1,828.2	+ 1,291.0
Total	17,780.5	21,596.4	28,607.6	+ 7,011.2
Total Excluding SCN	10,525.2	13,359.5	18,317.5	+ 4,958.0

The Navy aircraft program is highlighted by increases in the production of the F-18 to 63, initial procurement for the SEAHAWK LAMPS ASW helicopter program, one additional TACAMO aircraft, and reopening of the SH-2F ASW helicopter production line. Spares and repair parts are emphasized to support new

aircraft and war reserve engines. The increases for weapons include TRIDENT I missiles, TOMAHAWK, HARPOON, RIM-66C STANDARD MR, RIM-66B STANDARD MR, and RIM-67B STANDARD ER.

The FY 1982 shipbuilding and conversion program provides 18 new construction ships, acquisition of seven ships, conversion of 10 ships (including four acquired in FY 1982), and two reactivations. The new ships in FY 1982 are the tenth TRIDENT nuclear strategic missile submarine, two additional SSN-688 class nuclear attack submarines, three CG-47 Class AEGIS cruisers, three FFG-7 patrol frigates, the leadship of a new class of mine countermeasures ship, two additional ARS salvage and rescue ships, four TAGOS SURTASS (antisubmarine warfare) ships, the leadship of a new class of TAO oilers, and the leadship of the TAKX Class Maritime Prepositioning Ship. Also included are acquisition of two Royal Fleet Auxiliary ships for use as Military Sealift Command-operated TAFS Stores Ship and two commercial cargo ships for FY 1982 conversion to a TAKX Roll-On/Roll-Off ships. Two SL-7 container ships will be acquired in FY 1982 and all eight ships converted to Fast Logistics Ships (TAKRXS). Funds are requested to acquire a Sea Bee Barge Ship, to reactivate the Battleships NEW JERSEY and IOWA and the carrier ORISKANY, and long-lead funds for a NIMITZ class carrier and an LSD-41 class Landing Dock Ship.

The increases in other procurement are primarily for support equipment for the new weapon systems entering the inventory. There are major increases in Marine Corps procurement for ammunition, communications and electronic equipment, weapons/combat vehicles, and support equipment and vehicles.

Air Force Procurement Program
(Millions of Constant 1982 $)

	1980	1981	1982	1981-1982
Aircraft Procurement	9.174.4	11,065.1	14,751.9	+ 3,686.8
Missile Procurement	2,512.5	3,601.7	4,658.2	+ 1,056.5
Other Procurement	3,106.3	3,407.1	5,233.6	+ 1,826.5
Total	14,793.2	18,073.9	24,643.7	+ 6,569.8

The increases in aircraft procurement provide continued production of A-10, F-15, F-16, E-3A (AWACS), TR-1, and KC-10 aircraft, and a new manned bomber. The A-10 program provides procurement of an additional 46 of the single-seat version and 14 of the two-seat version. The F-15 program will continue at the FY 1981 production rate of 42 aircraft with FY 1983 advance procurement funds for another 42 aircraft. The F-16 program provides procurement of the fifth production lot of 120 aircraft.

The E-3A program procures two additional aircraft and the KC-10 program another eight tanker/cargo aircraft.

The Long Range Combat Aircraft program, included at a level of $2.1 billion, would initiate procurement of a new manned bomber. Whether that bomber will be a B-1, an F-111 modification, or an advanced technology aircraft has not been determined. We are agreed, however, that a new manned bomber is essential.

Aircraft procurement funds are also provided for substantial increases in our stocks of war readiness spares, because without them we cannot adequately sustain aircraft forces in event of war.

The increases in the Air Force missile program are for GLCM (54 missiles), IR MAVERICK (AGM-65D), the first two production satellites of the NAVSTAR Global Positioning System, 2 DSCS satellites, and the Defense Support Program. The increases in other procurement are for electronic and communications equipment, munitions, vehicles, and various base maintenance and support equipment.

RDT&E PROGRAMS

By Component
(Millions of Constant 1982 $)

	1980	1981	1982	Change 1981-1982
Army	3,159.0	3,403.0	3,927.6	524.6
Navy	5,120.6	5,424.9	6,109.4	684.5
Air Force	5,871.2	7,656.6	9,415.4	1,758.8
Defense Agencies	1,150.6	1,395.5	1,882.5	487.0
Director of T&E	47.4	45.0	53.0	8.0
Total	15,348.8	17,925.0	21,387.9	3,462.9

Modernization of our strategic forces is one of the most significant areas of emphasis in the DoD budget. The MX missile development program, funded at $2.5 billion is a key component of that modernization program. Other strategic program increases provide for continuing the development of cruise missile systems, adaptation of the B-52's to carry the ALCM, and continuation of the TRIDENT systems development. Funds are also provided for research on the defense related aspects of the Space Shuttle, the Defense Support Program (DPS) and an over-the-horizon radar system. Development of the Long Range Combat Aircraft, initiated at $265 million in FY 1981, is continued at $335 million.

Support to the Rapid Deployment Forces, improvements in our antiarmor capabilities, and enhancement of our air and naval superiority are of critical importance in the tactical area. The C-X airlifter program, Infantry Manportable Anti-Armor Weapon Systems (IMAAWS), Advanced Multi-Purpose Armored System, CHAPPARAL missile system, HAWK improvement program, air-to-air and air-to-ground missile improvement programs, advanced torpedo development, Submarine Advanced Combat System (SUBACS) and the DDGX Guidded Missile Destroyer are especially important to our future force structure plans.

Technology Base and Advanced Technology Development programs include the High Energy Laser efforts, Charged Particle Beam programs, Very High Speed Integrated Circuits (VHSIC), and space defense efforts. It is essential we continue to invest in basic research if the Nation is to maintain its technological superiority.

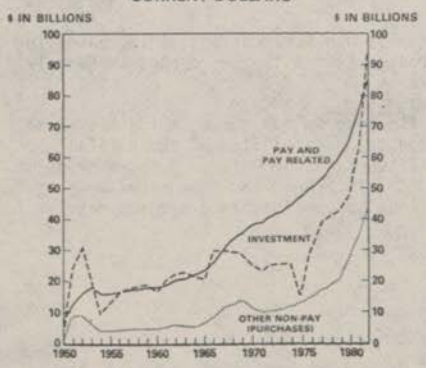
VIII. TRENDS IN DEFENSE SPENDING

The following charts portray trends in Defense spending since 1950. The constant dollar chart shows that we have started a turn-around in investment; however, the decline, because of its length and depth, will not be easy to overcome.

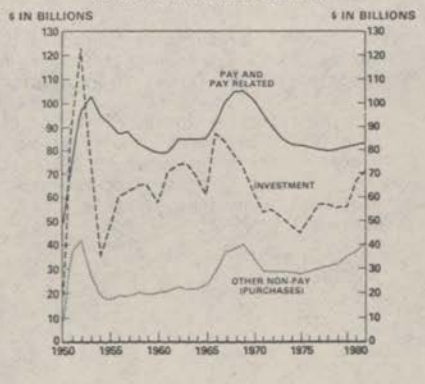
BUDGET TRENDS

TOTAL OBLIGATIONAL AUTHORITY

CURRENT DOLLARS



CONSTANT FY 1982 DOLLARS



The pay and pay related items, after adjusting for inflation, follow the strength levels. The recent increase in military strengths, offset partially by the generally steady decline in civilian strengths, has caused the real growth in pay since FY 1979. The end-strength for military personnel in FY 1979 was at its lowest point since 1950, just prior to the Korean conflict. The civilian strength level of about 990 thousand in FY 1980 is also the lowest level since 1950. The increases in FY 1981 and 1982 support the increased efforts in depot maintenance and other readiness areas.

The "other non-pay purchases" item is primarily the non-pay portion of Operation and Maintenance. Growth in this sector is due to contract conversion of civilian personnel, depot maintenance activities, increased emphasis on base operations, supply inventories , and real property maintenance. There have been significant inflationary pressures on this category because of increases in fuel costs.

As resources were shifted from investment to the personnel and operations accounts during the Viet Nam conflict, investment declined in real terms. The growth we see since FY 1975 has simply replaced older inventory. The rapid increase in technological development of the Soviets has narrowed U.S. technological advantages. Investments in R&D and procurement must be continued if that advantage is to be restored. The recent emergence of the Rapid Deployment Force, the emphasis on airlift, sealift, and readiness are efforts to rebuild and expand the military capability in place.

Mr. Chairman, that concludes my presentation and I would be happy to respond to any questions you may have.

CUMULATIVE PAY INCREASE

Senator STEVENS. All right, we will proceed on the 5-minute rule.

I would like to ask you some questions about this pay. It is my understanding from reading your statement and from your charts that we had an accumulative pay increase now for the military in these two fiscal years which is substantial. What does that amount to? What is that accumulative?

Dr. BORSTING. That is about 26 percent. I should mention on these two charts that is annual.

Senator STEVENS. In fact it is higher than that, isn't it? If you put 13.4 on top of 13.2 you get more than that.

Dr. BORSTING. It has a compounding effect.

Senator STEVENS. Yes. Now at the same time the civilians in your Department have had a total of 13.9 percent. Has there been any indication of any switching from civilian to military, going into uniform in the same positions?

Dr. BORSTING. I keep thinking that with the military pay raises I wish I was a little younger. I might join the military.

But seriously, to answer your question, the only thing that has been going on recently is that we have got some increased civilian strength so that particularly in the Army we can remove some of the military people that are doing civilian jobs and substitute civilians for them.

Senator STEVENS. What is the true comparison though? The military does not make any contribution to the retirement fund, right?

[Dr. Borsting nods in the affirmative.]

Senator STEVENS. But the civilians do.

Dr. BORSTING. That is correct.

DISPARITY BETWEEN MILITARY AND CIVILIAN RETIREMENT

Senator STEVENS. So if you take out the retirement concepts, there is an even greater disparity between civilian and military pay. Could you give me a chart that would show that for the record?

Dr. BORSTING. I would be happy to give you that comparison.

[The information follows:]

SELECTED EXAMPLES OF ANNUAL MILITARY COMPENSATION
(Pay Scales as of 1 October 1980)
BASIC MILITARY COMPENSATION [1]

Pay Grade	Years of Service[2]	Typical Number of Dependents	Basic Military Compensation	Federal Income Tax[3]	FICA [4]	Take Home[5] Pay
O-10	26	1	$64,701	$13,853	$1,975	$41,697
O-9	26	2	64,681	13,363	1,975	42,187
O-8	26	2	64,681	13,363	1,975	42,187
O-7	26	2	60,195	11,512	1,975	39,916
O-6	22	3	48,659	7,444	1,975	34,455
O-5	16	3	38,566	4,711	1,945	28,693
O-4	10	3	31,072	3,050	1,547	24,229
O-3	4	3	26,160	2,135	1,289	21,050
O-2	2	2	19,833	1,234	928	16,440
O-1	<2	1	15,953	898	738	13,381
W-4	26	3	33,243	3,637	1,696	25,556
W-3	20	3	26,843	2,296	1,338	21,491
W-2	16	3	22,872	1,626	1,128	18,789
W-1	10	3	19,321	1,054	928	16,271
E-9	22	3	27,042	2,246	1,324	21,650
E-8	18	3	22,627	1,463	1,076	18,656
E-7	14	3	19,604	1,001	908	16,514
E-6	8	3	16,410	522	726	14,172
E-5	4	2	14,271	241	597	12,383
E-4	3	1	12,830	389	538	11,081
E-3	<2	1	11,272	219	463	9,878
E-2	<2	0	10,101	549	446	8,457
E-1	<2	0	9,302	425	400	7,867

[1] Basic Military Compensation is the sum of basic pay, quarters and subsistence allowances (either cash or in-kind), and the Federal income tax advantage on those allowances. Cash rates for the quarters and subsistence allowances were used for these examples. It must be recognized that many military personnel, particularly in the lower enlisted grades, are required to live in government quarters and subsist in government dining facilities, e.g., barracks and ships, and do not receive cash allowances. Also, military personnel living in the civilian community in CONUS are eligible for a Variable Housing Allowance (VHA).

[2] Length of service for pay purposes of the personnel in each pay grade.

[3] Calculated on basic pay using the standard deduction and 1980 income tax rates.

[4] The military member is required to contribute 6.65% of the first $29,700 of basic pay to social security.

[5] Take home pay equals basic military compensation minus Federal income tax, FICA, and tax advantage.

NOTE: Figures may not add to rounding.

SELECTED EXAMPLES OF GENERAL SCHEDULE SALARIES
(OCTOBER 1980)

Grade	Step	Number of Dependents	Salary	Federal Income Tax [1]	Retirement Contribution [2]	Take Home Pay [3]
GS-18	1	1	$50,112	$13,363	$3,508	$33,241
GS-17	4	2	50,112	13,363	3,508	33,241
GS-16	4	2	50,112	13,363	3,508	33,241
GS-15	4	3	49,002	12,377	3,430	33,195
GS-14	4	3	41,657	9,219	2,916	29,522
GS-13	4	3	35,252	6,701	2,468	26,083
GS-12	4	3	29,645	4,839	2,075	22,731
GS-11	4	3	24,736	3,423	1,732	19,581
GS-10	4	3	22,513	2,868	1,576	18,069
GS-9	4	2	20,445	2,612	1,431	16,402
GS-8	4	2	18,509	2,162	1,296	15,051
GS-7	4	2	16,711	1,784	1,170	13,757
GS-6	4	2	15,040	1,433	1,053	12,554
GS-5	4	1	13,493	1,331	945	11,217
GS-4	4	0	12,058	1,617	844	9,597
GS-3	2	0	10,092	1,196	706	8,190
GS-2	1	0	8,951	968	627	7,356
GS-1	1	0	7,960	779	557	6,624

[1] Calculated using the standard deduction and 1980 income tax rates.

[2] General Schedule employees contribute 7% of salary to a retirement fund.

[3] Take home pay equals salary minus federal income tax and retirement contribution.

EFFECT OF PAY CAP ON MILITARY

Senator STEVENS. Where does the impact of the pay cap hit the military? With these kinds of increases it must be coming down in grades.

Dr. BORSTING. I would guess it is certainly down through colonel.

Mr. BEACH. It is down at O–7.

Dr. BORSTING. That is a brigadier general.

Senator STEVENS. Could you give us a chart on that too, where it impacts your military and where it impacts your civilians?

Dr. BORSTING. The civilians is down to the GS–15 and I think the higher GS–14's.

[The information follows:]

MILITARY PAY GRADES AFFECTED BY PAY CEILING

MILITARY PERSONNEL AFFECTED BY PAY CEILING

Grade	Number	Percent of members in that grade
Chief of Staff	5	100
O–10	31	100
O–9	110	100
O–8	386	100

OCCUPIED CIVILIAN POSITIONS IN DOD AFFECTED BY STATUTORY CEILING

Grade	Number	Percent of total in grade
Executive level: [1]		
1	1	100
2	4	100
3	2	100
4	21	100
5	3	100
General schedule: [1]		
18	4	100
17	5	100
16	55	100
ST positions (no grades)	14	100
Senior Executive Service: [1]		
Level 6	8	100
Level 5	23	100
Level 4	890	100
Level 3	88	100
Level 2	67	100
Level 1	61	100
General schedule grade 15: Steps 5–10 [2]	[3] 4,271	72
Total	5,517	

[1] Source OPM EPMD Report Number 34, Dec. 31, 1980 (occupied positions).
[2] DMDC as of Dec. 31, 1980 (occupied positions).
[3] Total in grade 15, steps 1–10—5,959.

CONTINGENCY RESERVE

Senator STEVENS. I think it is GS–14 already.

In terms of the question that Senator Schmitt asked about being realistic, am I correct that in your procurement, you still have in your purchase item a contingency of about 10 percent in addition to the inflation?

Dr. BORSTING. A contingency item?

Senator STEVENS. We went through this once before. In your presentation there was included in the estimates a 10 percent contingency, and then inflation was put across the board on all the items. Is that still the case?

Dr. BORSTING. I am not sure I understand the part about the contingency. Are you talking about that contingency that I presented in my statement and talked about in my second viewgraph, or is this a different contingency?

Senator STEVENS. When you procure a tank, we had the tank account and you spread it out up there one time. We went through it. Maybe Senator Stennis will remember this. I had an argument at one time about it with some of the witnesses. There was a contingency item included in that procurement and in addition inflation was put on top of that. Now is that still the case in your procurement items?

Mr. SHERICK. You are talking about the management reserve in the procurement line items?

Senator STEVENS. Yes. How much is that?

Mr. SHERICK. There is a management reserve in each procurement program, such as the XM-1, and the program manager has a management reserve and that is for engineering change orders, growth, and the kinds of things that impact uniquely on that weapon system.

Inflation impacts across the board every weapon. When our requirements come to you, every item in the budget is priced properly including the inflation that we think is going to happen. The administration has said what the inflation will be.

The management reserve is different for every weapon system. It depends on the risk involved in introducting a weapon system, where it happens to be in the development chain or procurement chain. They are carried as management reserves as part of the weapon system force.

They are two different things. One is unique to the system itself and the other is common to every system.

Senator STEVENS. Maybe we need a track record, something like you requested in other items, of what has been the estimate in previous years and what has been the actual experience in some of the specifics.

Mr. SHERICK. On major weapons?

INFLATION ESTIMATES

Senator STEVENS. Don't you have an industry purchases contingency too?

Mr. SHERICK. Yes.

Senator STEVENS. What did you call it? I call it contingency.

Mr. SHERICK. There is a management reserve in the major procurement program.

Senator STEVENS. Does that go into industry purchases too?

Mr. SHERICK. Yes.

Senator STEVENS. I would like to look at that, because I would call that a redundant inflationary item.

Thank you very much.

Go ahead.

Senator SCHMITT. To the degree that it contains contingency other than change orders and unforeseen technical things, I would agree with you.

Dr. BORSTING. We will provide you with a statement for the record.

Senator STEVENS. Just take one item and let's see what happens to it.

[The information follows:]

INFLATION EXPERIENCE OF KC-10 AIRCRAFT

The KC-10 production contract contains an Economic Price Adjustment (EPA) clause based on the performance of four Bureau of Labor Standards indices. These idices are:

SIC 3721 Aircraft Production Workers.
SIC 3724 Engine and Engine Parts Workers.
WPI-IC Industrial Commodities.
WPI-10 Metals and Metal Products.

Aircraft No. 2 (fiscal year 1979 program) and aircraft Nos. 3-6 (fiscal year 1980 program) were priced based on established OSD inflation indices. The following indicates the impact of inflation to both contracts:

	Cost	Index
KC-10 Aircraft No. 2 (fiscal year 1979):		
Budget cost (OSD indices)	$44,577,307	1.358
Actual final price (BLS indices)	47,710,414	1.453
Inflation cost growth	+3,133,107	
KC-10Aircraft Nos. 3-6 (fiscal year 1980):		
Budgeted cost (OSD indices)	165,474,674	1.441
Current estimate (BLS indices)	182,232,036	1.587
Inflation cost growth	+16,757,362	

The fiscal year 1979 cost growth was accommodated by reprograming from other aircraft programs. The fiscal year 1980 cost growth was accommodated by utilizing KC-10 Engineering Change Order (ECO) funds normally reserved for unknown but anticipated ECOS and deferring KS-10 support items to a subsequent fiscal year.

IMPROVEMENTS TO ALL-VOLUNTEER FORCE

Senator STEVENS. Senator Stennis?

Senator STENNIS. Gentlemen, I don't have any questions at this point. This is one of the most difficult fields in all of the military that I have seen. It has been that way for years. I think the only way to really get the full picture is to have a real indepth hearing after competent people have been given time to prepare and get down to the very end of this thing. We have basic pay and all these add ons to compound the confusion. This involves personnel policies, retirement, and retirement pay after 20 years of service. All of that is tied together with reservists, and the National Guard.

So I think now we are in a situation where we should get together something that would make this volunteer forces concept work better and be right where we were 10 years ago on that. But until the committees have something like that and I would think that the Senate and the House Committees on Armed Services

could get together on a joint effort to get the facts. But it is well to go over it.

One of the basic decisions we have to make, this is my main point, is consideration in trying to find a new starting point in this military retirement. It is running around $12 billion a year. I was one who predicted it was going to be in the billions. You know, someone else figured it out for me; I didn't do it. And it has not been adjusted yet.

I propose that to let the old system run out and start a new one. Start a new system now to which they contribute. When the old system finally runs out, then the new system will take over. That is one way to get ahead, perhaps the only way to get to adjust that. I say that deliberately. I doubt that the Congress will work out one that will be acceptable and fair.

I am concerned about this. You keep in pursuit of it and don't hold back at all. But I believe it is so complicated, particularly this year.

That is all I have.

Senator STEVENS. Thank you, Senator.

I am working on that bill to do just that: start the new retirement system for new people coming into the military on comparable contributions to civilian retirement system.

Senator STENNIS. I think that would be a fine contribution to get something like that, and it would be fair too.

Senator STEVENS. Senator Schmitt?

DANGERS IN EROSION OF ALL-VOLUNTEER FORCE

Senator SCHMITT. Thank you, Mr. Chairman.

It looks to me like that is the trend anyway on the volunteer force pay scale and hopefully the Congress can provide some other benefits to stop the erosion of that force. It is getting very, very serious. I hope that the Reagan administration feels that what you are asking here is sufficient to stop the erosion of trained, experienced personnel from our various forces. You talk about procuring all that equipment. We aren't going to have anybody to maintain it or to fly it or to drive it or to sail it unless you think this is really enough.

I don't think you are going to have a military draft in the foreseeable future, and so the essential backup with or without a draft of that volunteer force of reservists and National Guard will not be there. It doesn't look to me like you are making a comparable effort to repair the deficiencies in the Guard and Reserve forces. Can you somehow give us a warm feeling about that?

Dr. BORSTING. Let me first comment about the pay. I think that the administration feels very strongly that they want to increase the retention of the All-Volunteer Force, and this was the reason for the 5.3-percent in July and also the extra benefits. One could have waited, because retention is increasing, and said let's see how this goes. But I think that it was felt that this was so important that one should put in these added benefits to be sure it happens, that you not only have increased retention but you attract the people you would like to have.

GI BILL

Senator SCHMITT. Do you assume a GI bill?

Dr. BORSTING. No. The GI bill is under study. I think the Department feels in general that educational benefits are good, but there was a congressional study, due to be completed in September, on trying out some aspects of the GI bill. So we plan on evaluating that and then making our decision whether to go with a GI bill.

Senator SCHMITT. Do you think a new experiment is necessary? It seemed to be quite a successful program in the past.

Dr. BORSTING. It is not just whether we have a GI bill, but what type of GI bill we have. Actually it was a study that the Congress wanted and appropriated quite a bit of money for. I think we should try to evaluate that before we decided for sure, but that will come this year.

EFFECT OF PROCUREMENT ON RESERVE AND GUARD FORCES

Senator SCHMITT. Tell me a little more about the procurement and how that will modernize the Reserve and Guard Forces. The Army National Guard for example is using N–42's and there is not even ammunition in the inventory for that type of antiaircraft weapon.

Dr. BORSTING. I am sure each of the services will comment on that when they come before this committee.

Senator SCHMITT. Was there a philosophy in the development of the budget? That is what we are getting at this morning.

General BROWNING. As far as the Air Force goes——

Senator SCHMITT. If the rest of the service Reserve and Guard Forces were in the same shape as the Air Force, I wouldn't even ask questions.

General BROWNING. They are modernizing in the Reserves, going to F–4D's and A–10's.

Senator SCHMITT. I would think less of the Air Force if they did not utilize the experience that they have out there in the Guard Forces and Reserve Forces.

And they have an entirely different approach, it seems to me, as to how they use their Reserve and Guards. It is too bad the rest of the services can't adopt that.

Admiral MILLER. We are not increasing the Naval Reserve to any great extent this year. We are moving four modern destroyers in replacing some old ones. We have a program of moving a complete class of the 1052 destroyers and that will be 12 new destroyers replacing old World War II destroyers that are getting very old.

Senator SCHMITT. Are these 12 new ones that will be manned by reservists?

Admiral MILLER. Yes, sir. These will be Reserve destroyers. They are not new. They are more modern than what they have now, the 1052 class which we have been steaming with the fleet right up to this moment.

On the aviation side we have a very effective patrol reserve. We actually have 13 squadrons and they meet worldwide commitments with the regular Navy in patrolling the oceans and doing antisubmarine warfare. So we think we really have a good leg up on the

aviation side. We have two complete air wings of nine squadrons each for the carrier operations.

But as I say, we are concentrating on trying to build up our Active Forces right at the moment, and we have not made any real large significant additions to the Reserves in the budget.

LOSS OF EXPERIENCED NAVY PERSONNEL

Senator SCHMITT. The Navy has been singled out as being a place where you are losing a large number of experienced people. Are you making any effort to get them to at least go into the Reserve Force?

Admiral MILLER. Yes, sir. We have a very strong program of talking to our people as they are approaching their departure dates and recruiting them into the Reserve forces. This has been quite effective. As a matter of fact we have in our Reserve a rate and experience structure that is far superior to the Active Forces in terms of the percentage of people who are skilled and are rated personnel. It is a much higher percentage in the Reserves than in the Active Forces.

ARMY ACTIONS TO INCREASE PRIORITY OF RESERVES

Senator SCHMITT. Can we hear quickly from the Army?

Mr. HOOLE. As you indicated we have had a problem. We have taken action to increase the priority of the Reserves to give them a comparable priority for the new items with the active unit that has the same mission. So with the 1981 funded delivery period, some of those Reserve units will be getting the new equipment as it comes off the line.

In the supplemental in the amendment, we have also taken action to put in some priority dollars for the lesser items of equipment: spare and repair parts, communications gear, things that were quick delivery. We are moving in that direction and it will start to bear fruit in the coming year.

Senator SCHMITT. Mr. Chairman, I would recommend that we try to get into this maybe in more detail at a later time. I heard recently that some Army Guard units were considered necessary to the Rapid Deployment Force, and when they came down to an exercise they didn't even have the forklifts and transportation units to move the Rapid Deployment Forces where they were supposed to be moved to embark.

It only takes one weak link and the whole thing doesn't work. If you are going to depend on these forces, they have to have the equipment and equipment that works.

Senator STEVENS. We will have a day for the Guards themselves.

MORALE IN NATIONAL GUARD FORCES

Senator SCHMITT. We need to take advantage of the tradition of the Guards. There is no unit in the country probably like the New Mexico Guard with the great tradition of the Philippines and Korea and so forth. And the morale is rock bottom right now.

Dr. BORSTING. I think it depends on the unit. You are right, Senator, that there are some units that have problems. There are other units where morale is very high and they do very well. In

fact I was in Europe last fall at the Army Forger exercise. I believe it was the South Carolina National Guard unit that I talked to that said they were performing as well as they ever had.

Senator SCHMITT. I don't think you will find that as a rule in the Air Guard. It may be common in the Navy.

Dr. BORSTING. I am saying you will find both extremes. It is variable, but you will find both extremes.

Senator STEVENS. Does the pay increase that you mentioned go into the Guard too?

Dr. BORSTING. Yes; they are tied in.

Senator STEVENS. And their Reserve components get the same pay increase?

Dr. BORSTING. Yes.

Senator STEVENS. It is hard to visualize what has happened on those. I hope when you give us the differences that you give us a chart on what was the pay of these people, say in 1979 before these raises and then what are they now, what will they be if we give them these new raises. I want to see what has happened with the civilian military.

You say you expect to convert some military to civilian. How will you do that when you have this great upswing in pay as far as military pay? Will you have to upgrade those positions?

Mr. SHERICK. We will make these pay charts available for the record.

[The information follows:]

DRILL PAY (MUTA-4)*
Effective 1 OCTOBER 1979

PAY GRADE	YEARS OF SERVICE: UNDER 2	2	3	4	6	8	10	12	14	16	18	20	22	26
COMMISSIONED OFFICERS														
O-10	470.64	487.20	487.20	487.20	487.20	505.88	505.88	544.64	544.64	583.60	583.60	622.64	622.64	661.48
O-9	417.12	428.08	457.16	457.16	457.16	448.32	448.32	456.92	466.92	505.88	505.88	544.64	544.64	583.60
O-8	377.88	389.12	398.36	398.36	398.36	428.08	428.08	448.32	448.32	466.92	487.20	505.88	526.16	526.16
O-7	313.92	335.28	335.28	335.28	350.28	350.28	370.64	370.64	389.12	428.08	457.48	457.48	457.48	457.48
O-6	232.68	255.68	272.36	272.36	272.36	272.36	272.36	272.36	281.60	326.20	342.88	350.28	370.64	401.96
O-5	186.12	218.56	233.64	233.64	233.64	233.64	240.76	253.64	270.60	290.88	307.60	316.88	327.96	327.96
O-4	156.88	192.96	203.76	203.76	207.48	216.72	231.48	244.52	255.68	266.84	274.28	274.28	274.28	274.28
O-3	145.80	162.96	174.20	192.76	201.96	209.28	222.52	231.48	237.16	237.16	237.16	237.16	237.16	237.16
O-2	127.28	138.84	166.76	172.40	175.96	175.96	175.96	175.96	175.96	175.96	175.96	175.96	175.96	175.96
O-1	110.32	114.84	138.84	138.84	138.84	138.84	138.84	138.84	138.84	138.84	138.84	138.84	138.84	138.84
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY														
O-3E	0.00	0.00	0.00	192.76	201.96	209.28	222.52	231.48	240.76	240.76	240.76	240.76	240.76	240.76
O-2E	0.00	0.00	0.00	172.40	175.96	181.56	191.04	198.32	203.76	203.76	203.76	203.76	203.76	203.76
O-1E	0.00	0.00	0.00	138.84	148.28	153.76	159.32	164.92	172.40	172.40	172.40	172.40	172.40	172.40
WARRANT OFFICERS														
W-4	148.52	159.32	159.32	162.96	170.40	177.92	185.36	198.32	207.48	214.84	220.52	227.72	235.36	253.64
W-3	135.00	146.44	146.44	148.28	150.84	161.00	170.40	175.96	181.56	187.00	192.76	200.20	207.48	214.84
W-2	118.24	127.88	127.88	131.60	138.84	146.44	151.96	157.52	162.96	168.60	174.20	179.72	187.00	187.00
W-1	98.52	112.96	112.96	122.36	127.88	133.40	138.84	144.56	150.04	155.56	161.00	166.76	166.76	166.76
ENLISTED MEMBERS														
E-9	0.00	0.00	0.00	0.00	0.00	0.00	168.72	172.56	176.48	180.56	184.56	188.16	198.08	217.28
E-8	0.00	0.00	0.00	0.00	0.00	141.56	145.52	149.48	153.32	157.32	160.96	164.92	174.68	194.08
E-7	98.84	105.68	110.64	114.48	118.44	122.16	126.08	130.00	145.48	130.72	143.60	145.52	155.32	174.60
E-6	85.36	93.08	96.96	101.04	104.80	108.64	112.64	118.44	122.16	126.08	128.00	128.00	128.00	128.00
E-5	74.96	81.56	85.52	86.24	95.08	98.96	102.92	106.68	108.64	108.64	108.64	108.64	108.64	108.64
E-4	72.04	76.08	80.52	86.80	90.24	90.24	90.24	90.24	90.24	90.24	90.24	90.24	90.24	90.24
E-3	69.28	73.08	76.04	79.04	79.04	79.04	79.04	79.04	79.04	79.04	79.04	79.04	79.04	79.04
E-2	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68	66.68
E-1	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84	59.84

C/S 729.84 M/S 264.12

NOTE--DRILL PAY IS LIMITED TO $556.88 BY LEVEL V OF THE EXECUTIVE SCHEDULE

*2 TRAINING ASSEMBLIES ON EACH OF 2 SUCCESSIVE DAYS - (4 DAYS OF BASIC PAY)

ODASD(MRA&L)MPP/C
1 OCTOBER 1979

DRILL PAY (MUTA-41*
Effective 1 OCTOBER 1980

PAY GRADE	UNDER 2	2	3	4	6	YEARS OF SERVICE 8	10	12	14	16	18	20	22	26
COMMISSIONED OFFICERS														
O-10	525.72	544.28	544.20	544.20	544.20	565.80	565.80	608.36	608.36	651.88	651.88	695.48	695.48	738.88
O-9	465.92	478.16	488.32	488.32	488.32	500.76	500.76	521.56	521.56	565.88	565.88	608.36	608.36	651.88
O-8	422.00	434.64	444.96	444.96	444.96	478.16	478.16	500.76	500.76	521.56	544.20	565.88	587.72	587.72
O-7	350.64	374.52	374.52	374.52	391.28	391.28	414.00	414.00	434.64	478.16	511.00	511.00	511.00	511.00
O-6	259.92	285.60	304.24	304.24	304.24	304.24	304.24	304.24	314.56	364.36	383.00	391.28	414.00	449.00
O-5	207.88	244.12	260.96	260.96	260.96	260.96	260.92	283.32	302.28	324.00	343.60	353.96	366.32	366.32
O-4	175.24	213.32	227.60	227.60	231.76	242.00	258.56	273.12	285.60	298.00	306.36	306.36	306.36	306.36
O-3	162.84	182.84	194.60	215.32	225.60	233.76	246.32	258.56	264.92	264.92	264.92	264.92	264.92	264.92
O-2	141.96	155.08	186.28	192.56	196.56	196.56	196.56	196.56	196.56	196.56	196.56	196.56	196.56	196.56
O-1	123.24	128.28	155.08	155.08	155.08	155.08	155.08	155.08	155.08	155.08	155.08	155.08	155.08	155.08
COMMISSIONED OFFICERS WITH OVER 4 YEARS ACTIVE DUTY														
O-3E	0.00	0.00	0.00	215.24	225.60	233.76	246.32	258.56	268.92	268.92	268.92	268.92	268.92	268.92
O-2E	0.00	0.00	0.00	192.56	196.56	202.80	213.32	221.52	227.60	227.60	227.60	227.60	227.60	227.60
O-1E	0.00	0.00	0.00	155.08	165.64	171.76	177.96	184.16	192.56	192.56	192.56	192.56	192.56	192.56
WARRANT OFFICERS														
W-4	165.88	177.96	177.96	182.04	198.32	198.72	207.84	221.52	231.76	239.96	246.32	254.36	262.88	283.32
W-3	153.80	163.56	163.56	165.64	167.68	179.84	198.32	196.56	202.80	208.88	215.32	223.64	231.76	239.96
W-2	132.28	142.84	142.84	147.80	155.08	163.56	169.72	175.96	182.84	188.40	194.60	200.76	208.88	208.88
W-1	110.24	126.16	126.16	136.68	142.84	149.80	155.08	161.48	167.60	173.76	179.84	186.28	186.28	186.28
ENLISTED MEMBERS														
E-9	0.00	0.00	0.00	0.00	0.00	0.00	188.48	192.76	197.12	201.68	206.16	210.16	221.24	242.72
E-8	0.00	0.00	0.00	0.00	0.00	158.12	162.56	166.88	171.24	175.72	179.80	184.20	195.04	216.80
E-7	118.48	119.16	123.60	127.88	132.28	136.44	140.84	145.20	151.76	156.08	160.48	162.56	173.48	195.04
E-6	95.36	103.96	108.32	112.88	117.08	121.36	125.80	132.28	136.44	140.84	142.96	142.96	142.96	142.96
E-5	83.72	91.12	95.52	99.68	106.20	110.52	114.96	119.16	121.36	121.36	121.36	121.36	121.36	121.36
E-4	80.48	85.20	89.96	96.96	100.80	100.80	100.80	100.80	100.80	100.80	100.80	100.80	100.80	100.80
E-3	77.40	81.64	84.92	88.28	88.28	88.28	88.28	88.28	88.28	88.28	88.28	88.28	88.28	88.28
E-2	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48	74.48
E-1	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84	66.84

C/S 815.24 M/S 295.84

NOTE--DRILL PAY IS LIMITED TO $556.80 BY LEVEL V OF THE EXECUTIVE SCHEDULE

ODASD(MRA&L)MPP/C
1 OCTOBER 1980

*2 TRAINING ASSEMBLIES ON EACH OF 2 SUCCESSIVE DAYS(4 DAYS OF BASIC PAY)

MILITARY BORROWED LABOR

Mr. SHERICK. It is what we call military borrowed labor. What the Army particularly has been doing in the United States and overseas is where they have consistently put civilians, for instance mostly in base operations, trash collection, maintenance, all those kinds of things, what they have done is levied on the military units to send military people who may be tank crews or anything, but they provide labor for the post commander to do his base operating work.

What we are saying is that when a soldier is not in his tank unit, when he is out there collecting trash or whatever he is doing, he is not training in his job as a tank gunner or whatever. What we are saying is we are putting civilians in the jobs that are properly civilian-type jobs. We are putting them in and saying leave the soldiers in their units and let them train. That is what we are replacing. Military borrowed labor is the expression that they use. We have been doing that over the last several years as a result of cuts in civilian strength.

Dr. BORSTING. In this category I think there isn't any discrepancy that will have much effect on getting civilian personnel.

SPARE PARTS EFFECT ON READINESS

Senator STEVENS. We have been hearing a lot about spare parts being a problem for readiness. Do you have any examples? We have heard about the Navy, for instance, not having enough people to pull a vessel out of Norfolk. Do you have any other similar examples of either lack of personnel or lack of spare parts?

Dr. BORSTING. There has been a lack of spare parts as you just stated. This budget though contains a considerable amount of money to solve this problem. As I mentioned in my opening remarks I believe there is $100 million for the C–5.

PERSONNEL RECRUITMENT AND RETENTION

Senator STEVENS. We will be going into that, but what about the personnel? Are you just assuming automatically that dollars will bring in people? Has that actually resulted in the past years?

Dr. BORSTING. Yes.

Senator STEVENS. Since we have had an increase in pay has there been an increase in enlistments?

Dr. BORSTING. The force has been able to recruit up to strength, and also retention has gone up.

Mr. SHERICK. The important thing is to retain the trained people, and retention has gone up.

LOSS OF ENGINEERING PERSONNEL

Senator STEVENS. What about your civilian side? What about midlevel executives on the civilian side? Are you having the same exit problems the rest of the Government is having?

Dr. BORSTING. In certain areas, certainly in the engineering areas for example.

Senator STEVENS. Who are we going to get the details from on that?

Dr. BORSTING. We can supply you some exact statistics, but in certain areas where the supply/demand situation is out of balance we are having difficulties. Engineering is one of them.

Senator STEVENS. We will get some from the manpower people. I would like to see if you have any overall statistics. What was your exact rate say for 1978 and 1979? What has it been for fiscal year 1980, and what about the payroll impact? We won't have the 1981 figures for a while.

Senator SCHMITT. Mr. Chairman, could we get some kind of statistics for officer versus noncommissioned and officer versus enlisted?

MILITARY/CIVILIAN RETENTION

Senator STEVENS. I was talking about civilians, but you can have the same statistics for the services if you would like.

Senator SCHMITT. And also in both civilian and military some breakout of the skills would be helpful.

Dr. BORSTING. You will probably be interested in the breakout of the various skills and how the retention held up for them.

[The information follows:]

Military/Civilian Retention

It is difficult to establish direct comparability between military officer, enlisted, and civilian skills, due to widely differing personnel systems. Likewise, it is difficult to determine direct comparability in retention rates, since the subject of retention is dealt with in different terms. For civilians, data provided gives annual loss rates, including retirements. For commissioned officers, goals and rates shown are for those in the career force (at the 11th year), as a percentage of that group at the fourth year. In the case of warrant officer pilots, the percentages shown represent those remaining beyond their initial period of obligated service. Finally, figures for enlisted personnel represent decisions to reenlist for a specified length of time following completion of an obligated period of service. With these reservations, the following information provides a basis for a general comparison:

o Civilians

Departure of mid-level career personnel does not pose the problem in DoD civilian ranks that is being experienced in the military, although, as shown by the figures below, separation rates have been increasing. There are some indications civilian employees are opting for retirement at the earliest opportunity, although it is impossible to isolate the particular causes (e.g., more lucrative employment outside of government, concern over retirement system changes, etc.).

DOD CIVILIAN ANNUAL SEPARATION RATES*

Category	FY 78	FY 79	FY 80
a. General Schedule (GS) Occupations:			
Professional	5.6	6.1	7.0
Administrative	7.3	8.5	8.8
Technical	8.9	10.1	11.0
Clerical	14.3	15.0	14.4
GS Total	10.5	11.5	11.8
b. Federal Wage System (FWS) (Blue Collar) Occupations:	9.5	10.6	10.9

* Figures show voluntary losses as a percentage of total employment in the categories shown. Includes retirements.

o Officers

The military Services are generally achieving desired officer retention and accession objectives; however, the exceptions are in the high skill, high cost areas such as pilots, nuclear qualified officers, and engineers. Retention of officers in these skills has shown a downward trend over the past several years caused mainly by increased hiring by airlines, power facilities, and other engineer intensive industries. Data below displays our goals and actuals for FY 79 and 80.

OFFICER CRITICAL SKILL RETENTION RATES

Skill	FY 79 Desired	FY 79 Actual	FY 80 Desired	FY 80 Actual
Pilots				
o Commissioned	60%	28%	60%	31%
o Warrant	80%*	59%	80%*	57%
Engineers				
o Nuclear	60%	42%	60%	40%
o Non-Nuclear	60%	40%	60%	38%

* Not formally established, however, 80% is acceptable.

Various bonus actions designed to improve both retention and recruiting of officers in these areas are either under consideration or have already been implemented.

o Enlisted

Retention of technically qualified career enlisted personnel is a matter of concern, as illustrated by the examples shown below. Recently enacted compensation measures and other actions underway should serve to improve this situation.

CAREER REENLISTMENT RATES IN
CRITICAL ENLISTED OCCUPATIONAL AREAS

FY 1980

Communications and Intelligence

Service	Occupational Area Rate	All-Occupation Rate
Army	65.4	69.3
Navy	64.5	67.0
Marine Corps	49.2	50.4
Air Force	82.8	81.8
DOD Total	68.8	70.5

Electrical/Mechanical Equipment Repair

Service	Occupational Area Rate	All-Occupation Rate
Army	64.4	69.3
Navy (Excludes Nuclear Power)	60.6	67.0
Navy Nuclear Power	30.4	67.0
Marine Corps	51.0	50.4
Air Force	82.3	81.8
DOD Total	66.4	70.5

Electronic Equipment Repair

Service	Occupational Area Rate	All-Occupation Rate
Army	66.5	69.3
Navy	45.3	67.0
Marine Corps	46.1	50.4
Air Force	77.8	81.8
DOD Total	65.0	70.5

CIVILIAN EMPLOYMENT

Senator STEVENS. Senator Stennis, do you have any questions?

Senator STENNIS. I want to go back a little bit to the civilian employment. These gentlemen are competent and well versed, but it seems to me like when civilian employment comes up they want more civilians to employ to relieve the men in uniform from doing their work. My impression is to try to keep these men in uniform busy 8 hours a day. It is a problem to really keep them busy just constantly training and retraining all the time. So there is plenty of slack time there, as I see it, to pick up those sticks and clean up the lawn without going out and employing civilians at these high rates of pay.

A lot of that goes to the company, as I see it, a matter of pride. It is a question of discipline. The Services feel they don't have the right to complain about what the maintenance crew is doing or not doing so as not to affront the serviceman for fear he might not enlist. That has been my experience.

I think the civilian employment will have to be justified by men at the ground level.

Senator STEVENS. Senator, would you yield just 1 minute?

Senator STENNIS. Yes.

SUBSTITUTION IN CIVILIAN MILITARY WORK FORCE

Senator STEVENS. Can you give us some idea of the scope of this proposed substitution in this work force area, civilian and military? Do you have any figures on that?

Mr. SHERICK. It is in the Army 20,000, isn't it?

Mr. HOOLE. There are roughly 11,000 which will go directly to replace the borrowed military in 1982. We will wrap up to that in 1981.

Senator STEVENS. Senator Stennis' real inquiry is what has that borrowed military been doing? Do we have any real definition of what they have been doing? Have they been doing what we think they have been doing, KP and policing the grounds and things like that? Or is it running powerplants and that sort of thing?

Mr. HOOLE. Firemen, powerplants, they have been working in the finance office.

Senator STEVENS. So they are doing two shifts, is that what you are saying?

Mr. HOOLE. No, sir, they are doing in many cases related activities to their basic military specialty, but they are not with their units to train with the other members of the units to form a cohesive team.

Senator STEVENS. Who is doing the function they would do in their unit normally then?

Mr. HOOLE. A unit is temporarily reorganized. Rather than having say three squads, they will reorganize into two squads and train those two squads. But then if they were to deploy, others would come back and they would have three squads that were not trained together.

Senator STEVENS. Senator, I think we ought to go into it a little more deeply when we get the Army people down here.

Senator SCHMITT. Mr. Chairman, may I follow up on this?

Senator STEVENS. Let's see if Senator Stennis is finished.
Senator STENNIS. That is all I have to say on that point.

RESERVES

On the Reserves I want to say this. My experience has been what Reserves need is more money, because when it comes to a division of the dollar we don't give them enough. There is battling over the dollar and we just don't set aside anough for them.

Now the unit bears so much, as these gentlemen say, so very much. But a lot of the Reserve units prove their ability over and over. So what can be done? There you have a reservist with vigor and a lot of talent and courage and still he is not making a career out of the military. He would like to be in it, part of that community and he is a part of that unit. The best men I have seen are in the Reserves.

But to get at it again, it is going to take a real indepth analysis, competent witnesses, and then try to reach a composite conclusion within the Congress.

So I think you are entirely right to get the Reserves in here themselves. They can tell you the need, but we are the ones who have to do something about it with that money.

Senator STEVENS. Thank you, Senator. Are you finished?
Senator STENNIS. That is all.

Senator SCHMITT. I have one more series of questions, back to the issue of borrowed personnel. Is this in any way a compensation for lack of money for training and exercises of various kinds? I have had the impression that worldwide as well as on a unit basis our training activities are totally insufficient and that the opposition, the Soviets are running worldwide exercises and local training exercises on an extraordinarily high frequency.

Senator STEVENS. Would the Senator yield a moment?
We will go off the record briefly.

BUDGET EFFECT ON SPECIFIC TRAINING

Senator SCHMITT. What can you tell the committee about the budget effect on specific training?

Dr. Borsting. I think the training is in several aspects. One, the increased civilian strength to free the military labor is related to your point, because then these military personnel can be involved in training.

Senator SCHMITT. But there are expenses in training other than just the personnel.

Dr. Borsting. You have the salary.

Also the Army basic training has been increased in length. There is also additional money for JCS exercises, various exercises around the world and in the continental United States. So there is a considerable amount of money for training exercises added to the budget in the Reagan amendment.

Mr. HOOLE. We are also adding money for the National Training Center.

Dr. BORSTING. Yes.

Senator SCHMITT. I think I will suggest to the chairman and the rest of the committee too that we try to have a specific look at the

training situation, in particular exercises that are designed to continually increase proficiency of persons after they receive their basic training. So we will look at that later.

PERSONNEL RETENTION

With respect to military retention, it is my understanding that military career personnel in science and engineering are in very short supply. Frankly I think there are advantages to having military personnel in those fields. I am most familiar right now with the Air Force Weapons Lab and the blue-suit scientists and engineers that they have there. There is a motivation as well as a continuity that is possible within the total service that I think justifies retaining these types of people.

Now I also realize that the competition from the private sector is extraordinary right now. As a matter of fact, we are eating our seed corn even within the private economy. Bachelors are being hired without going to advanced degree work at the same time the professors that are supposed to be teaching that advanced degree work are being hired out of the universities. Within the military you are losing your best people because of pay and maybe other factors.

Would you tell me what you think you are doing to reverse that trend?

Dr. BORSTING. There are several things. One of the things one tries to do and I think the various services are doing is to try to get as many people in the academies and also from ROTC programs into the science and engineering fields as possible. There have been active programs in all the services. I am talking about the accession problem now. That is very difficult because of the market that you just mentioned.

A secondary look at the problem is once you have an officer that is in, can you give him education in that field, we are scarce in the engineering field, and give him advanced education if he does have a background? That is also being done.

The advanced education of the various services really dropped off. In fact I guess from about 1974–78 or so the number of students taking advanced courses in the military dropped 50 percent, and of course this dropped in science and engineering areas mostly. This was due to various factors. One of the factors is progressional cuts in advanced education for officers. These are nonreservists. And the trend is now going up in the last 2 years, but there will be a lag time because you have a shortage in all the services of technical personnel in the officer corps.

Senator STEVENS. Thank you, Doctor. I yield to Senator Andrews.

Senator ANDREWS. Thank you, Mr. Chairman.

KP CHORES

When we set up a military that has all of these service employees doing the cooking and cleaning. Who does that when you go into combat? These civilian employees aren't going to move with the unit, are they?

Mr. SHERICK. Each unit has its own cooks.

Dr. BORSTING. There are cooks in the military. There are rated grades for the cooks.

Senator ANDREWS. Do you hire dishwashers?

Mr. SHERICK. That is right, but in combat you run your mess kit through a can of hot water.

Senator ANDREWS. But somebody has to be there heating the water to run the mess kit through, as I remember, because if the water didn't get hot enough you sure had a dose of the GI's.

Mr. SHERICK. That would be riflemen or people who were assigned KP. I don't think that concept has changed.

Senator ANDREWS. You have always had civilians doing the KP?

Mr. SHERICK. Foreign nationals, in my experience in Korea, in World War II in the Philippines wherever we could get them we used those kinds of people.

But when the bottom line is somebody has to do it, it is the seamen or the privates that have to do it.

Senator ANDREWS. In other words you are still carrying your trained cadre of cooks and warehouse people and quartermasters so you have your inventories and your stocks of supplies and all that.

Mr. SHERICK. When you go into a mess hall you will see that the cooks are sergeants. The people we hire on contract are the mess attendants, the people who do the dishwashing and cleaning, the people in the serving line, that sort of thing.

RETENTION INCENTIVES

Senator ANDREWS. There had been a lot of talk earlier about incentives and how you get people in, and the incentive lost from taking the GI bill out. Wasn't that compounded by the fact that not only did you take the GI bill out but this Congress has been so generous that the civilians have more aids to education by staying out of the military than the ones who really get in? Or they certainly have every bit as much.

If there are cutbacks in various programs that are contemplated in Mr. Stockman's recommendation, might this tilt to the military's advantage?

Dr. BORSTING. It could.

Senator ANDREWS. Have you done any studies on that?

Dr. BORSTING. That is what we are really doing now.

Senator ANDREWS. General Jones told me 1½ years ago about his great concern for retention of people in the service, having lost the GI bill with the corollary that anybody can get a number of different Federal aids to education.

It used to be 15 years ago that if you were pulling yourself up by your own bootstraps and you didn't have much in the way of resources, if you went in and joined the military, served your term, when you got out you could go on the GI bill to college while you retained your Reserve status. That was one of the most powerful incentives to stay in the Reserves. You got people of top caliber, people who were educated. It was one of the better ways for the poverty-stricken individuals who still had the ability to, in effect, get an advanced degree through the military.

Now that has all changed. Is it changing back?

Dr. BORSTING. I think we will have to get back to you later in the year on this. I know myself that my education is part from the GI bill after I left the Air Force.

Senator ANDREWS. And it was a big incentive.

Dr. BORSTING. It was a big incentive.

GUARD COMPONENT INCENTIVES

Senator ANDREWS. In North Dakota we have a good deal of interest in military things for a number of reasons. The Chairman of the Joint Chiefs is a native of North Dakota. The former Chief of Staff of the U.S. Army was from North Dakota. A number of the admirals in the Navy come from my home State.

But also we do things a little differently. Our legislature has put some incentive into the Guard component. So we are about the only Guard in the country that is at 120, 130 percent status.

Why can't you encourage other States to do the same thing? Or, having looked at a State where these incentives have been applied and do in fact work, why haven't you adopted it on a Federal basis? About a year ago Cliff Alexander told me that the big problem is not in numbers in the Army. The big problem is in numbers in the Reserve and in the Guard.

Dr. BORSTING. Probably more should be done individually with the States to work with them to try to get them to contribute more to make it more attractive.

SUCCESSFUL GUARD PROGRAM IN NORTH DAKOTA

Senator ANDREWS. The point is my State has. We have all this research and development and grant concept throughout the Government. I assume it is in the military too. When you see a success story in one of the States, why don't you take a look at it, pick it out and apply it across the country?

It isn't that we just reached this full strength plus figure in North Dakota. We have been there for a decade. Something we are doing, and it is something we are doing individually, does in fact work. When we read in the national news magazines and we hear expressed to this Congress that there have to be a whole lot of things done to get people into the Reserves and into the Guard to make the All-Volunteer Force work, everybody wrings their hands but nobody looks at the area where it is working.

Would you take a look at it and supply a few more detailed answers to that and whether that is something that can be transposed or is this just a unique situation?

Dr. BORSTING. We will, Senator.

[The information follows:]

NORTH DAKOTA INCENTIVES FOR RESERVE SERVICE SHOULD BE EMULATED

North Dakota has had an enviable record concerning National Guard strength throughout the last decade being consistently over 100 percent of authorized. This included that period of time when Reserve Component strength was declining precipitously. Unquestionably, the support of the North Dakota legislature in providing the incentives for Guard participation contributed heavily to that record.

North Dakota does have an exceptional program of benefits to encourage National Guard participation, but many other states do likewise even though some have not been as successful in their National Guard strength maintenance program. At the present time, there are 12 states with over 100 percent of strength including North

Dakota. North Dakota leads with 130.4 percent at the end of January 1981. In addition 6 more states have over 95 percent of authorized strength. The Department of Defense, in particular the National Guard, does encourage continually all states to improve their incentive programs, and take steps to publicize the successful program in all states.

Benefits for National Guard service provided by the State of North Dakota include many of the same benefits as provided by all or most of the other National Guard States, Territories and the District of Columbia. North Dakota exceeds some of the benefits of the other states in the following areas: a state income tax exemption of $1000 of National Guard pay; 75 percent of tuition free in institutions of higher education; 30 days military leave with full pay; and a $50 payment for each individual member who recruits another member. In fairness it must be pointed out that 23 other states or territories provide educational benefits up to as much as 100 percent of tuition and fees and that the Federal Government has an educational assistance program for Selected Reserve service which pays $1,000 in any 12-month period with a $4,000 maximum. Also, 46 of the 50 states provide military leave with full pay for periods ranging from 11 working days through 31 days; the Federal Government provides for 15 days of military leave with full pay. In the case of state income tax exemption, 18 other states besides North Dakota provide various formulas for a tax advantage. The strength of the Selected Reserve has reversed its downward trend and showed increases in the last two fiscal years. Fiscal year 1979 saw a strength gain of 19,400 and fiscal year 1980 registered another gain of 43,700. This trend has continued in fiscal year 1981 to date. The majority of these gains have been in the Army National Guard and Army Reserve. The other four Reserve Components are currently at desired peacetime strength. These successes have been the result of the Congressionally-authorized Selected Reserve Incentive Program and other DOD initiatives such as: enlistment and initial training options; a full-time professional recruiter force for each component; an enhanced recruiting advertising program; the attainment of an all-volunteer Selected Reserve force since the last of the draft-induced members finally departed during fiscal year 1979; and an aggressive attrition management program.

The Department continues to seek the most advantageous programs which will lead to the goal of attaining 100 percent trained wartime structure strength in all Reserve Components.

STATUS OF PREPARATION ON GI BILL

Senator ANDREWS. Senator Stennis?

Senator STENNIS. May I ask one question?

What is the status of the preparation now on this GI bill? Are you gentlemen preparing one or is the administration preparing a bill?

Dr. BORSTING. No, we are still involved with this congressional study, and then as soon as we get some information on that we will consider whether we should submit a bill.

Senator STENNIS. When will that day come?

Dr. BORSTING. I believe this fall.

Mr. SHERICK. I think we are supposed to give you the results around September.

VALUE OF MILITARY EDUCATION

Senator STENNIS. As the gentleman from North Dakota suggested, a great deal of good comes from this education process and it is something the military does not get the benefit of in public opinion. The people don't realize the military training plus the educational benefits that come through the military program to serve the individual as long as he lives. In the field of public opinion, they don't connect those up. It is something I would like to see reinstituted and then publicized so the public will understand the benefits we get from the program.

Mr. SHERICK. I think it has been documented that the Second World War GI bill more than paid for itself in just income tax from the people who were educated at higher levels. That was documented right up until we abandoned the bill and went to the approach of the Volunteer Army and pay was the incentive. It just turned out not to be.

Senator ANDREWS. As the Senator from Mississippi has pointed out and as I have been trying to point out, there are a lot of things other than pay that get a person to enlist and stay in the military. You touched on something that I have suspected for a long time: Obviously that when we invest in the education of a young American, we are investing in the future of the country and that pays dividends to us in increased tax revenue.

Those statistics are there. That is why we put program after program for better education on the books in the last five or six Congresses that I have been privileged to take part in. But beyond that, you get an additional investment when you tie it to the military because of return on the investment, because you are getting the topflight young Americans to come into the military because it is their way of getting an education.

If you can make a contract with them where they serve for 3 years and they then go back into the Reserves, chances are by the time their education is done you have a year for a year, you have another 8 years, that is 11 years. By then they are close enough to the 20-year mark so they are going to stay then and take another look at staying until the 30-year mark. It pays in increased investment, not just because they are educated, but because you retain them in the military.

Dr. BORSTING. One thing that has happened, Senator, in the country which I think we will both disagree with, there seems to be some feeling in certain sectors that the military should not really be paying for education and training of someone who would then use it in the civilian sector.

Senator ANDREWS. Why not?

Dr. BORSTING. That is the question I have.

Senator ANDREWS. Why not, if it is an investment in the future, if it is a way to bring people into the military, if it is a way to get our top young people to get in, what is wrong with it?

Dr. BORSTING. I completely agree with you.

ARGUMENTS AGAINST MILITARY EDUCATION PROGRAMS

Senator ANDREWS. I am getting sick and tired of people saying we shouldn't do the things we need to do.

Dr. BORSTING. There have been arguments this way. That is why I am bringing it up.

Senator ANDREWS. I know, and I have seen an awful lot of those arguments over the last 20 years. Some of them don't have all that much substance.

But I think we have to stop talking about it and start doing something about it. I would hope that this study that is coming up in September will be such that it can be implemented and will give us enough information so we can go back with some type of a strong GI bill, some type of a strong provision for education for

those who are willing to enlist and stay on in the Reserves and Guard.

Senator Stennis, do you have anything more?

Senator STENNIS. Mr. Chairman, I want to heartily agree with you on the point you made.

As far as the record this morning is concerned, we do not yet know what this experiment is. What are you doing? What are you going to try to prove? What does it disclose? What about giving us an outline of it here now so we will have a feel for it? Are you prepared to do that?

PERSONNEL REQUIREMENTS OF ARMY

Mr. SHERICK. We are not the personnel people. But as I understand it, the experiment is going to look into a variety of approaches to the problem. For instance the problem for the Army is different from that of the Navy and Air Force in terms of the kind of people they want. The Army is interested in young riflemen 18, 19, 20 years old. They don't want 30-year-old riflemen. Their approach would be to look at bringing into the Army as just riflemen so many hundred thousand people a year which they have to do, give them an incentive to come in and an education incentive to get out.

And it has two advantages. One, you bring young riflemen in. They serve 2 years and get the training they need as riflemen and they move out into the individual ready reserve or into the organized Reserve. You move a lot of people through your system that way and you have solved the problem of one, keeping your riflemen young and getting smart ones and then two, quickly moving them into the IRR where they are the fillers in the event we go to war. That is going to be the one thing that they are looking at.

There are four or five different approaches that they are going to look at to attract the kind of people they need that are unique to that service and that requirement. The Air Force and Navy need technical people that can take technical training and move into a Reserve unit where they can keep updating their training. Those are the kinds of things in this experiment that they want to look at.

I think they have a study plan and we can provide that for the record. If the committee is interested, of course, we can provide witnesses that are actually working on it.

Senator STENNIS. That sounds mighty good to me. I think it is time that you put it in now, even though it is somewhat beyond your field.

Mr. SHERICK. I just listed the approaches that they are talking about.

Senator ANDREWS. Thank you, Senator.

Senator STENNIS. Thank you.

So you are going to supply that for the record?

Mr. SHERICK. Yes, sir.

Senator STENNIS. Now use language that we can understand. Don't get too technical.

Senator ANDREWS. Us country folks need it in simple language, don't we?

[The information follows:]

Education Incentives Test

Following is the first quarterly report on the Armed Forces Educational Assistance Test Program. This report describes the different educational assistance options being offered by the Department in fiscal year 1981:

On 1 December 1980, the Armed Forces began offering three new education assistance test programs designed to attract high quality enlistees into the military. These programs, available until 30 September 1981, were authorized in the fiscal year 1981 Department of Defense Authorization Bill, Title IX, Public Law 96-342. The test design was developed by the Office of the Assistant Secretary of Defense (MRA&L) with the assistance of the Rand Corporation, Santa Monica, California. In addition to those programs specifically authorized in Public Law 96-342, the Department was asked to test shorter enlistment terms combined with high levels of DOD contributions ("kickers") to the VEAP (Veterans Educational Assistance Program). This test was begun by the Department of the Army on 1 October 1980 and will run until 30 September 1981. It is a continuation of an earlier Congressionally directed Army program testing short enlistment terms and enhanced educational benefits. This test is incorporated in the test design of the new assistance program.

TEST PROGRAM

The following are the new educational assistance programs being tested by the Department in fiscal year 1981.

Sec. 901. This is a program of noncontributory educational assistance that offers $1,200 in tuition assistance and a $300 monthly stipend for a maximum of four academic years. Benefits are to be adjusted annually according to changes in the cost of higher education. Additional features of the program are in-service use of tuition assistance after two years; the authority to the member to transfer all or part of the earned benefit to a spouse or child upon reenlistment; and the right to cash out 60 percent of the earned educational benefit upon reenlistment.

Sec. 902. This section authorized the Department to repay a portion of certain federal educational loans for service performed in the active or Reserve forces. The formula for repayment is based on the type and length of service.

Sec. 903. This is the noncontributory VEAP program in which the Department will pay the servicemember's contribution to the Veterans' Administration on a monthly basis. The VA will match the DOD contribution on a 2 for 1 basis.

Super VEAP Kicker. This program is being offered only by the Army. The servicemember must enroll in VEAP; the VA will match this contribution on a 2 for 1 basis. In addition, the Army will contribute an additional $8,000 for 2 year enlistments and $12,000 for 3 and 4 year enlistments. This is a continuation of the on-going Army test of enhanced VEAP contributions for 2, 3 and 4 year enlistments. Increasingly higher VEAP contributions have been under evaluation in response to previous Congressional direction to test shorter terms of service combined with more valuable educational incentives.

To receive any of the new test programs or the Army "super kicker" an enlistee must be a high school diploma graduate, have no prior military service, score 50 percent or above on the enlistment qualification test and enter one of a specified set of critical occupational skills.

TEST DESIGN AND CELL DESCRIPTION

Because the Congress authorized that the new educational programs be tested, the Department designed a four cell test to differentiate between the different programs and the effects on enlistment. Cell A covers a geographical area consisting of about 52 percent of the nation. Cell B represents about 18 percent of the country, and cells C and D each represent about 15 percent of the country. The attached map depicts those areas of the country represented in each test cell.

Persons enlisting in the control cell, A, are eligible for regular VEAP and/or loan forgiveness. The Army will continue to offer VEAP plus small DOD contributions to eligible enlistees.

Cell B enlistees will be offered VEAP and/or loan forgiveness. The Army will offer VEAP as in cell A, but in addition will offer higher DOD contributions (Super VEAP) to eligible enlistees.

Persons enlisting in cell C will be offered regular VEAP or Sec. 901 (noncontributory tuition assistance and stipend) to those eligible in all Services. In addition cell D will offer regular VEAP or Sec. 903 (noncontributory VEAP) to those eligible in all Services. In cells C and D loan forgiveness is also an option in addition to either VEAP or the test programs.

In addition, the Department of Defense is working to design a loan forgiveness program testing the attractiveness of offering a benefit to prospective enlistees that would repay loans made after the military service was performed.

RETENTION

The Department is currently working with the Veterans Administration to develop a test program to increase retention in all Services. Specifics of the retention program are currently being developed by OSD and the Services. The Department plans to offer the retention aspect of the test in the Spring of 1981.

RESEARCH AND EVALUATION

The Department will be analyzing the results of the fiscal year 1981 Educational Assistance Test Program to determine the effects on recruitment and retention of high aptitude high school graduates.

In addition, we plan to collect survey data in late Spring to provide supplementary information on (1) the attractiveness of different features of the educational benefit programs, and (2) the effectiveness of the test implementation.

EXPECTED PARTICIPATION RATES AND COST ESTIMATES

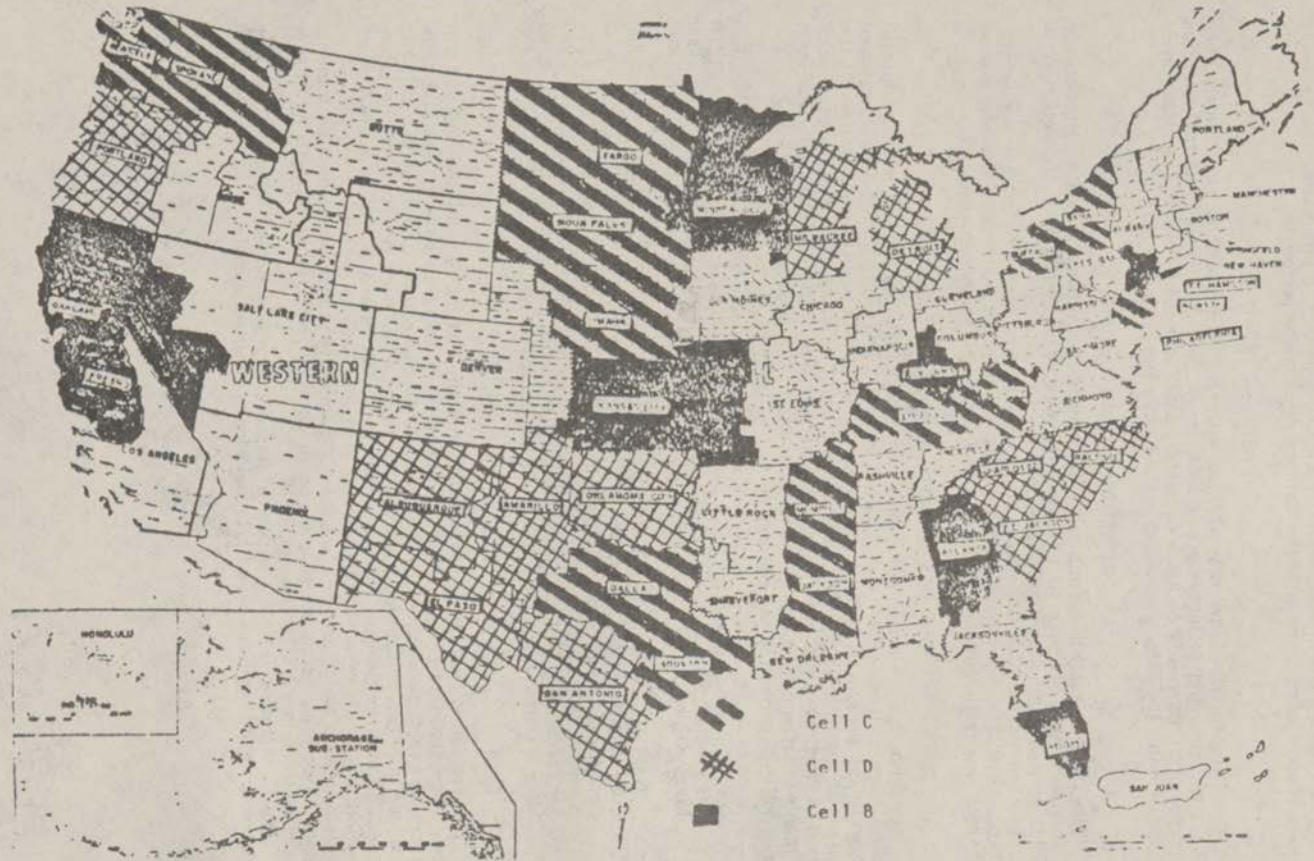
The following are the Department's estimates of the numbers of persons who will elect to participate in the test program, Sec. 901 and Sec. 903. Estimates are based on critical skills and quality requirements, and prior enlistment patterns in the areas of the country offering the benefits. Because of the lack of prior experience and uniqueness of the loan forgiveness program (Sec. 902), the Department has been unable to estimate the number of participants in this program.

Sec. 901—15 percent of the country:	
Army	5,600
Navy	1,100
Air Force	1,500
Marine Corps	400
Total	8,600
Sec. 903—15 percent of the country:	
Army	4,200
Navy	1,000
Air Force	1,500
Marine Corps	350
Total	7,050

It is estimated that the accession portion of the test for Sec. 901 and Sec. 903 will cost approximately $77M. This cost estimate is based on recent attrition and reenlistment experience, and educational assistance usage rates under the G.I. Bill and include out-year obligations. Another $20 million has been reserved for the retention and loan forgiveness portions of the test. Cost estimates will be revised when actual participation rates in the various programs become available.

Information about Sec. 901 and Sec. 903 benefits is being disseminated under a joint advertising campaign that began in January 1981. Army advertising is supporting the Super VEAP test in Cell B.

The Department does not expect to be able to report on the effects of the test program until they have been in the field for at least six months.


WESTERN
Cell C
Cell D
Cell B

SUBMITTED QUESTIONS

Senator ANDREWS. I have some questions for the record from my colleague Senator Stevens for Secretary Borsting to answer for the record.

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

QUESTIONS SUBMITTED BY SENATOR STEVENS

EFFICIENCIES IN DEFENSE MANAGEMENT

Senator Stevens: It was reassuring to note the emphasis that the President is placing on the need to streamline Defense Department operations and eliminate waste and inefficiency. We share that savings of several billion dollars a year can indeed be achieved as estimated by the Comptroller General. Specifically how are you approaching this task, and when do you think you'll be able to come back with substantial reduction proposals?

Answer: We have undertaken a review of the 15 agenda items proposed by the Comptroller General in his letter of January 21, 1981, and we have already provided some comments on these matters to Mr. Staats on March 6.

What we have done in effect is to assign each of the agenda items to a lead OSD staff element. The lead staff element is conducting a review of the agenda item and the related GAO reports with the assistance of other concerned offices to see what additional actions might be feasible and appropriate. We would expect by the end of March or early April to have completed a more definitive look at the agenda items. We are using the same general review technique for other potential savings proposals which have been advanced for consideration.

With respect to the question of potential savings, we must keep in mind the fact that, in some cases, the Comptroller General is presenting proposals and recommendations which have been reviewed by DoD but not accepted because of concerns about impacts on combat readiness. We will need a careful current look at these issues before any decision. In other cases, the agenda item appears to be something we can readily agree with, for example the call for more multi year procurement, but we need to develop specifics, approve them internally and present them to Congress for consideration. At this point, it may well be that savings from specific actions to be considered over the next several months could not be achievable or reflected until preparation of the FY 1983 budget.

COMPTROLLER GENERAL RECOMMENDATIONS

Senator Stevens: Please supply for the record specific responses to the Comptroller General's individual recommendations.

Answer: We would be pleased to furnish a copy of our letter of March 6, 1981, to Comptroller General Staats for the record. As indicated earlier, we would be hopeful that, by early April, we would have completed a more definitive look at the 15 agenda items.

(The letter follows:)

LETTER FROM CASPAR WEINBERGER

THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

6 MAR 1981

Honorable Elmer B. Staats
Comptroller General of the United States
441 G Street, NW
Washington, D.C. 20548

Dear Elmer:

This is in further response to your letter, dated January 21, 1981, which provided me with a "Proposed Agenda of Significant Management Improvements and Cost Reduction Opportunities." You also indicated in your letter that there existed a potential "several billion dollars a year of savings" and that the time had come when opportunities to cut costs "must be dealt with more aggressively."

I want to reiterate the general position I outlined in my letter to you dated February 11, 1981; that is, I share your concern about the sound management of available resources and have placed a high priority on the identification and review of potential cost reductions in existing Defense programs.

At my direction, the various elements within the Defense Department, are taking a vigorous look not only at the 15 general agenda items provided with your letter, but also at the 26 individual audit reports you cited in support of the agenda items. Deputy Secretary Frank Carlucci emphasized the need for a positive approach in this review in a recent meeting with the Secretaries of the Military Departments.

I am hopeful that after the completion of these individual review efforts, my Comptroller, Jack Borsting, and others concerned can meet with your representatives to pursue further actions, beyond individual report recommendations, which may be appropriate. In the meantime, I trust that the general comments which follow will provide some indication of the seriousness of our review effort. These comments are structured along the lines of the three major categories covered in your letter.

A. Logistical Support Economies

We can agree in general that there are savings to be made through economies in supply, maintenance and distribution. The six agenda items identified in your report are as follows: (1) consolidate military base support activities; (2) consolidate supply activities; (3) begin to establish single management of aircraft depot maintenance; (4) consider the application of the single manager concept to transportation activities (5) use repair parts inventories

more effectively; and (6) consider early in the planning cycle logistics and backup equipment requirements.

With respect to these six items, because of past concerns about mission impairment and impacts on readiness, I will doubtless need to review specific proposals for consolidation of base support activities, consolidation of supply activities and a single manager for aircraft depot maintenance, before any final decision to move ahead. We are already considering the application of the single manager concept to transportation, and will press to use spare parts inventories more effectively, and to consider early in the planning cycle requirements for logistics and backup equipment.

B. Major Procurement Economies

My preliminary assessment indicates that we should and must seek out and exploit procurement economies at least in part along the lines postulated in the four agenda items. Specifically, we can accept in general the thesis that weapon system funding should be consistent and better managed. I can also accept in principle related observations on OMB Circular A-109 which would require more effort in analyzing missions and determining needs. However, the A-109 acquisition process itself should not necessarily be accepted at face value; improvements may well be feasible. We also support the concept of "multi-year contracting." If this concept can be effectively implemented, there could well be several billion dollars of savings over the longer term. The achievement of such savings, however, will require statutory changes and strong Congressional support, including some changes in existing Congressional review procedures affecting our specific proposals as they may be subsequently identified and presented to Congress. Similarly, I can support a call for examination of lower cost alternatives before approval of new systems and your expression that impediments to reducing the cost of weapon systems should be one of my prime concerns.

C. Manpower Issues

As you know, the Administration is committed to taking another look this year at the military retirement question. Other issues posed by your five manpower agenda items may very well be sufficiently interrelated that a coordinated overall review and assessment is required. And this obviously will take time.

In this respect, there has been some concern expressed that while GAO recommendations in the logistics and procurement areas are usually the product of specific audits of operating systems, its findings in the manpower area appear to be more often the product of general policy preferences. For instance, no particular GAO audit finding apparently suggests that a military salary system would be preferable to the present pay and allowance system. Rather, there is a general belief that the salary system would be better. On the other hand, the concern in the past within the Department has been that the benefits of such a radical transformation have not been demonstrated. There may well be a question, not so much whether the audit findings are correct, but whether the policy preferences expressed by the GAO offer attractive benefits. I believe this concern should be addressed in the forthcoming meeting between GAO and DoD.

Nonetheless, DoD in fact has responded favorably to and has begun implementing many of the manpower proposals in GAO reports.

o DoD has developed a proposal for substantial reform of the military retirement system which, as earlier indicated, is now being reviewed by the Administration. It is responsive to many of the issues raised by the GAO.

o DoD has made substantial improvements in its ability to manage enlisted personnel systems, and this is particularly apparent in our increasing ability to target enlistment and reenlistment bonuses to specific skills.

o DoD has made substantial improvements in our management of morale, welfare and recreation activities, and we have reduced the number of military spaces in these programs by almost 3000 since 1976.

o DoD is presently completing a study of military pay setting, and will be reporting the results to the Congress in April.

Our major concern in the manpower area is that the actions we take contribute to the overall goal of fielding a military force composed of able and dedicated men and women. Often narrow studies of specific areas in the manpower arena miss the interactions with other related subjects. For example, reducing support for community programs, while it may save some manpower, could also lower the quality of life of members, especially at remote locations, and cause them to leave the Service. The same sort of interaction is even more pronounced in the compensation area.

We welcome the review of manpower programs by GAO and others, but in the end I must retain the responsibility to present to the President, and defend before the Congress, a balanced and low-risk defense manpower program.

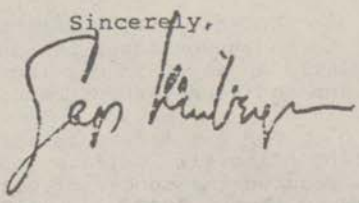
In summary, let me reassure you that in the coming months we will pursue to decision each agenda item you provided with your letter of January 21, 1981. Where decisions can be made now, we will make them. Where specific proposals need to be developed for review and further study, we will develop such proposals and follow the studies to completion and subsequent decision.

For the future, as I indicated in my February 11, 1981 letter, I look forward to a continued close and productive working relationship between the Defense Department and GAO. The recent implementation of a comprehensive audit follow-up program in Defense should provide increased assurance that we will effectively come to grips with audit findings. In this respect, I want to thank you for the remarks in your recent interview which appeared in the Washington Post on March 3, 1981, indicating that there has been some response in the past to audit findings. While the thrust of the article is that more can and should be done, you are also reported as saying: "At the same time he praised DoD for accepting GAO recommendations that in the last 5 years produced measurable

savings of $8.9 billion - 54 percent of the total for the entire government. The DoD share of the budget has been much smaller, about 24 percent."

Finally, in light of your retirement, I want to express personal thanks for your faithful service to the nation throughout a long and distinguished career.

Sincerely,



JACK ANDERSON COLUMN, MARCH 8

Senator Stevens: Columnist Jack Anderson has also offered a list of economy measures compiled from recommendations developed by Congressional committees, GAO, and the Republican Study Committee. This list was printed in the March 8 Washington Post. Please respond specifically to these proposals, except those duplicating the GAO recommendations, for the hearing record.

Answer: The eight items which comprise the list of economy measures in the Jack Anderson column of March 8, 1981, in the Washington Post are all drawn from General Accounting Office audit reports issued between March 1979 and June 1980. Only one of the eight items duplicates a GAO report cited by the Comptroller General in his letter of January 21, 1981.

In accordance with normal procedure, DoD responded to the individual audit reports during or subsequent to their preparation. In some cases, DoD comments are included as an Appendix to the final report. Nevertheless, we will undertake a fresh look at these reports as a basis for a current formal DoD position. At the completion of our review, we will advise the Committee further of additional actions which may be undertaken.

NATO Spending

Senator Stevens: Former Secretary Brown stressed in the annual Defense Department report that NATO allies must be expected to live up to their agreed to 3 percent real increase in defense spending. But Secretary Weinberger, in his statement to this Committee, seemed to excuse the allies lagging defense effort and suggested the U.S. concentrate instead on "multi-national capabilities." What budget policy has been used in determining NATO-related spending in 1982?

Answer: In preparing the budget we have tried to balance the programs to best meet the threat. Clearly, the capability required in any theater or mission area is a function of the capability of our allies and those allied capabilities thus impinge on our budget process. The budget is not, however, formulated on the basis of any target for NATO-related spending. We recognize the need to devote increased resources to meet agreed defense goals and stand by the 1977 NATO decision to increase defense spending. The three-percent

formula may help to judge each nation's effort, but does not replace the force planning and development efforts that become the basis for budget formulation. It is through their programmatic effects that increased allied capabilities and responsibilities affect our budget. Establishing targets for NATO-related spending in the budget formulation would not be an effective way to achieve the 1977 decision.

Readiness

Senator Stevens: Is the Defense Department's O&M budget, as bolstered by the Reagan amendments, now sufficient to bring our military readiness back up to par, so far as we are capable of doing so?

Answer: We believe the level of financing in the current estimate is consistent with in-house capability and contractual support to improve near term readiness. This budget provides for the virtual elimination of major equipment backlogs for repair; significant increases in facility maintenance with special interest being given to troop housing and work areas in Europe; additional unit and joint training exercises; and improved material support for early deploying National Guard and Reserve Units.

Senator Stevens: In our hearing with Secretary Weinberger, we touched on the emphasis of the Reagan budget increases on procurement, with only about one-third of the increases devoted to the less glamorous but urgently needed upgrading of operation and maintenance. To what extent does the revised budget address the long-standing backlog in equipment maintenance? In facility maintenance?

Answer: The revised budget provides for additional funds of over $500 million for additional equipment maintenance during the fiscal year 1981 - 1982 time frame. It anticipated that with these additional resources the Services will be able to virtually eliminate existing equipment maintenance backlogs. Whereas, our facility maintenance backlog was expected to increase by approximately three percent between fiscal year 1981 - 1982 under the Carter budget, the Reagan amendment is anticipated to result in a reduction of approximately eight percent in our real property maintenance backlog between fiscal year 1981 - 1982.

Senator Stevens: Do you feel comfortable with a budget that leaves such a heavy backlog in facility maintenance? How do you foresee the Department overcoming this backlog, and what priority do you assign to that task?

Answer: The Department shares your concern with the size of our facility maintenance backlog. Our goal is to eliminate the backlog over the life cycle of the current five year defense program. Changes effected in both FY 1981 and FY 1982 in the Department's budget by the Reagan administration will result in a reduction in the backlog estimates previously estimated. Revised backlog estimates are $3.825 billion in FY 1981 and $3.514 billion in FY 1982; a reduction of $138 million and $556 million, respectively, for FY 1981 and FY 1982 from the January budget submission.

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Readiness

Senator Stevens: The long-standing pattern, it seems, is to dig into maintenance funding whenever there is an urgent need to come up with additional money for emergencies. This is what the Department had to do, for instance, when the U.S. had to build a military presence in the Indian Ocean. Are you satisfied this budget provides adequate support for such exigencies so that it will not be necessary, as things now stand, to tap maintenance funding for operations?

Answer: Unfortunately there seems to be an inverse relationship between the priority of many of the Department's programs and the degree to which they are controllable or fixed. It is generally agreed that maintenance programs have a direct relationship to readiness. However, from a financial management aspect, and as disasterous as the impact might be, deferral of maintenance programs may be one of the few controllable costs that can be reduced to solve a financial problem in the operation accounts. The 1982 President's Budget as amended, not only provides for additional maintenance efforts but also recognizes the need for financial resources in other areas, which if left unfunded, might have resulted in the diversion of funds from maintenance programs to other high priority programs or areas where costs are less controllable.

Civilian Personnel

Senator Stevens: What was the on-board civilian personnel strength level as of November 5, 1980? How does this compare with the authorized strength level for fiscal years 1981 and 1982?

Provide for the record a table which reflects the above comparison by service for each year and identifies the funds which can now be applied to finance other program requirements.

Answer: The exact number of civilians as of November 5, 1980 is not available. The number of October 31, 1980, along with the allocation of the authorized strength level for fiscal year 1981 and requested end strengths for fiscal year 1981 and 1982, is given in the table below. A strength level for fiscal year 1982 has not yet been authorized.

CIVILIANS
DIRECT AND INDIRECT HIRES
(End Strength in Thousands) 1/

	Actual 10/31/80	FY 1981 Authorized	FY 1981 Requested	FY 1982 Requested
Army	359.3	357.0	370.6	381.7
Navy	317.9	309.2	317.5	313.0
Air Force	244.2	239.5	243.8	247.4
Defense Agencies	78.3	80.3	81.9	82.8
TOTAL	999.7	986.0 2/	1,013.9	1,024.9

1/ Details may not add due to rounding.

2/ The Secretary of Defense is authorized to exceed this strength by 2% if increases are needed.

During the period the freeze was in effect for the Department of Defense, the Department had more people on board than were authorized in order to meet a greater than anticipated workload. The freeze had the effect of drawing the Department down closer to its assigned manpower ceilings. No significant dollar savings resulted because of the over strength posture.

Funding Reductions

Senator Stevens: The President has directed a 5 percent reduction in the fiscal year 1981 appropriation and the fiscal year 1982 budget estimate for consulting services, management and professional services, and special studies and analyses. Please provide for the record a table which reflects the total amount contained in the program by military department for each year, the amount of the 5 percent reduction, and the purpose to which the funds will be applied.

Answer: Consulting Services, Management and Professional Services and Special Studies and Analysis.

($ in Millions)

	FY 1981		FY 1982	
	Total	Reduction	Total	Reduction
Army	159.1	9.0	167.6	37.0
Navy	528.1	27.0	587.2	28.0
Air Force	156.9	9.0	196.3	28.0
Defense Wide	110.7	5.0	163.8	7.0
	954.8	50.0	1,114.9	100.0

The funds have been applied to offset requirements identified in the FY 1981/1982 Budget Supplemental/Amendment. In FY 1982 the reductions are in excess of 5 percent.

Senator Stevens: The President has also directed a 15 percent reduction in Executive Branch travel funds. Please provide for the record a table which reflects travel funds by military department for fiscal years 1981 and 1982, the amount by year of the reduction, and the purpose to which the funds will be applied.

Answer:

Administrative Travel
($ in Millions)

	FY 1981		FY 1982	
	Total	Reduction	Total	Reduction
Army	50.5	5.0	45.2	7.0
Navy	35.0	3.0	39.7	6.0
Air Force	40.0	4.0	43.5	6.0
Defense Wide	7.5	1.0	8.4	1.0
	133.0	13.0	136.8	20.0

The funds have been applied to offset requirements identified in the FY 1981/1982 Budget Supplemental/Amendment.

Defense Outlays

Senator Stevens: When CBO is able to review the budget revisions and develop its own outlay estimates, we would appreciate having a similar analysis for Committee use.

Answer: We will be pleased to provide that analysis.

M-X MISSILE DEPLOYMENT

Senator Stevens: If desert deployment is chosen for M-X, what kind of budget proposals can we expect in the Defense bill itself for the current year? For the 1982 fiscal year? Beyond 1982?

Answer:

M-X Funding

	1981	1982	1983
RDT&E	1491.6	2423.2	2316.2
Procurement	3.4	-	1795.4
MILCON	140.6	522.3	1904.4
TOTAL	1635.6	2945.5	6016.0

Funding for FY 84 and beyond is currently being reviewed and will be available at a later date.

COST OF M-X MOBILE SYSTEM

Senator Stevens: The General Accounting Office tells us the estimated $34.2 billion cost of the M-X mobile missile system will more than double by the end of this century. What is your view? Is this kind of cost really feasible?

Answer: The GAO did not report that the cost of M-X will double. The report states that the "then-year" cost of M-X is $70 billion as opposed to the 1978 dollar cost of $34.2 billion. This increase is strictly due to inflationary adjustments, not cost increases because of program changes. The overriding reason we use the 1978 base year acquisition cost of $28.6 billion is that programmatic changes can be monitored accurately and exclusive of the constantly changing inflation parameters. For example, the GAO report was based on original FY82 budget inflation rates. However, using present inflation rates to adjust for inflation reduces the "then-year" cost by approximately $7 billion.

NUMBER OF NEW MANNED BOMBERS/COST

Senator Stevens: Although you may not be prepared to answer and may have to provide a response for the record, how many of the new manned bombers would be desirable to procure

and what would be the overall cost of such a program?

Answer: Since we are currently in negotiation with both Rockwell International and General Dynamics on proposed costs of B-1 variants and the FB-111B/C, firm cost estimates are not yet available. These estimates, however, will be considered in the decision process to help determine the final force structure, program pace, and schedule recommendations.

Outlay Estimates

Senator Stevens: The Congressional Budget Office estimates for Defense outlays, both in 1981 and 1982 fiscal years, vary widely from those used in the Carter budgets. Are you familiar with these estimates? How do you explain such a significant difference? To what extent have the Reagan budget revisions closed the outlay gap?

Dr. Borsting: In 1981, the CBO outlay estimates are about $1 billion less than the Carter budget estimates. CBO reestimates dependent on economic assumptions are about $.2 billion higher, but those based on analysis of actual spending are about $1.2 billion less.

In 1982, CBO outlay estimates are about $2.7 billion higher than the Carter budget. Economic assumptions cause about $1.2 billion of the difference and other estimating differences cause the remaining $1.5 billion.

Most of the differences in economic assumptions are related to fuel price inflation. CBO assumes fuel prices will rise faster than those estimated by DoD. The Carter budget assumes a composite fuel rate per barrel of $51.24 (including $1.35 per barrel for decontrol) in FY 1981 and $55.70 in FY 1982.

For non-fuel purchases, CBO is using spend-out rates at the appropriation level which were developed last summer. The latest outlay data for FY 1981, indicate slower spending than previously estimated for prior year procurement. DoD considered this variance in the March budget revisions.

Fuel Costs

Senator Stevens: The most substantial variance in estimated spending needs, both in outlays and budget authority, is in increased fuel costs. The Reagan budget revisions have corrected this problem, at least to a certain extent. Are you reasonably confident your current fuel cost estimates are adequate?

Answer: We agree that rapidly changing fuel costs have caused substantial variance in estimating spending needs. Because of this, the Department has placed increased emphasis on controling consumption and anticipating future demands and price increases. We believe that our current fuel cost estimates are as accurate as we can make them within the existing price climate and are adequate to meet our needs.

Senator Stevens: What is the percentage increase in fuel costs used for developing your revised 1981 supplemental budget request? For the revised 1982 budget estimates?

Answer: The Department estimates anticipate that the fuel costs in FY 1981 would increase 26.6 percent over FY 1980. We anticipate that fuel costs in FY 1982 will increase 8.7 percent over FY 1981.

Fuel Requirements

Senator Stevens: For 1982, CBO estimated you would need an additional $2 billion in budget authority to cover fuel cost increases. From the limited information now available on the Reagan budget revisions, it appears you have budgeted only a $250 million increase. If CBO is anywhere close to being right you will be running $1.7 billion short in fuel funding. Are you confident you are right and CBO is wrong? Tell us why.

Dr. Borsting: The $250 million fuel increase is required primarily to rebuild Defense Stock Fund cash. Composite fuel cost per barrel in FY 1982 is budgeted at $55.70. This includes an increase of $1.35 per barrel for decontrol. Unlike some other areas in our budget, fuel prices are directly monitored and to determine if the budgeted rates are adequate. In the case of fuel, where external factors heavily influence price, any estimate certainly can be subject to error. Obviously, based on fuel price trends through the late 1970's, CBO feels there is need for using higher rates.

Fuel Price Assumptions

Senator Stevens: CBO tells us the Defense Department, in preparing Carter budget requests, used a 23 percent fuel increase for its 1981 estimates and only a 9.7 percent increase for 1982. I doubt that anyone would suggest these assumptions were realistic, particularly the low 1982 estimate. Why were these projections so wide of the mark?

Dr. Borsting: Fuel prices have been so volatile it has been necessary to adjust to fuel inflation on a year-to-year basis. In FY 1980, OMB made a special additional allowance to help offset the very large increase in direct fuel costs. When fuel prices rose even higher than projected, OMB agreed to seek supplemental appropriations and invoke emergency funding procedures. However, for FY 1982 and beyond, the current policy has been to use the same projected inflation rate for both fuel and non-fuel.

Fuel Costs

Senator Stevens: To what extent can you use the Service stock fund accounts to handle unanticipated fuel cost increases?

Answer: The Defense Stock Fund cash has already been seriously depleted by previous fuel price increases. The FY 1982 Budget Amendment includes funds to increase the Stock Fund cash position to accommodate anticipated increased fuel costs. The Stock Fund cannot absorb additional fuel cost increases without imposing a potential risk in cash balances and endangering our ability to meet payments on outstanding debts.

1981 Outlay Estimates

Senator Stevens: Despite your low estimates on fuel costs, CBO thinks you are still overestimating 1981 outlays -- at least in the Carter budget -- by more than $1 billion. Did you also consider that variance in your revisions of the 1981 supplemental request? particularly the low 1982 estimate. Why were these projections so wide of the mark?

Answer: All the available information was carefully assessed in preparation of the outlay estimates. While we are aware that the

CBO estimates differ from those prepared within the Department, we remain convinced that our outlay estimates accurately and fully reflect the best available data.

1982 Outlay Estimates

Senator Stevens: CBO puts the 1982 Carter budget about $1.7 billion short on procurement outlays -- and that's before you went to the lower inflation rates in the Reagan budget revisions. Do you quarrel with the CBO assumptions? If so, in what areas?

Answer: The CBO outlay estimates are higher than the Administration's as a result of different assumptions as to fuel prices, military retired pay costs, and the rate at which funds will actually spend out. The majority of the difference results from different spend-out assumptions. Under the full-funding concept, funds appropriated for procurement which take several years to complete are available for obligation and outlay for those several years. The specific year in which these multi-year funds will be expended is estimated via spend-out patterns. The DoD estimates take into account the most recent experience, which we think indicates slower spend-outs than previously estimated and below rates estimated by the CBO.

CBO Outlay Assumptions

Senator Stevens: For the record, it would be useful to the Committee to have your detailed analysis of the CBO outlay assumptions for FY 1982, particularly in procurement. For now, please restrict this analysis to the Carter budget.

Answer: The CBO spend-out rates were derived last summer at the appropriation level. Those rates do not reflect the latest experience in FY 1980 or to date in FY 1981, experience which we believe indicates spending is slowing. It is primarily the different assessments of future spend-out rates which underlie the different outlay estimates in procurement as well as the other accounts.

FY 81/82 Justification Material

Senator Stevens: When do you expect to have firm detailed numbers and justifications to the Committee on the Reagan budget revisions?

Answer: All justifications will be provided to the Committee no later than April 1, 1981.

Improve Quality of Life

Senator Stevens: The Reagan Administration has committed itself to improving force readiness by improving Quality-of-Life benefits. To that end, it is proposing additional pay raises aimed at increasing recruitment and retention levels. At present, a 5.3% pay raise is expected for 1 July 81 to complement a 9.1% raise scheduled for October '81. An alternative plan, however, would forestall the July raise in favor of a one-time 12.3% pay increase in October. Given the current emphasis on budget restraint, which solution is preferable?

Answer: We are committed to restoring military pay to levels that will enable us to attract and retain the numbers and quality

of military personnel to meet our defense requirements. For that reason, it is essential that military personnel receive a 5.3% pay increase on July 1 and an October pay increase equal to private sector wage increases.

Tax Exclusion

Senator Stevens: During the last Congress, the Nunn-Warner and Fair Benefits Acts were passed. Together, these enactments provide such incentives as a variable housing allowance (VHA), pay increases and enlistment/re-enlistment bonuses. While it remains too early to link directly any real growth in personnel strength to these benefits, they do represent major steps in assuring a stable manpower pool. It has come to our attention, however, Mr. Secretary, that you are considering several proposals to provide yet additional benefits in the form of tax breaks to service personnel. Where do you stand on this issue?

Answer: Tax reduction is one of the options we are looking at as a means of sending a positive signal to the military community and to the Nation concerning the value of military service. It would clearly demonstrate in a tangible manner the unique character of military service as deserving special recognition and appreciation under the existing conditions in our society. While we want to emphasize that the Administration has not decided whether to recommend that this option be adopted at this time, it undeniably contains several attractive features.

Senator Stevens: Is it not premature to suggest the need for a tax break?

Answer: It is one option under study on a long-term basis.

Senator Stevens: Would these "invisible" benefits truly affect retention?

Answer: We do not believe that such a benefit would be "invisible" in the sense that military personnel are not likely to appreciate it. An E-6 with ten years of service and a family of four is currently paying $1,070 a year of Federal income tax. A $20,000 tax exclusion would mean this his disposable income is increased by that amount. I think that E-6 can appreciate this benefit.

Senator Stevens: Would they not further complicate an already complex system of military pay and allowances?

Answer: We do not think so. Excluding the first $20,000 of military pay from taxation would mean that the finance office doesn't have to do any withholding for a lot of people. A similar benefit was provided to personnel serving in Vietnam. It was simple to administer and caused no undue burden on the individual in filing his or her return. The Vietnam exclusion provided $500/month for officers and a total exclusion for enlisted personnel.

Quality of Life

Senator Stevens: One area bearing particular impact on service morale and the quality of service life is that of community facilities such as health, recreation and day-care centers. What budget initiatives is DoD taking this year to enhance these quality-of-life factors?

Answer: The Department of Defense recognizes that adequate facilities are absolutely necessary to improve the quality of life. We have deferred or delayed construction and renovation of these types of facilities for several years, particularly in overseas

areas. The Fiscal Year 1982 budget includes $435.3 million funding for medical facility construction, $185.8 million for 64 community facility projects, $414.7 million for unaccompanied personnel housing, and $2.4 billion for the family housing program. Approximately 60 percent of the community facility projects are located overseas. The 64 projects in this group include ten child-care centers, eleven community and family service centers, eleven dependent schools, and fifteen sports and athletic facilities. Over-all, approximately 21 percent of the Fiscal Year 1982 military construction program is for facilities directly related to quality of life. However, there are many other facilities in the program which also affect the quality of life of our personnel. Included in this category are projects which provide better and safer conditions at places of work, such as efforts to improve maintenance and administrative areas. We are sensitive to the total range of facilities which impact on the daily lives of our personnel, and we will ensure that future budget programs reflect this perspective as well.

Dependents Overseas

Senator Stevens: This Administration has appealed to Congress to remove the ceiling of 325,000 dependents overseas which was imposed by the FY 80 DoD Authorization Act. While the objective of raising morale and reducing PCS expenditures is fully recognized, some questions must be considered: How much would this policy cost?

Answer: There would be little budgetary impact resulting from a recision of the statutory ceiling on the number of dependents overseas. The numbers that would be involved, in excess of the current ceiling, in the foreseeable future, would be small. The Department's overseas dependent count is currently under the mandated ceiling and we do not anticipate that it will be necessary to take any extraordinary measures to stay within this limitation until mid-FY82. At that time, stringent measures will be required which will entail delaying dependent travel, returning dependents early from overseas areas and curtailing tours for selected members. The overall number of individuals directly affected will probably be less than 3% of the ceiling although the resultant inconvenience and delay could negatively impress many times that number both here and abroad. Any appreciable increase in dependents overseas during the coming years will only result from approved force structure changes that consider dependent support requirements.

Senator Stevens: How can the budget accommodate requests to fund improvement in quality of overseas life and requests that additional personnel live overseas?

Answer: Funds must be budgeted for dependent support whether the dependents concerned are located in CONUS or at overseas stations. The alternative to having dependents overseas is to order our personnel abroad on unaccompanied tours. Such an action would result in increased CONUS support costs (medical, commissary, etc.), separation allowances, PCS costs for member moves, family moves in CONUS, and increased "transient account" manpower. There would also be added recruiting and training costs for the additional personnel accessions required to support a shorter unaccompanied tour policy. Such a short tour plan could well be more expensive than our present longer accompanied tour program.

Senator Stevens: What effect would this have on DoD capability to evacuate noncombatants in time of crisis?

Answer: There would be little to no effect. Detailed evacuation plans have been developed for all areas and they are continually under review. Command-post exercises are also conducted to point out weaknesses in these plans -- as are "real life" exercises which actually involve movement of some dependents. Given a reasonable amount of warning time prior to hostilities, dependents can be relocated without interferring with military preparations. Lifting the dependent ceiling would not result in a significant increase in dependents. Dependents would not be authorized to travel overseas unless a review of the facilities and programs, including noncombatant evacuation capabilities at their proposed destination, reflected that the support available was adequate.

Retention

Question: Congress has noted that career reenlistment rates dropped substantially during the past decade, especially in the Navy and Marine Corps. Additionally, specific skills critical to force readiness, viz., pilots, nuclear-qualified officers and engineers, have been most adversely affected. To what is this attributed and what efforts are presently underway to reverse this downward trend?

Question: Another serious near-term problem concerns the retention of Army mid-level NCOs and Navy petty officers. What funding proposals are directed at this problem?

Answer: The current career manning situation cannot be attributed to a single factor but rather results from a complex combination of factors. Chief among these are an exodus of unusually large cohorts of senior people who reached retirement eligibility; a series of "weak" cohorts attributable to the decline of Vietnam era first-term reenlistment rates; military pay erosion relative to civilian pay; the failure to recognize the link between first-term reenlistment bonuses and bonuses available at second and subsequent reenlistment points; and the spiral effect produced when shortages of experienced personnel require those who remain to work longer hours and have more overseas/sea-tours thereby creating greater family separation which creates an incentive to leave. Retention of pilots, nuclear-qualified officers and engineers has shown a downward trend over the past several years due mainly to increased hiring by air lines, power facilities, and other engineer intensive industries. Various bonus actions designed to improve both recruiting and retention of officers in these areas are either under consideration or, in the case of nuclear engineers, have already been implemented.

On the enlisted side, shortages or projected shortages of experienced personnel in specific skills are targeted with Selective Reenlistment Bonuses. These bonuses are divided into Zones A, B and C which generally cover first, second and third reenlistments respectively. They are paid in multiples (1-6) of monthly basic pay times the years of additional service. President Reagan's budget includes $138.5 million in new reenlistment bonuses for the Army and $304.6 million for the Navy. In addition the Reagan program includes a number of important initiatives designed to improve military pay and benefits--a special military pay raise of 5.3 percent effective 1 July 1981; quality of life improvements in family housing, barracks, commissaries, and related military facilities; and new additional PCS reimbursements to

help defray moving costs when service members are reassigned. These initiatives are expected to enhance significantly our ability to attract and retain the kinds and number of people needed to meet military manpower requirements.

RESERVE FORCES FOR NATO DEFENSE

Senator Stevens: Mr. Secretary, one of the more pressing problems facing the military is the shortage of pretrained military manpower to meet mobilization and sustainability demands. What is the current policy on the use of reserve forces for NATO defense and for the defense of third areas? Is that policy compatible with the most likely scenarios? And, is the current funding level appropriate for the requisite training?

Answer: U.S. military forces operate under the Total Force Policy which integrates Active and Reserve Components to maximize force availability at the most economical levels of operating and support costs. As a result of that policy, Reserve Components would be mobilized in support of a NATO reinforcement action. If the contingency involved combat with the Warsaw Pact, full mobilization would be achieved by the 30th day of conflict. For defense of third areas, some degree of Reserve support would be required under the most probable scenarios currently envisioned. The level of that support, and the degree of Reserve Component mobilization required, would depend upon the nature of the contingency.

Current funding levels are appropriate for the training required to prepare Reserve Component forces for these missions.

QUESTIONS SUBMITTED BY SENATOR STENNIS

Projected Inflation Rates

Senator Stennis: The fiscal year 1981 supplemental request and the 1982 budget amendment reflect net increases. These increases are offset by reductions in a number of areas as well as a reduction in the inflation estimates from the Carter Administration's request. In fiscal year 1982 this amounts to $2.7 billion. Secretary Borsting, we both know that the vast increases in weapon system procurement result from artifically low estimates of inflation. Therefore, is it really wise to reduce the projected inflation rates substantially below what they have been running in the past several months.

Answer: The defense budget reflects our expectation that the President's economic program will lead to lower inflation and it would be unwise and counterproductive to base the budget on other assumptions. Economists of all persuasions agree that expectations play an important, indeed a key, role in the course of inflation. Any budget which fostered expectations counter to the nation's effort to control inflation would be inappropriate and would decrease our effort's probability of success. I believe these inflation rates can be achieved in our economy.

Defense Inflation Index

Senator Stennis: There are some authorities who advocate having a Defense industry index for inflation rather than utilization of the CPI. Do you believe this proposal has merit? Just why should the Defense industry be more sensitive to price fluctuations than other segments of our economy?

Answer: The estimates of inflation for Defense purchases are based on the GNP deflator rather than the CPI. The proposal to use one or more separate Defense indices has been discussed by experts because the Defense market basket may not be well-represented by the GNP deflator. The proportion of high technology products purchased by Defense probably exceeds the proportion in the general economy and in the federal government as a whole. Certainly, Defense costs are especially sensitive to fuel price changes. As the Defense Price Index series, which the Bureau of Economic Analysis began to publish in the Survey of Current Business last December, establishes an historical record, it will provide objective evidence on which to consider separate Defense indices.

Fall 1980 Emergency Supplemental

Senator Stennis: Last fall the Department proposed an emergency supplemental to accommodate the increased tempo of operations in the Middle East as well as providing additional items for the Rapid Deployment Force (RDF). It was not possible to consider the request at that time because of the pressing need to proceed with consideration of the annual appropriation bill for fiscal year 1981. I would be interested in whether the majority of the items proposed at that time are still considered requirements and have been included in the supplemental request before us.

Answer: The majority of the items in last fall's emergency supplemental are still required. Approximately $200 million of those requirements were included in the January submission and the bulk of the remainder have been included in the March supplement to the FY 1981 budget.

Readiness

Senator Stennis: The Department is requesting additional sums in fiscal years 1981 and 1982 to provide for increased real property maintenance levels. Where do we stand on our backlog at the present time, and will the requested sums provide for an appreciable reduction in the accumulated backlog to where it is more of an acceptable level?

Answer: The budget provides for a funded level of approximately $3.6 billion in FY 1982; an increase of $1.0 billion over FY 1981. This funding level provides for day to day recurring type maintenance requirements and attempts to contain the growth in the accumulated backlog. The value of the backlog is estimated to be $3.8 billion by end year FY 1981 and $3.5 billion by FY 1982; an 8.0% decrease. Increases in the backlog occur as a result of constrained resource levels, new work identified during annual facility inspections, adjustments for inflation factors and increased deterioration as projects go unaccomplished.

Consulting Services

Senator Stennis: --The President's budget revisions for fiscal year 1982 which were released this week propose under the National Defense function to make greater use of contractual service rather than in-house government activities. In the next sentence, reference is made to reductions in the use of consultants. There appears to be some contradiction in these two efforts. Could you clarify the plans of the administration in this area?

--Could you tell us the approximate annual expenditures for contractual services by Defense? Also for consultants?

Answer: It is the policy of the Department of Defense to encourage its commercial and industrial activities to contract out when such efforts are cost beneficial. This offers the Department the opportunity to achieve savings in personnel and dollars with a minimum impact on operations.In addition, in the military personnel arena it allows us to enhance our "tooth to tail" ratio. Contracts for consulting services make up a small portion of the total Department effort in contracting out. The general heading of consulting services includes management and professional services, personnel appointments and contract studies and analyses. Consulting services are being reduced based on the contention that they have been used to circumvent directed efficiencies and to avoid the effects of congressionally imposed limitations on personnel. The annual expenditures for contract purchases (excluding rent,communications, and utilities, travel and transportation) are about $28 billion. The annual expenditures for consulting services as defined above are approximately $1 billion.

Fuel Costs

Senator Stennis: The recent Executive Order decontrolling oil was initiated earlier than planned. What is the impact per barrel of oil purchased by DoD, and what is the total Defense impact by Department for fiscal year 1981?

-- Is funding to support this increase included in the fiscal year 1981 supplemental request?

-- How many barrels of oil are purchased each year for use by the Department of Defense?

Answer: We have estimated that the Executive Order decontrolling oil will have the effect of increasing the price of petroleum products by $1.35 per barrel during FY 1981. The total decontrol impact on the Department for FY 1981 is anticipated to be $246.6 million.

Funding to support the fuel increase has been included in the FY 1981 supplemental request.

During FY 1981, the Department anticipates purchasing 182.7 million barrels of petroleum products.

Manpower Requirements

Senator Stennis: Your statement mentions the increase in active duty personnel strengths for all of the military services as well as the civilian work force. I am interested in the 14,000 increase in the Navy. Does this include the additional personnel to support the

reactivation of the two battleships, the IOWA and the NEW JERSEY, as well as the carrier ORISKANY?

Answer: Yes. The additional increase of 14,000 personnel for the Navy includes full manning for the USS NEW JERSEY and partial manning for the USS ORISKANY beginning FY 82. The USS IOWA does not require any manpower in FY 82 but will be fully manned in FY 83.

Senator Stennis: Just how many military personnel are we talking about to man the crew for these three reactivated ships?

Answer: The following are the manpower requirements for the USS ORISKANY, USS NEW JERSEY, and USS IOWA for FY 82 through FY 85:

	FY 82		FY 83		FY 84		FY 85	
	OFF	ENL	OFF	ENL	OFF	ENL	OFF	ENL
ORISKANY	15	85	74	1285	116	2085	116	2085
NEW JERSEY	62	1500	62	1500	62	1500	62	1500
IOWA	-	-	62	1500	62	1500	62	1500

Full manning for all three reactivated ships in FY 84 is 240 officers and 5085 enlisted personnel.

Senator Stennis: Would you say that recently commissioned ships have generally been designed to ensure that manpower savings are included wherever possible?

Answer: Through the 1970's and into the 80's the Navy has introduced a variety of new ships which have incorporated many new design features intended to effect manpower savings. The new guided missile frigate class, the FFG-7, was primarily designed to reduce personnel requirements. This ship class requires 2/3 to 1/2 the number of personnel of our older frigates and destroyers. The new fleet oiler (AO-177) operates with half of the personnel required of its older sister ships in the fleet.

Increasing equipment sophistication and extensive use of automation in all areas has contributed to lowering the number of personel required in many areas of our new ships. Gun mounts are automated and large gun crews are no longer required. The Navy has entered the world of marine gas turbine propulsion with the introduction of the DD-963, DD-993, FFG-7 and PHM-1 ship classes. The numbers of personnel required are dramatically reduced over traditional steam or diesel plants.

The Navy ship design process has demonstrated and continues to incorporate manpower savings (numbers, quality and simplification) in basic decisions as our new ships are designed, produced and delivered to the fleet.

Senator Stennis: What would you say would be the manpower required for three recently commissioned ships of the types we are talking about reactivating?

Answer: At the present time there is nothing in the fleet comparable to the USS ORISKANY or the battleships. The USS VINSON (CVN) which is scheduled for commissioning in March, 1982, requires 152 officers and 2974 enlisted personnel. The Navy is planning to man the USS ORISKANY with 116 officers and 2085 enlisted. These figures are based upon the manning of the ship when it was in the active fleet during the late sixties. Any comparison between these two ships is specious however, because the USS VINSON is a nuclear carrier.

The comparison of the USS NEW JERSEY and USS IOWA with a recently commissioned ship is more difficult. There is nothing in the fleet today comparable to a battleship. The USS NEW JERSEY and USS IOWA

will each require 62 officers and 1500 enlisted personnel. The manning figures are based upon the experience that the Navy had with the USS NEW JERSEY during the Vietnam war.

Research and Development Activities

Senator Stennis: Conference action on the fiscal year 1981 Defense Appropriations Bill reduced the funding for Research and Development activities by $586 million from the President's request as a general reduction for improper calculation of inflation. This reduction was to be absorbed within the various RDT&E appropriations and reflected as a reduction against non-major systems. Form 1414, Base for Reprograming for Fiscal Year 1981, as of December 31, 1980, has been provided to the Committee, and it appears that this reduction has been spread across the RDT&E appropriations to include many major development weapon systems. This includes many systems that were included in the fiscal year 1981 authorization and appropriation Acts as a result of Congressional initiative.

I don't believe this action was in keeping with the intent of the Conference Committee nor with the intent of the House that had initiated the reduction. This Committee worked very hard to restore the House reduction but was successful only for restoration of a portion of the inflation reduction.

I understand the House Appropriations Committee has objected strongly to the application of the general inflation reduction across many major systems. What is the Department's position on this matter?

Answer: We have been working with Chairman Addabbo to resolve the outstanding issues concerning the application of the general reduction to some of the Congressional initiatives. The following table shows the current allocation as recorded on the Form 1414. We provided this listing to the Chairman and are hopeful that it will be satisfactory. Let me say that our only reason for not prosecuting all of the Congressional initiatives is related to the status of programs involved and where we could not prudently spend all of the funds provided, we have suggested alternative funding levels for FY 1981 with the expressed intent to request the necessary follow-on funds in the appropriate fiscal years. We fully intend to execute those Congressional initiatives that become part of the final appropriations bills passed by the Congress.

Summary of FY 1981 Congressional Add-Ons
($ in Millions)

	Amount Added	DoD Adj. To Add	Amount Being Executed
Army Programs			
Small Caliber/Fire Control Technology	3.5	-.6	2.9
Terminally Guided Projectiles	4.0	-.6	3.4
Advanced Land Mobile Concepts	25.0	-3.0	22.0
Advanced Rocket Control System	29.0	-1.9	27.1
Missiles and Rockets	6.9	-.5	6.4
BMD Systems Technology (LoADS)	15.0	-4.3	10.7
Corps Support Weapon	7.2	-.6	6.6
Field Arillery Ammunition	5.0	-.6	4.4
Fire-and-Forget HELLFIRE	6.9	-2.0	4.9
CHAPPARAL	4.0	-1.6	2.4
Navy Programs			
Command/Control Technology	7.5	-1.2	6.3
Materials Technology	2.0	-.2	1.8
Assault Landing Vehicle	26.0	-.8	25.2
Light Carrier Design	20.0	-5.0	15.0
Diesel Electric Submarine	2.0	-1.5	.5
AV-8B HARRIER	243.0	-2.0	241.0
Air-to-Air Missile System Engineering	9.7	-.6	9.1
Aircraft Propulsion	7.0	-1.5	5.5
Mk 92 Fire Control System Upgrade	20.0	-16.5	3.5
Combat Systems Architecture	4.0	-1.0	3.0
Range Instrumentation/Material	2.0	-.9	1.1
Mk 48 Torpedo ADCAP	10.0	-.8	9.2
AIM-9C Radar Improvements	5.0	-3.0	2.0
SEAMOD	8.0	-2.0	6.0
Fire Control Electro-Optics (SEAFIRE)	5.5	-.7	4.8
Air Force Programs			
MINUTEMAN	5.0	-.5	4.5
Advanced Attack Weapons	9.5	-.4	9.1
Defense Satellite Communications System	12.3	-.4	11.9
Close Air Support Weapons	6.7	-.5	6.2
Aircraft Avionics	4.0	-.3	3.7
NAVSTAR GPS	22.1	-22.1	-
F-111	2.6	-2.6	-
Multi-Role Bomber	300.0	-39.0	261.0
All Other Congressional Add-Ons	234.1	-	234.1
Totals	1,074.5	-119.2	955.3

Civilian Personnel

Senator Stennis: --Defense is projected to receive an increase of approximately 24,000 additional civilian end strength in fiscal year 1981 and an additional 10,000 in fiscal year 1982. I assume that a number of positions in Defense were unencumbered as a result of the government-wide freeze on employment during the first quarter of fiscal year 1981. How many positions were vacant as of December 31, 1980?

--This will be a substantial increase in Defense employment during the latter three quarters of fiscal year 1981. What is the lapse rate contained in the President's supplemental request which will reflect the period of time during the fiscal year that the new employees will be actually employed?

Answer: Actually, the Department has requested an increase of 19,600 additional civilian end strength in fiscal year 1981 and an additional 10,400 in fiscal year 1982. During the period of December 1980, the Department actually had more people on board than were authorized by the end of the fiscal year in order to meet a greater than anticipated workload. Overall, there were no vacancies as of December 31, 1980.

Some of the increases in Defense employment have already been on board as overhires. We anticipate that actual vacant spaces will be hired as quickly as possible and that the new employees will average three or four months employment during fiscal year 1981. In the main, the end strength changes requested in fiscal year 1981 correct an imbalance related to the estimated work years for these years. They are not accompanied by a request for funding. In fact, civilian personnel financing has been reduced in FY 1981 and FY 1982 and is reflected as a partial offset to our program increases.

Senator Stennis: I note that 71 reprograming actions affecting 179 different line items and involving $1.2 billion in program costs were processed by the Committee last year. This is the most actions that have been processed in a single fiscal year since 1972. Why is this? We seem to be on a similar heavy schedule this year with 21 actions already submitted to the Subcommittee. I would like your comments on the reprograming procedure.

Dr. Borsting: Our 1980 reprograming activity was slightly higher due to some unusal events in DoD. Six reprograming actions were sent forward involving reprogramings for fuel price increases and the rapid deployment force. These events were peculiar to FY 1980. Adjusting for these six actions, the total number (65) is less than 1978 (66) but higher than 1979 (60). The number of reprograming actions has been on the rise since 1973 and is due to 3 factors; increased committee special interest in defense programs that require prior approval reprograming, a significant increase in the number of line items in the budget, and the impact of level thresholds for notification actions in the face of increasing costs of programs. With respect to the 1981 schedule, the submission of reprograming actions year to date is the lowest in the past 5 years. I would hope this indicates a reduced rate of reprogramings in 1981. I have also advised the military departments that I expect minimum reprogramings beyond those in the Amended budget.

The reprograming procedure has served the department and its Congressional Oversight Committees well over the years. It provides us the needed management flexibility to react to high-priority unforeseen requirements, and to do so in consultation with the oversight committees. We are very sensitive to the need to minimize reprograming and to avoid a high level of reprograming activity in the last months of the fiscal year. Continued judicious use of the reprograming flexibilities which we have agreed to is proper.

Senator Stennis: We all recognize that certain items of an emergency nature do occur from the time when the budget is prepared through the period of enactment. However, it appears that many of the items being requested may be identified simply

to use funds that have become available. This is not the intent of the reprograming rules. In this period of restricting federal expenditures to the absolute minimum, perhaps it would be wise to review carefully the items being requested -- and where an emergency requirement does not exist, these items would not be approved but the funds identified as sources to finance these items be lapsed and returned to the Treasury. How would you view this procedure?

Dr. Borsting: The procedure is essentially the procedure we now follow. Reprograming activity applies to a very small percentage of the total program available to the Department of Defense. The percentage has been less than 1% each year since 1975 and was .8% in FY 1979 and FY 1980. In 1980, we requested $1.217 billion in reprograming actions and the Congress approved $1.161 billion of a total program of $137.590 billion. Our track record on receiving committee approval on our requests is good, 95% last year and over 80% 4 of the 5 previous years, which indicates to me that we are making sound requests.

As you are aware, we do not always obligate 100% of each appropriation. Those funds which are not required for the purposes provided by the Congress, and which are not required to finance unforeseen requirements of higher priority, are lapsed and returned to the Treasury.

SUBCOMMITTEE RECESS

Senator ANDREWS. The subcommittee will stand in recess until Wednesday, March 18, at 9:15 a.m. when we will hear from the Secretary of the Army.

[Whereupon, at 9:10 a.m., Thursday, March 12, the subcommittee was recessed to reconvene at 9:15 a.m., Wednesday, March 18.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

WEDNESDAY, MARCH 18, 1981

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

The subcommittee met at 9:17 a.m., in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Jake Garn presiding.

Present: Senators Garn, Schmitt, Andrews, Rudman, and Huddleston.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF JOHN O. MARSH, JR., SECRETARY OF THE ARMY

ACCOMPANIED BY:

GEN. EDWARD C. MEYER, CHIEF OF STAFF, U.S. ARMY
MAJ. GEN. E. J. DELAUNE, JR., DIRECTOR OF ARMY BUDGET, OFFICE OF THE COMPTROLLER OF THE ARMY, DEPARTMENT OF THE ARMY

BUDGET REQUEST

Senator GARN. The subcommittee will come to order.

Today we'll hear testimony of Hon. John O. Marsh, Jr., Secretary of the Army and General Meyer, Chief of Staff of the Army.

The amended fiscal year 1982 budget request for the Army is $52.6 billion. This is $9 billion over fiscal year 1981 and is a $7.6 billion increase over the January 1981 budget request. In addition, a fiscal year 1981 supplemental of $2.6 billion is requested.

I don't think it will be necessary today to close the hearing, but if we do get into any questioning that you or we feel is getting into classified material, we can certainly close the hearing; but I would not expect that that would be necessary.

I extend a personal welcome to you, Mr. Secretary. It is good to see an old friend across the table. I am very pleased with your selection as Secretary of the Army, and we look forward to working with you, and I think you will do an excellent job.

PREPARED STATEMENT

We will be happy to receive your detailed statements in full in the record, and we will now be happy to hear your summary of your testimony.

[The statement follows:]

JOINT PREPARED STATEMENT

HON. JOHN O. MARSH, JR., SECRETARY OF THE ARMY

GEN. EDWARD C. MEYER, CHIEF OF STAFF, U.S. ARMY

PART I
MEETING THE CHALLENGE OF THE 1980's

The U.S. has entered a dangerous and complex decade -- perhaps the most dangerous since the end of World War II. Our ability as a nation to meet the coming challenges confidently and successfully will be determined in a large part by our ability to provide military forces equal to the strategic requirements. This statement will provide an assessment of one component of those forces -- the Army. We intend to show where we are and how or where we must proceed, if the Army is to perform successfully the tasks our national strategy demands.

The International Environment: The facts of Soviet military expansion during two decades of determined effort are well known -- so well known they need not be repeated here. Less well recognized, however, are the implications of the resulting imbalances which have emerged between the U.S. and the Soviet Union as a consequence of disparities in expenditures and attitudes about defense.

The erosion of our relative position vis-a-vis the Soviets in strategic nuclear capability raises direct questions about the continued credibility of our stategic deterrent. Certainly corrective action to deny the Soviets any lasting benefits from the sustained momentum they have achieved in this sector is necessary. Further erosion of the strategic nuclear balance simply provides greater impetus for increased political-military adventurism by the Soviets. But as the Army made clear in testimony on SALT, even if successful in arresting further Soviet advantage, through treaty or by increased U.S. effort, there remain immense deficiencies in the conventional sector which must be addressed to preclude Soviet intrusion or intimidation in areas vital to the U.S. and its allies. The Soviets' massive investment in conventional armaments have provided them the opportunity for exploitation --with or without reference to the contemporary strategic situation.

In summary, these lead us to state the following:

1. In the spectrum of warfare, nuclear war is the least likely occurrence.
2. The importance of conventional forces has moved to the front.
3. Land forces are the element of conventional force that fill the key role of guaranteeing territory.
4. The Army plays the central role in land combat.

The central risk is our unpreparedness to meet conventional armed violence which would invite attack, court defeat, or provide a situation which could escalate to nuclear exchange.

It is important to note that the Soviets continue to accord priority to their land forces arrayed against Central Europe, even as they increase their capabilities to intervene in other areas. Of special concern to us is the increased Soviet capability to conduct simultaneous military operations in several theaters throughout the Eurasian landmass.

The Soviets have also increased their ability to project military power, directly and through surrogates, beyond the traditional confines of the landmass. This capability is most dangerous in its potential to restrict our access to critical resources or to impede our ability to reinforce our forces or those of our security partners.

Additionally, we are confronted today with growing instability in many Third World regions important to our national security, particularly in Latin America, Southwest Asia, and Africa south of the Sahara. The proliferation of sophisticated Soviet weaponry in many of these areas complicates the question of the kind of forces we should maintain for contingency operations.

Determinants of a Credible Defense Posture: If we are to successfully meet the challenges described above, we must seek to balance resource allocations across the full range of U.S. military force needs.

We must seek balance in the allocation of funds among strategic, theater nuclear and conventional programs. These components are not mutually exclusive alternatives. Improvements in one area will not compensate for deficiencies in the other two.

We must balance our posture for deterrence with a genuine capability to wage war should deterrence fail. The opponent who believes that no conflict, however intense, is unwinnable, needs to be faced with persuasive evidence that he is more likely to suffer defeat than victory at any stage of escalation.

We must seek regional balance in our efforts, developing forces and mobility assets compatible with threats to our global interests. The utmost flexibility must be sought, avoiding in particular the kind of paralysis which accompanies strict adherence to a single, overly-rigid, scenario.

We must seek a sensible balance between readiness today and modernization of our forces for tomorrow. If we deter war today at the expense of providing modern equipment for tomorrow's forces, we have only postponed disaster. Solutions are at hand, thanks to extensive research and development investments over the past 10 years. We must not put off procurement decisions on conventional armaments which will increase both the risk and cost tomorrow.

Finally, we must seek balance between our capacity to react swiftly with our capacity to sustain operations until successful termination of conflict. Our immediate objective must be to win the first battle of the next war, but our ultimate objective must be to win the last battle too.

The Army's Role in Defense: The primary function of the Army is to organize, train and equip forces to conduct prompt and sustained combat operations to defeat enemy land forces and to seize, occupy and defend land areas. These operations can take many guises, from counter-terrorism to massive land battle in the integrated environment of nuclear, biological, and chemical weapons.

We want to highlight the versatility of the United States Army to meet this spectrum of warfare; beginning at the lower end of the scale with what may be the finest light infantry in the world, the Army's two Ranger battalions; the Special Forces, our renowned Green Berets, unequaled in their skill to meet the kinds of internal instability which might exist in many areas of the globe; our airborne forces which can move quickly to a contingency anywhere in the world; our air assault forces which capitalize on technology for swift battlefield mobility; our light infantry divisions -- which are being infused with new organization and weaponry to operate as a rapidly-deploying complement for battle in Europe, or as an initial independent force in a contingency; to our heavy divisions which are capable of meeting Soviet armor or heavy units of their proxies wherever they might be projected in the decade ahead.

We want to stress that while we need to improve some of these forces -- particularly in the area of support units, materiel, and strategic mobility -- they are ready and able to fight now. These forces are well led, well motivated, and trained to successful discharge of any mission that may be given them by national authority.

Two principal missions follow for the Army today:

- In conjunction with the other services and our allies, to deter a threat to or an attack upon U.S. national interests; or

- If deterrence fails, to fight for as long as required to protect those national interests and terminate conflict on grounds favorable to this nation.

These missions and functions can be accomplished only if the Army is structured, equipped, and supported to react fully and flexibly to divergent worldwide threats to our national interests.

In short, the Army of the 1980's seeks a balanced approach to attaining a flexible capability unprecedented in the past, but essential for this decade of equally unprecedented hazard.

PART II

WHAT KIND OF AN ARMY DO WE WANT - HAVE - NEED?

The Army views on what we need to be to meet these challenges were articulated in a White Paper published one year ago. That paper, with minor exceptions, is still a viable expression of our goals. The Army's senior leaders have mapped out achievable strategies which address each key area, with benchmarks to measure progress. In this joint statement we discuss our major objectives under each goal, assess the Army's status today, describe the contribution of this budget toward attainment of what we regard as a minimally purdent force, and comment on what remains to be done to attain each goal.

- Our goal is a balanced and flexible force configured to modern technology.

The force we seek contains 24 divisions: 16 Active and 8 National Guard. We believe there is a reasonable basis for an increase to these numbers, but our immediate objective must be the full modernization of the twenty-four division force. Until that is accomplished we are not in a position to go further, at least not at this point in time. The enhancements we seek are these: full adaptation to the new technologies of electronic warfare, precision guided missiles, compound armor, chemical and nuclear weapons; a force structured to sustain itself in the high intensity of the modern battlefield, heavy enough to whip mechanized formations in Central Europe, yet light enough to move swiftly to any point on the globe and still have sufficient combat power to defeat likely threats. And while we intend to make full use of the economies possible in alliance warfare, we must husband support essential to rapid unilateral action elsewhere.

- Assessment. On aggregate, our Active end strength of 786,000 will not support 16 divisions at their full wartime level, hence, on average, our units are authorized only 90 percent of their wartime manpower. More serious is the fact that we have attained our Active combat posture by trading off important support units, units whose function and benefit become fully evident only after the first shot is fired. Thus, we now have an imbalance in the Active Force: undermanned combat organizations backed by an inadequate Active support structure. The realignment of soldiers from support to combat missions in the Active Force was accommodated by placing greater reliance on the Reserve Components for logistics in an emergency. In a real sense, we did rob Peter to pay Paul. At present, approximately two-thirds of our total logistical capability is found in Reserve units. The realities of our manning and materiel situation in the Reserves, a situation discussed separately, means that many of these units simply do not have the wherewithal to do their jobs. And while progress is being made in response time, we are not fully comfortable with the situation since, in the event of a NATO war, an inordinate number of these support units are needed very early. In fact, some would have to be mobilized for lesser contingencies.

These facts ought not lead us to demean the capability of units in being today, Active or Reserve. Many are superb, especially in our deployed Army. Where they are not, it is due to insufficient means as opposed to a lack of professionalism or commitment on the part of our leaders and soldiers. If we want assurance of successful execution of our wartime missions, it is imperative that we find a way to accommodate some increase in Active support without compromise to the "teeth" we have developed, and that we find the means to make these Reserve Component support units, especially the early deploying units, healthy.

Negotiations are underway in NATO for further expansion of host nation support to meet some U.S. logistics support manpower requirements. We are encouraged by these negotiations, but additional host nation support will not be sufficient to fully offset our support shortfall if we have to go to war in Europe. And NATO host nation support does nothing for us in a non-NATO contingency.

The threat posed by the Soviet capability in the nuclear, biological, and chemical fields is long standing and it continues to grow. Their forces are better equipped, organized, and trained to operate offensively and defensively particularly under chemical conditions, than are the forces of any other nation. This is an area of grave concern.

- Progress. This budget request contains funds for host nation support expansion as well as for equipping Reserve Component units that are assigned critical support missions.

It also continues our important efforts in electronic warfare; supporting 4 additional divisional Military Intelligence (MI) battalions, 2 MI groups at Corps level, and 3 non-divisional MI companies. Seven units will be activated in the Reserve Components, as well, moving us well toward our Total Army objective.

Our initiatives to increase available firepower will progress in the FY 82 budget through conversion of 4 light howitzer battalions to the new longer range M198 medium howitzer and other selective upgrading of field artillery units. We are slowly improving our air defense artillery capability. The Army will activate one Patriot battalion in the U.S. in FY 82 and will introduce Patriot in Europe at a later date, as we inactivate the Nike Hercules and Hawk batteries that are there now. Other force structure improvements include the addition of combat and support aviation units, one tank battalion, and the conversion of one battalion from mechanized to tank.

Defensive chemical measures also receive support in this request through the continued activation of divisional chemical companies and separate corps chemical units. We must possess the ability to survive and continue operations on the chemical battlefield.

- Outlook. Beyond the defensive chemical measures provided in this budget, our goal must be to preclude Soviet first use of chemical weaponry through possession of a credible U.S. retaliatory capability. To this end, funds are urgently needed to complete the initiative of the last Congress for construction of a binary production facility. They are not provided in this budget.

Regarding our unit structure, the initiatives within this budget are modest. The requested increase of 11,000 in Active end strength will be used to improve the fighting quality of units already on board. Within the requested strength figure, no restructuring to alleviate the critical Active Component support problem is possible. We expect to see progress toward realization of a high technology light division using the 9th Infantry Division at Fort Lewis as a test bed. We also anticipate significant restructuring of our 10 heavy divisions to a standard configuration beginning in FY 83, a configuration which will take full advantage of the new technologies available with modernization.

Progress will also be evident in most elements of the Selected Reserve as measured improvements in personnel and equipment levels permit more realistic dependence on their availability for early deployment in time of crisis.

- Our goal is a fully manned and qualified force.

People, be they Active or Reserve, civilian or military, are the heart of the Army. Hence, successful recruiting and retention efforts will always be of vital importance. We are concerned that each year's cohort of new soldiers have the qualifications to absorb and creatively apply the technical skills demanded in combat, and that sufficient talent is present to groom leadership for tomorrow.

In an organization as large as ours, there is always the temptation to adopt management-oriented proposals which promise greater equity or improved efficiency. Many such proposals, in their cumulative effect, are now seen as destructive to traditional underpinnings which in the past gave importance, purpose, and value to the individual and his or her relationship with others where it counts most, in our units. The Army must strengthen the bonds which foster cohesion in units. No effort has more relevance to a fighting army than that which is dedicated to improved cohesion at the company, battery, or troop level. Eventual adoption of an American Regimental System is a long-range part of this goal.

- Assessment. From the perspective of reports and personal visits to the field, we can highlight many positive strengths in today's Army. The core is strong: our officer accession programs, ROTC and West Point, are doing well. We have a highly professional officer corps complemented by a solid base of noncommissioned officers who today are being better trained and motivated to their responsibilities than at any time in the past 12 years. They lead an Army of volunteers who for the most part are desirous and capable of being soldiers. In some cases it's clear that we haven't challenged our soldiers sufficiently. We're mid-stream in tightening up our standards to meet their expectations. This is an overdue correction the entire Army welcomes.

Over the past year the Army has related its perception that manning the force at authorized levels was perhaps its greatest and most important challenge. The past year has seen good progress in both Active and Reserve recruiting. We met our Active strength objective, and for the second year have seen our Reserve Component strengths grow. In FY 80, the combined effects of aggressive recruiting and congressionally approved initiatives led to a 7 percent increase in Reserve Component strength. We expect that measured progress to continue. The estimated shortfall could shrink to about 98,000 by the end of FY 81, which would be a heartening achievement midst a still serious situation.

Concurrently, we are attempting to attack the very difficult problem of shortages in the Individual Ready Reserve (IRR), our primary pool for pre-trained manpower in the event of mobilization. In the past, this pool was the beneficiary of high turnover under the draft. In the absence of the draft, our record in this area has not been a success story. In fact, if we had to mobilize today we would find ourselves short approximately a quarter of a million trained soldiers. We intend to devote considerable attention to attacking this knotty problem.

There is one last element in our manpower equation -- our civilian workforce, without which we can neither prepare for, nor go to, war. The readiness of today's Army is so dependent on civilian structure and manning that, in our judgement, an increase in civilian authorizations constitutes the best fix for an immediate improvement to our readiness. Many soldiers today are diverted from training focused on their war mission because of insufficient civilian authorizations for base operations. But Army civilians are not only plumbers, electricians, and truck drivers; they are production control specialists, scientists, stevedores, assembly line workers, and warehousemen who work! In fact, the full effect of modernization in the mid-term depends critically on an adequate civilian support base. The vast majority of our civilian labor force (87 percent) is intimately involved in the production of goods and services that maintain and enhance force readiness world-wide and provide the critical element of sustainability to the force.

In contrast to these observations, our civilian authorization has steadily declined over the past decade, despite increased workloads. The pressure to employ soldiers in soldiers' roles resulted in a concerted effort to transfer functions from military to civilian personnel wherever possible. Yet no growth occurred in that workforce. The inadequacy of today's civilian workforce directly affects today's readiness.

- Progress. The FY 82 budget extends proven and successful enlistment and reenlistment incentives to respond to the dynamic manpower market as we project it. This is necessary because, with the Congress, we are committed to increasing the high school graduate content of our force at entry. Those credentials clearly identify people with the determination

to fulfill personal obligations. But demographics also make clear that the available recruiting population of graduates we must orient our efforts on is shrinking. And competition for their services is more intense than ever. If we are to succeed, our recruiting productivity in the high school graduate market must rise by 27 percent this year, and as much as 40 percent among higher scoring high school diploma graduates. This is a very formidable challenge. Success, in recruiting and in retention -- which is truly where the long-range character of the force is established -- requires continued attention to adequate pay, housing, medical care, and educational incentives. This budget request continues initiatives which should correct the current physician shortage and provide the ancillary support personnel to assist physicians.

The Nunn/Warner compensation benefits package in combination with the Fair Benefits Package has given us some much needed improvements, but we still have a considerable way to go to ensure that talented soldiers see advantage in a military career. All soldiers, regardless of grade, must have confidence that adequate support for themselves and their families is assured. We cannot otherwise expect their full concentration on the mission. In this regard, we need support to permit us to continue operation of our existing family housing inventory. Otherwise, reductions to an already austere program will be necessary, with particularly adverse impact on personnel in Europe.

This year we will continue to work to remove some of the major obstacles detrimental to cohesiveness in our units. A company replacement program will begin this year; the first increment consisting of 19 companies. Assignment policies are being modified to decrease personnel turbulence. Promotions and assignment policy changes will increase the noncommissioned officer strength in our troop units. Company, battalion, and brigade commanders are now serving longer in their positions. Initial Entry Training has been lengthened. These initiatives toward increased combat readiness, improved morale, and retention are not cost-free. The budgeted increase in our end strength is a major factor in our ability to underwrite these initiatives.

- Outlook. Manning the force will continue to be a major challenge. In the volunteer era, it can never be far out of mind. This was a cardinal virtue ascribed to the volunteer system when it was adopted, that no longer could the military take for granted the availability of cheap manpower; nor would the military be permitted situations where because of unidentifiable costs, it might waste the utilization of people. We must not let a preoccupation with filling our ranks eclipse our sense of urgency in preparing ourselves for war. Our focus needs to be broadened, and we're doing that.

We are on a glide path to rectification of the major ills which have plagued us most recently. Beyond this budget, as part of the Army's long-range strategy, we would include the following issues germane to manning the force.

We are firmly convinced that a solid GI Education Bill, which ties educational grants to Federal service, will be a major incentive for recruiting the highly motivated young people we need in the Army. We view such a Bill as providing a valuable retention incentive if it is properly constructed. In this regard, we strongly encourage the Congress to include a "transfer to dependents" clause and "cash out" benefits in any Education Bill which is developed.

Retention of mid-level noncommissioned officers in critical skills is our most serious near-term manning problem. Additional compensation incentives such as expanded bonuses and special duty and responsibility pay are clearly called for. An area that deserves special consideration is "pay compression." Today, our pay steps do not adequately reflect the increased responsibilities which accompany promotion. Nor do we have the means to compensate those in selected skills who are subject to frequent overseas service.

Health care of our Active military personnel remains a concern, and improvements to the CHAMPUS system, to include dental provisions, are required.

• Our goal is to equip our Army with quality equipment equal to or superior to that in the hands of potential adversaries.

The times are such that the Army cannot accept simultaneous deficiencies in the quality and quantity of its war materiel. Yet, in many important categories, that is our present state. We have serious shortages of all categories of materiel that affects our capability to go to war. While past wars have permitted America time to attain victory through varying degrees of mobilization, the prelude to the decisive engagement of any future conflict is likely to be brief. The rational path then is to equip our deployed and rapidly deployable formations completely and as superbly as possible, seeking qualitative equivalence by the middle of the decade and qualitative advantage before the next decade.

- Assessment. We are not where we need to be, expecially considering the massive Soviet buildup and the proliferation of their weaponry worldwide. Since 1960, the Soviet Union has fielded 60 new systems -- tanks, surface-to-air and anti-tank missiles, attack and troop-carrying helicopters and sophisticated electronic warfare equipment. Our Army has not kept pace, either qualitatively or quantitatively.

Although the current budget does not provide for all our R&D needs, we have benefitted from an aggressive and successful R&D program in the past to develop the modern equipment needed by our forces to include continuing emphasis on anti-tank weapons. However, the resources available for procurement have not permitted us to proceed as rapidly as we might in fielding that equipment. Today's Army is partially equipped with many of the same systems it had 15 or more years ago. The need to fill shortages and replace that equipment is of equal importance to any task facing us. The rate at which we accomplish this is a direct function of the resources made available to the Army.

Our currently fielded air defense systems are aging and technologically deficient. The Army, which pioneered the attack helicopter today sees the Soviets eagerly and successfully capitalizing on our concept. The Soviets have had an infantry fighting vehicle, the BMP, for years. TV audiences the world over have seen its airborne cousin employed in Afghanistan. Sixteen other nations have such a mechanized vehicle in the field today! These are but examples which illustrate our concern.

Congress has supported our efforts to see our new systems through the trials and travail of the research and development process. The need today is for adequate funding to produce and field this equipment, and in sufficient quantities to make a difference on the battlefield.

- Progress. In the formulation of this budget request the Army made some extremely difficult decisions; decisions brought on by constrained resources and inflationary pressures which far exceeded our forecasts. Our request this year represents the best we can do toward our modernization objective while funding essential personnel and operating expenses and initiatives aimed at improved near-term readiness.

The Abrams tank is now in low-rate production with the first production vehicles going to troop units at this time. This budget requests funds for production of 569 additional tanks under a program which gradually increases annual production capacity.

The Abrams' partner on the battlefield is the Infantry/Cavalry Fighting Vehicle (IFV/CFV) family, the first such system our ground forces have had. Its automatic 25-millimeter cannon and TOW anti-tank missile will enhance our mobile warfare capability enormously. This budget request supports procurement of 464 IFV/CFVs.

Perhaps the most potent anti-armor weapon system requested is the advanced attack helicopter. It will provide our first day-night, all weather anti-armor airborne system, employing the laser homing Hellfire missile. We currently plan for a production contract for 8 AAHs in December 1981 together with a contract for 502 Hellfire missiles. To provide the earliest realization of enhanced aerial weapons platforms for our forces, this request also provides for modification of the current fleet of Cobra gunships to increase their safety, survivability and operational effectiveness in the anti-armor role.

In artillery, our modernization efforts include both new weapons and new projectiles. We plan continued production of the 8-inch and 155-millimeter improved conventional munitions and the laser-guided 155-millimeter Copperhead anti-tank round. New systems development is led by the Multiple Launch Rocket System, capable of providing massive indirect fire. Procurement of both launchers (68) and rockets (2496) is planned, as well as joint research and development with our allies for terminally guided submunitions.

Improved target acquisition and intelligence gathering capability has a high priority in our modernization effort. While development continues on the Stand-Off Target Acquisition System, remotely piloted vehicles (RPVs), Quickfix and Guardrail, full-scale production of our counter-mortar radar is continued and initial production of the counter-battery radar begun.

The Patriot system, the cornerstone of our future air defense program, began low-rate production in FY 80 and is supported in this request at an intermediate production rate, pending future decision. It will replace the aging Nike-Hercules in the near-term and the Hawk system in the late 1980s. In the interim we are continuing to improve the Hawk to keep this medium-to-low altitude system as capable as possible against the air threat. In the short range air defense area DIVAD is funded, but at a very low and less than desirable production rate.

The Blackhawk aircraft, first introduced into our inventory in 1979, continues to meet or exceed all performance specifications. This year's request for 78 will bring our total inventory to 415. We are also continuing major modification to our medium-lift helicopters (CH-47D) but at a severely reduced rate (10 aircraft). This program will eventually provide a 100 percent life extension of our medium helicopter fleet.

In response to the massive chemical threat, this budget request provides for both improved defensive capabilities and continued research and development toward a retaliatory capability. Defensive measures include protective clothing, detection and alarm devices and decontamination apparatus.

Designation of the 9th Infantry Division as the Army's High Technology Test Bed adds a significant and exciting new dimension to our modernization program. Using the standard infantry division as a base, and the emerging results of our Light Division 86 Study effort as a guide, activities at Fort Lewis will evolve a light division designed for rapid deployment, sustainability, and exploitation of technological opportunities, to yield a lean hard-hitting force. The objective is to develop, through innovation and technology, a division possessing the combat capability of a heavy division, while retaining the airlift requirements and sustainability inherent to light divisions. In some parts of the world the Abrams tank is an imperative. Where there is a clear need for this kind of heavy system, it does provide a strategic mobility problem which must be addressed in the context of total force projection. In the 9th Infantry Division we're attempting to deal with this problem. Specific initiatives are lighter, yet capable anti-tank weapons which are more deployable.

To provide the nation a technological hedge against Soviet breakout, the Army is continuing its developmental ballistic missile defense program. Two of the most advanced development concepts, the Low Altitude Air Defense program and the Layered Defense System are progressing satisfactorily through both hardware and software development and testing.

- Outlook. The constraints on rapid modernization, while understandable, are disappointing. The capacity to produce exists. Plants operating today at low production rates are capable of being primed to higher sustained levels of production. We have canceled or delayed some systems. We have embarked on what we realize are less than ideal procurement rates in other cases.

The Air Defense program for the Army remains a major concern. The threat faced today, both quantitative and qualitative, is awesome. The Army has been consistent in stating the relative priority of its air defense needs, but this area, perhaps more than other, has been victimized by the Army affordability crunch. We consider the air defense deficiency critical, but are unable to adequately fund these programs with available resources.

Nor will the FY 82 budget significantly reduce existing shortages in many less glamorous materiel categories. Engineer equipment, trucks, generators, radios, compressors, fork-lifts and other essential equipment needs remain critical.

- Our Goal is a disciplined, well-trained fighting force.

Peacetime, for an Army, is a time of preparation -- preparation for war. It bears fruit through well-thought-out and executable training at every level--training which is only slightly less rigorous than actual combat. Institutional training through our training centers and schools must provide our recruits, our noncommissioned officers, and our officers with a solid foundation of individual skills and standards which then become fully effective in units through team practice orchestrated by its leadership. A proper division of labor must be struck between the training base and our units in their responsibilities for individual training. Our most urgent needs for effective unit training are: the elimination of distractors, the conduct of effective training despite shortages (e.g., major equipment items, ammunition, fuel, parts), and the acquisition of new and better training facilities, ranges, and simulation devices. Simulators help us deal with the problem of escalating fuel costs without degradation of readiness or safety.

- Assessment. We have taken steps in FY 81 to toughen and lengthen Initial Entry Training, that training which transitions the new soldier from civilian to Army life. This reversed a trend which over the years has sought economy by forcing units to absorb a larger role in giving the new soldier his basic skills. Units can absorb some of the burden, but there are limits beyond which individual discipline and unit effectiveness are impaired. The effective expansion of Initial Entry Training by more than one week will reduce the individual training burden currently placed on troop units while taking advantage of the efficiencies that can be realized in the training center environment.

The professional development, education, and training of our officers and noncommissioned officers continues to receive major emphasis. Numerous recommendations from a Review of Education and Training for Officers will be implemented gradually to enhance officer performance. The Noncommissioned Officer Education System, which is institutioned, and the Noncommissioned Officer Development Program which is unit-based, will be expanded in both our Active and Reserve Components.

For the past four years, priority has been placed on the establishment of a National Training Center at Fort Irwin, California. Activated in October 1980, that facility will permit our heavy combat battalions in the continental U.S. to exercise in realistic tactical situations. Commanders will be able to evaluate their unit's performance in a relatively unconstrained battlefield environment closely mirroring their wartime mission. Six battalion task forces will be cycled through the center in FY 81.

Joint Exercises with the other services are one visible highlight of our training program, where units both learn and demonstrate their capabilities. They serve the joint purpose of testing operational plans and visibly demonstrating our capacity to deploy and fight independently or in league with our allies in coalition warfare.

- Progress. The FY 82 budget continues support of our initiatives to toughen and lengthen Initial Entry Training, and improve the professional expertise of our career force. The FY 82 budget also provides funds to expand training at the National Training Center, accommodating an additional 16 battalion task forces. Force facilities and family housing construction at Fort Irwin are included.

We will also be increasing the frequency of exercises which test and maintain our ability for rapid deployment of contingency and reinforcing forces, particularly Army designated units within the Rapid Deployment Force. Reserve Component participation in exercises, both home and abroad, is being expanded.

Approximately once every three years, priority Reserve Component units will deploy overseas and receive realistic, mission-oriented training. Such exercises are not only valuable training for the units involved but also a superb means to tie together all the connective links which integrate Active, National Guard, and Army Reserve units into a Total Army.

We have also developed new equipment training programs to help transition unit crews to the modern weapons and equipment scheduled for fielding throughout the decade. Weapons simulators and other training devices which will help us increase proficiency and reduce ammunition and fuel consumption are important facets of our plans.

Force modernization and the need for greater realism in home station training made clear the need to upgrade existing training ranges and maneuver areas. It is the year-round training effort that builds readiness. The FY 82 budget provides for a partial upgrade of U.S. Army, Europe's training areas to meet combat proficiency standards of the Abrams and M60A3 tanks and the Infantry and Cavalry Fighting Vehicles. The FY 82 budget also provides resources for acquisition of badly needed additional training land for the 4th Infantry Division at Fort Carson, Colorado.

- Outlook. A fully manned, equipped and modernized Army without adequate training is a poor investment. Poorly trained units, though adequately manned and equipped, are as likely to fail as are undermanned or ill-equipped ones. Training requirements, especially as new equipment is fielded, are growing. Training resources, however, since 1977, have been reduced. The FY 82 budget provides a partial restoration of personnel and funds needed to support the workload in the Army training base.

We expect to have the National Training Center fully operational in FY 84, providing a major evaluation of 42 heavy battalion task forces a year. An effective year-round training effort culminating in a periodic major challenge of the kind that will be available at Fort Irwin, will be a decisive factor in the margin of victory on future battlefields.

- Our Goal is a ready, deployable Total Army.

Conventional deterrence depends, to a high degree, on the ability of our forces to project military power to points where our national interests are threatened. Credibility of our deterrent ultimately rests on our capability to mobilize and deploy forces smoothly and in consonance with our sister services and other vital elements of the national infrastructure.

The Army's mobilization objective is to be in a position during peacetime to best facilitate rapid deployment in war in accord with established and well exercised interdepartmental plans which include an expanded training base and support structure. In the event of full mobilization, the training base, for example, must be capable of accepting 133,000 soldiers into Initial Entry Training in the first 30-day period. The personnel, support systems, and equipment required to accept and train these individuals must be identifield and made immediately available to meet this surge.

Actions to close the time gap between initiation of hostilities and the time when production from the industrial plant can reach our deployed units must also be devised. An appropriately sized strategic lift capability is an obvious necessity.

- Assessment. The Armed Forces today lack many of the vital means required to rapidly respond to potential worldwide military contingencies.

As discussed earlier, under conditions of full mobilization we would experience a significant pretrained manpower shortfall, hence an inability to fill units to wartime manning levels and to replace casualties during the critical early days of a conflict. With the resumption of peacetime registration, the Selective Service System has the capability to provide the first inductees to training as early as 13 days after the start of mobilization. An additional 100 days is required, indeed mandated, for initial skill training. Consequently, these replacements would not arrive in units

until 113 days after mobilization began. Hence, the pretrained manpower pool existing on the day of mobilization must sustain operations for at least 113 days. As explained in the manning section, this is the period in which the pretrained manpower shortage of one-quarter million impacts severely on our ability to sustain war.

From the outset, reliance will be placed on prepositioned war reserve stocks until resupply can be established. But, current authorization levels for these war reserve stocks are in no way related to the time required for the production base to resupply a theater of operations. Historically, one of this Nation's greatest strengths in wartime has been our industrial production base; but, if mobilized today, this industrial base would be incapable of meeting timely wartime needs. Today's active production base is geared to peacetime levels and would require months to significantly increase production rates. Lead times necessary to bring reserve industrial plants into production are also measured in months or years while war reserve stocks will be exhausted in a much shorter time.

The present civilian workforce, on whom we will depend for many critical mobilization needs, is inadequate to perform even the everyday tasks of supporting the peacetime Army. It is far below levels required if a major mobilization is called. The gap between required and available personnel cannot be quickly closed by our emergency augmentation plans because of the current low civilian strength levels and the large surge in requirements at mobilization.

During the joint mobilization exercise in 1978 we identified twelve major areas requiring corrective action; manpower shortfall, personnel support systems, command and control, automation and communication, mobilization station support, training base expansion, rapid reinforcement planning, movement planning, medical support, logistical support, materiel and ammunition shortfall, and industrial preparedness. A majority of the deficiencies have been resolved, primarily procedural aspects of the mobilization process; but many long-standing problems remain and their seriousness cloud the progress evident in the 1980 joint mobilization exercise.

In short if we are to meet the full range of commitments and respond to contingencies whenever and wherever necessary, we as a nation must resolve our mobilization problems.

- Progress. The Army is continuing its major investment in the prepositioning overseas of materiel in unit sets. This program reduces the demand on available lift assets, requiring only personnel with accompaning supplies when reinforcement is desired. There are three division sets of equipment with some support units in place in Europe now. A fourth division set is to be prepositioned during 1981. The Long Term Defense Program includes two additional division sets.

The Army has initiated a program to more closely identify Reserve Component units with wartime requirements and has increased the number of full time active personnel in Reserve Component units. Together, these actions will help hone the skills and command relationships required of the Total Army in mobilization. Additionally, we will pursue many of the ideas generated as a result of Proud Spirit/MOBEX 80, some of which will require Congressional support.

- Outlook. It must be clearly understood that the U.S. has only marginal strategic lift capability for reinforcing NATO. The potential distances involved in responding to a non-NATO contingency exacerbate this mobility shortfall. We need more outsize airlift and fast sealift if we are to respond effectively to worldwide contingencies. A combat force cannot perform its mission if it is not projected into the objective area in time to influence events. Additionally, the force--once it gets there--must be sustained.

The prepositioning of equipment in Europe, critical to our NATO commitment, and an important offset to strategic lift deficiencies involves substantial costs. Equipment must be taken from Active and Reserve Component units, impacting on their training and reducing our flexibility to employ them to non-NATO areas. We are carefully examining alternatives such as fast sealift as an interim measure to enhance reinforcement of NATO.

The Army sees a need for acceleration of such mobility enhancements as the Navy's SL-7 container ship conversion to Roll-on/Roll-off configuration and the Air Force programs in Civil Reserve Air Fleet modification and wartime surge rates. We continue to support early development and fielding of an outsize aircraft to provide needed reinforcement and power projection capabilities. For the longer term, increased research and development should be programmed for Surface Effect Ships of greater than 60-knot speed.

One of our greatest responsibilities is to ensure our forces in Europe and elsewhere have the sustaining materiel and personnel required to achieve success in combat over an extended period. This requires equipment on hand as well as the rapid sealift and airlift to reinforce and supply. Any situation, such as World War II when allies were pushed literally into the sea, must be avoided.

• Our goal is an Army which can sustain itself to a successful termination of conflict.

Combat power is a function of both combat forces and adequate support levels. The ability of combat forces to win the initial engagement is related to how much petroleum, ammunition, and other war reserve stocks they have at the outset of hostilities. In modern war, those provisions are depleted at a rapid rate. Hence creation of production capacity, resupply systems, and an organization to provide a continuous stream of replacement spare parts, ammunition, medical supplies and the like to a battlefield are the ultimate guarantors of our units' survivability. The Army must possess staying power if we expect to be able to win wars.

- Assessment. While the Army has made some improvement in its sustaining capability during the past year, we are faced with continuing shortcomings in our ability to sustain our forward deployed units and elements of the Rapid Deployment Joint Task Force.

The Army in Europe is extremely vulnerable to interruptions in the resupply of repair parts during combat. The needed storage facilities to accommodate these and other war reserves are lacking.

Our current wartime capability to distribute bulk fuels in support of Europe and the Rapid Deployment Force is inadequate. Petroleum unit deficiencies, shortages of bulk petroleum war reserves, and an inability to deliver large volumes of petroleum over-the-shore in a bare base environment are the major gaps.

- Progress. Our FY 82 request does alleviate certain of the problems we face. One of our major short-term objectives is the reduction of ammunition shortages and the unserviceable ammunition backlog. A second major objective is to increase current repair parts stockage levels so that each corps in Europe is provided a more adequate safety level of combat essential repair parts in the event of interrupted resupply efforts in combat.

To accommodate additional war reserve stocks for forward deployed and reinforcing units, our construction of additional war reserve storage facilities in Europe, which began in FY 78, will continue.

Our Air Line of Communication (ALOC) concept, initiated in 1977, continues to prove successful, and this budget provides for its continuation to Europe, Korea, Alaska and Hawaii.

Our deficiencies in petroleum units, bulk petroleum stocks, and over-the-shore delivery systems are addressed in this request. Equipment for petroleum units will be prepositioned in Europe, and U.S. Army, Europe has been tasked to establish a petroleum general support base to facilitate transition to war. An active component petroleum supply company is scheduled for activation in FY 82 to support the RDJTF, and two tanker discharge systems will be procured to provide over-the-shore capability.

- Outlook. While the FY 82 budget provides selected relief, the resolution of many other deficiencies is long-term in nature.

The plight of the industrial base, discussed earlier, is such that it is incapable of a significant contribution in the early phases of an emergency. Hence, it cannot be considered a substitute for our current inadequate war reserve levels. Generally constrained to a size commensurate with peacetime production, it lacks the requisite response capability.

Our reserve production base, while capable of providing large quantities of older equipment and ammunition, can produce very few of our new items on a large scale or in a timely manner. Nonetheless, the time for either reactivation or conversion of these facilities is far less than that required for new construction. Hence, preservation of this reserve capacity is essential to long-term sustainability of the force.

Evaluation of the logistic support requirements for the RDJTF necessitates an upgrade in our Logistics-Over-the-Shore (LOTS) capability. The current budget provides for no additional water craft to replace the inadequate and aging Army fleet.

Only a limited amount of equipment for the production and treatment of water, an Army responsibility, is presently being procured. A variety of commercial items are under consideration, but lack of funds has delayed the acquisition and fielding of water support equipment, which is essential if we are to sustain the Rapid Deployment Force in certain climates and terrain.

Security assistance legislation needs to be reviewed so that emergency requirements falling under the War Reserve Stocks for Allies and the Special Contingency Stockpile Programs can be budgeted through other than Defense channels as part of the normal security assistance budgeting process. This would strengthen our collective security effort and eliminate possible diversion of military equipment and ammunition from U.S. forces to support emergency needs of our allies.

Despite the massive nature of these problems, the outlook in improved sustainability for our forces is better. But a costly and difficult road lies ahead.

* * *

In summary, this budget funds certain necessary improvements, however there remain serious shortfalls in many areas. Our needs might appear unreasonable by normal peacetime standards, but these are unusual times--times in which we must be prepared to respond quickly from a peacetime base which is truly ready. We expect substantial increases to the FY 81 and 82 budgets already submitted to Congress. We feel that favorable consideration of these requests is imperative.

In some respects, the burdens ahead may appear to be insurmountable. Two-hundred years ago this nation, already at war for five years, and facing comparable obstacles, found its forces victorious at Yorktown. That Continental Line was not perfect but as the British tune said, it turned the world upside down nonetheless. The country did its best to provision it, and the Army made the most of what it had.

Despite imperfections, today's Army is bred in that same spirit. Our deployed forces are ready and able to fight and the Army's portion of the Rapid Deployment Force is ready now to fulfill the mission that has been given it. With Congress' help the Army can and will join with its sister services in ensuring that our national values are preserved through the critical decaded ahead.

BUDGET ANNEX

TABLE 1

ARMY BUDGET
(TOA in $ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
MILITARY PERSONNEL	12,095	14,246	14,965
Military Personnel, Army	10,528	12,192	12,715
National Guard Personnel, Army	917	1,182	1,306
Reserve Personnel, Army	650	872	944
OPERATION AND MAINTENANCE	12,303	14,057	16,317
Operation and Maintenance, Army	11,023	12,614	14,766
Operation and Maintenance, Army National Guard	840	933	979
Operation and Maintenance, Army Reserve	440	510	572
PROCUREMENT	6,542	8,969	9,874
Aircraft	946	1,076	1,362
Missile	1,150	1,520	1,650
Weapons & Tracked Vehicles	1,811	2,582	2,720
Ammunition	1,152	1,531	1,816
Other Procurement	1,483	2,260	2,326
RESEARCH, DEVELOPMENT, TEST & EVALUATION	2,846	3,087	3,577
MILITARY CONSTRUCTION	781	971	1,167
Military Construction, Army	727	886	1,080
Military Construction, National Guard	24	42	47
Military Construction, Army Reserve	30	43	40
STOCK FUND WAR RESERVE	0	4	211
TOTAL	34,567	41,335	46,110

NOTE: Details in all tables and charts may not add due to rounding.

TABLE 2

COST OF MAINTAINING THE ARMY FY 82 TOA REQUEST

($ BILLION)

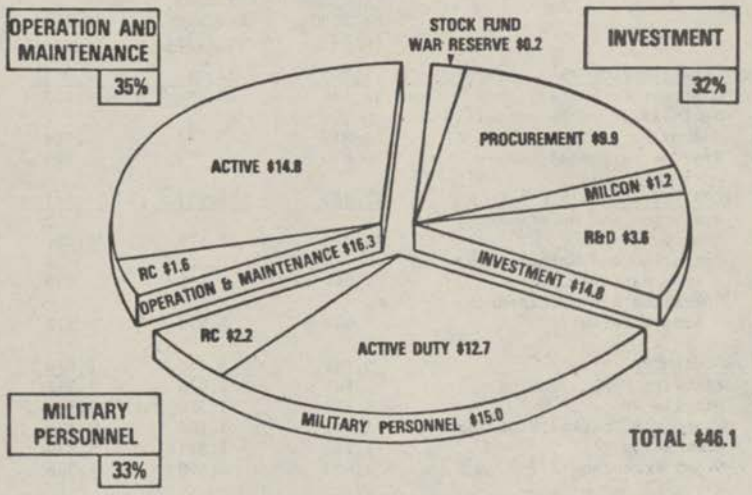


TABLE 3

Military Personnel, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Pay & Allowances, Officer	2,400	2,796	2,835
Pay & Allowances, Enlisted	6,745	7,738	7,918
Pay & Allowances, Cadets	24	27	28
Subsistence - Enlisted	678	786	830
Permanent Change of Station Travel	676	840	1,100
Other Military Personnel Costs	4	4	4
TOTAL	10,528	12,192	12,715

Military End Strength
(000's)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Officer	98.2	99.9	100.8
Enlisted	673.9	671.1	681.2
Cadet	4.4	4.3	4.3
TOTAL	776.5	775.3	786.3

TABLE 4

National Guard Personnel, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Pay Groups A/P	627	754	771
Pay Group F	132	150	162
School Program	34	45	48
Special Training	16	30	47
Administration/Support	108	203	278
(Enlistment/Reenlistment/ Education Assistance Bonuses)	(14)	(32)	(41)
TOTAL	917	1,182	1,306

End Strength
(000's)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Paid Drill	360.4	375.6	386.2
Full-Time Active Duty	6.2	10.2	11.4
TOTAL	366.6	385.8	397.6

TABLE 5

Reserve Personnel, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Pay Groups A/P	391	482	509
Pay Group F	71	77	85
Pay Group D	8	12	12
School Training	15	26	27
Special Training	18	33	34
Administration/Support	73	139	169
Mobilization Training (IRR)	20	37	35
ROTC	41	51	58
Health Professional Scholarship Program	12	15	15
(Enlistment/Reenlistment/ Education Assistance Bonuses)	(7)	(25)	(31)
TOTAL	650	872	944

End Strength
(C00's)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Paid Drill	202.6	211.4	230.3*
Full-Time Active Duty	4.0	5.4	6.3
TOTAL	206.6	216.8	236.6

*FY 1982 includes 8.6 Pay Group D Individual Mobilization Augmentees.

TABLE 6

Operation & Maintenance, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
General Purpose Forces	3,647	4,146	5,151
Intelligence & Communications	603	699	801
Central Supply	2,488	2,710	3,065
Maintenance	1,087	1,233	1,443
Training	1,252	1,508	1,708
Medical	828	986	1,066
Other General Personnel Activities	339	411	520
Administration	693	806	886
Support of Other Nations	86	115	126
TOTAL	11,023	12,614	14,766

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	230.6	233.4	234.4

TABLE 7

Operation and Maintenance, Army National Guard
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Training Operations	163	161	146
Logistical Support	531	596	623
Base Operations	51	58	74
Depot Maintenance	41	49	54
Management Support	43	52	60
Recruiting and Advertising	7	10	14
Medical Support	4	7	8
TOTAL	840	933	979

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	25.3	23.0	22.8

TABLE 8

Operation and Maintenance, Army Reserve
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Training and Organization of Mission Forces	249	286	318
Depot Maintenance	6	6	8
Base Communications	8	9	10
Base Operations	124	146	159
Recruiting and Advertising	28	34	45
Management Support	24	29	32
TOTAL	440	510	572

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	12.3	12.6	12.7

TABLE 9

Procurement
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Aircraft	946	1,076	1,362
Missile	1,150	1,520	1,650
Weapons & Tracked Combat Vehicles	1,811	2,582	2,720
Ammunition	1,152	1,531	1,816
Other	1,483	2,260	2,326
TOTAL	6,542	8,969	9,874

TABLE 10

Research, Development, Test and Evaluation, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Technology Base	462	506	617
Advanced Technology Development	140	166	208
Strategic Programs	241	268	345
Tactical Programs	1,470	1,528	1,614
Intelligence and Communications	33	37	55
Defense-wide Mission Support	500	582	738
TOTAL	2,846	3,087	3,577

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	19.9	19.7	19.4

TABLE 11

Military Construction, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Operating & Training	75	74	114
Maintenance & Production	118	195	162
Research Facilities	19	11	31
Supply & Administration	51	48	60
Hospital & Medical	21	156	125
Troop Housing & Community Support	118	104	222
Utilities & Land Improvements	219	167	153
Real Estate	20	0	30
General Authorization	86	131	182
TOTAL	727	886	1,080

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	7.2	7.4	7.4

TABLE 12

Military Construction, Army Reserve and Army National Guard
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Military Construction, Army Reserve	30	43	40
Military Construction, Army National Guard	24	42	47
TOTAL	54	85	87

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	.1	.1	.1

TABLE 13

Family Housing, Army
($ Millions)

	FY 1980 Actual	FY 1981 Revised Estimate	FY 1982 Request
Construction	1	82	78
Debt Payment	9	8	6
Leasing	49	53	64
Operation & Maintenance	535	631	675
TOTAL	594	774	823

End Strength
(000's)

	FY 1980	FY 1981	FY 1982
Civilian	2.1	2.2	2.3

BIOGRAPHICAL SKETCH

JOHN O. MARSH, JR.

SECRETARY OF THE ARMY

Mr. John O. Marsh, Jr. was born in Winchester, Virginia, on 7 August 1926. After attending public schools in Harrisonburg, Virginia, he entered the United States Army in 1944. Following receipt of an Infantry Officer Candidate School commission as a Lieutenant in 1945, he saw duty with the United States occupation forces in Germany.

In 1951, after his World War II active duty, Mr. Marsh received his LL.B degree from Washington and Lee University, Lexington, Virginia. He was then admitted to the Virginia bar and began law practice in Strasburg, Virginia.

Mr. Marsh, a four-term Democrat from Virginia's 7th District, served in the United States House of Representatives from 1963 to 1971. During that period he was a member of the House Appropriations Committee. Choosing not to seek a 5th term, he returned to the practices of law, opening an office in Washington, D.C. He returned to federal service in March 1973 as the Assistant Secretary of Defense for Legislative Affairs.

In January 1974, he became Vice President Ford's assistant for National Security Affairs. His next position was Counsellor, with Cabinet Rank, to President Ford. He held this position from August 1974 to January 1977.

After serving President Ford, Mr. Marsh again returned to private law practice, most recently as a partner in the law firm of Mays, Valentine, Davenport and Moore of Richmond, Virginia, with offices in Washington, D.C.

From 1951 to 1976, when he retired with the rank of Lieutenant Colonel, he served in the 116th Infantry Regiment, the 29th Infantry Division and the State Headquarters Detachment of the Virginia National Guard. He has also served for four years on the Board of Visitors to the Virginia Military Institute.

He has been awarded the Department of Defense Distinguished Public Service Medal and the American Legion Distinguished Service Medal and the National Guard Distinguished Service Award.

Mr. Marsh is married to the former Glenn Ann Patterson. They have three children.

BIOGRAPHICAL SKETCH

GENERAL EDWARD C. MEYER
CHIEF OF STAFF
UNITED STATES ARMY

General Edward C. Meyer was born in St Mary's, Pennsylvania, on 11 December 1928. He was graduated from the United States Military Academy in 1951, commissioned a second lieutenant of infantry.

In the 1950's, he served with the 40th Infantry Division in Korea as an infantry company commander and a battalion staff officer, as an instructor at the infantry school at Fort Benning and as an airborne company commander in the 101st Airborne Division at Fort Campbell, Kentucky.

In the early 1960's, he served on the Allied Staff at Supreme Headquarters, Allied Powers, Europe and on the Department of the Army staff in the Office of the Chief of Staff.

In the mid 1960's, he deployed with the 1st Cavalry Division to Vietnam and served as a deputy brigade commander and battalion commander. After a tour on the Joint Staff in Washington, he returned to the 1st Cavalry in Vietnam three years later to command a brigade and to serve as the Division Chief of Staff.

In the early 1970's, General Meyer was a Federal Executive Fellow at the Brookings Institution in Washington, DC, collaborating on books on United States forces in Europe and the defense portion of the Federal Budget. Following an assignment as Assistant Division Commander of the 82nd Airborne Divison, he was assigned as Deputy Commandant of the Army War College. Next followed a tour as the Deputy Chief of Staff for Operations and Plans of United States Army, Europe during which General Meyer was involved in Army actions related to the Arab-Israeli conflict and the reorganization of Europe units to increase combat strength and to adjust to other Army organizational decisions. As Commanding General of the 3rd Infantry Division in Germany he was involved in the development of doctrine and tactics to accommodate to the changes in the Warsaw Pact threat and the Army's envolving equipment modernization.

In 1975 he returned to Washington to become Assistant Deputy Chief of Staff for Operations and Plans and in 1976 he became the Deputy Chief of Staff for Operations and Plans. On 22 June 1979 General Meyer became the 29th Chief of Staff of the Army.

ADDENDUM TO JOINT PREPARED STATEMENT

THE HONORABLE JOHN O. MARSH, JR.

AND

GENERAL EDWARD C. MEYER

FOREWORD

The purpose of this addendum to the FY 1982 Army posture statement is to address the improvements in selected Army programs and show the positive trends we expect from receipt of the resources requested in the FY 81 Supplemental and FY 82 Amendment. The Supplemental and Amendment allow us to restore important items, to accelerate programs designed to improve near and mid-term readiness and to achieve efficiencies in other on-going programs. Together they represent an important first step in overcoming our most glaring deficiencies. Needed progress can be made in the major categories of Manning, Equipping, Training, Mobilizing and Deploying, and Sustaining, thereby allowing us to move closer to attaining the goals set out in the posture statement.

The FY 81 Supplemental totals $2.6 billion of which $362 million covers Fact-of-Life increases brought about by unprogramed requirements and inflationary cost increases. Quality-of-Life programs primarily designed as retention incentives account for another $130 million. Nearly half of the Supplemental ($1.2+ billion) includes programs which increase immediate readiness of our forward deployed and reinforcing units and those Active and Reserve Component forces designated to participate as part of the Rapid Deployment Force (RDF). The remaining $904 million will increase the pace of modernization of Army equipment and weapons systems.

The FY 82 Amendment of $7.641 billion continues several programs begun with the Supplemental, restores vital lost programs, and further quickens the modernization effort. Fact-of-Life expenditures total $43 million and Quality-of-Life programs account for another $374 million. Readiness improvements total over $3.15 billion while Army modernization programs receive more than half the Amendment--$4.06+ billion.

Detailed tables are provided at the end of this Addendum for reference and comparison purposes.

Army Programs

Manning

As we emphasized in our posture statement, manning the total force with adequate numbers of skilled, motivated soldiers is one of our highest objectives. The FY 81 Supplemental and FY 82 Amendment request manning funds totaling $610 million ($173 million and $437 million respectively). Approximately 20 percent of this total covers Fact-of-Life expenditures such as that portion of the 1 October 1980 civilian pay raise that was scheduled to be absorbed by the Army, and funding to support an additional strength increase of 5,600 in the Army Reserve by the end of FY 82.

Significant Quality-of-Life program improvements should help reduce the outflow of our skilled, experienced mid-grade leaders. Special pay and bonuses, housing maintenance funds, increased housing for single and married soldiers, and cost of living allowances for bachelors overseas are some of the key programs. In addition, the out-of-pocket costs incurred by servicemen during permanent change of station moves is reduced by providing increased per diem and mileage allowances.

Finally, a major boost in readiness can be expected from a 21,800 civilian strength increase by the end of FY 82, with 10,000 of this increase occurring in FY 81. Money for the equivalent of 4,400 manyears is also requested for economical contracting in FY 82. These increases will return many thousands of soldiers now being diverted daily to support

functions to their primary training tasks. Some of these civilian increases will improve wholesale logistics, and training and soldier support functions thereby improving sustainability and mobilization capability.

Equipping

The entire Supplemental and Amendment combined total over $10.2 billion. By far the largest share (almost $7 billion) will provide the urgently needed equipment improvements to enhance immediate and longer range readiness. This includes some equipment for the prepositioning of materiel configured to unit sets (POMCUS) program. The procurement portions of the Supplemental and Amendment permit the Army to capitalize on the productive research and development efforts of the 1960's and 1970's. We have begun to produce the modern equipment our soldiers need to match our potential adversaries. Where previously constrained resources caused us to terminate, delay or stretch critical major programs such as the M1 tank, fighting vehicle systems, division air defense (DIVAD) gun, and Roland air defense system, we are now able to produce more systems at economical rates resulting in faster delivery and long-range procurement cost avoidance. Although program delays already incurred will prevent the Army from achieving its modernization goals of qualitative parity in fielded equipment by 1985 and superiority by 1990, significant progress is now possible.

In the major systems category, improvement will be made in the areas of close combat and air defense. For instance, the M1 tank, fighting vehicle systems and the AH-64 attack helicopter all return to more economic production rates which will result in earlier and faster delivery. In the air defense area, the Army returns to procurement and fielding of the minimum prudent force of Army Air Defense Plan 1990. The production rate of the cornerstone system, Patriot, will be increased to allow early replacement of Nike Hercules and some of the improved Hawk systems. The division air defense (DIVAD) gun is accelerated to an economic production rate in FY 84 resulting in significant improvement to air defense coverage of our close combat forces. The minimum essential four battalion Roland program is put back on track to provide low altitude, all weather air defense of critical assets in the rear area.

Increased funding is also programed to speed production rates and permit earlier fielding of other major systems such as the Blackhawk helicopter, the CH-47 (Chinook) helicopter modification, 5-ton and 10-ton trucks, Ground Laser Locator Designator and Hellfire Missiles. Additionally, we buy improved command, control, communications and intelligence, electronic warfare, and chemical warfare equipment that provides us significantly improved capabilities on the integrated battlefield.

Included in the Supplemental and Amendment is funding to provide additional readiness equipment and supplies for the Active and Reserve Components and the Rapid Deployment Force--night vision equipment, communication equipment, construction equipment, M60A3 tank conversions, recovery vehicles, sensor systems, and chemical protection equipment. Improved theater nuclear force capability and a partial reduction of other critical major end items and support equipment shortages will be achieved.

As a result of the Supplemental and Amendment funding increases plus the proposed increases in the outyears, the Army will be able to achieve a more realistic balance between the need to maintain immediate readiness and yet modernize to meet the goal of qualitative parity in fielded systems.

Training

The Army has developed a training strategy designed to improve force readiness by providing a training base that produces soldiers skilled in critical tasks and focuses on continued development of an officer and noncommissioned officer education system; a unit training environment that develops the capability to meet worldwide commitments;

a Reserve Component force trained to perform its wartime mission; and an increased emphasis on simulation, devices and facilities to enhance training and better manage the consumption of fuel, repair parts and ammunition.

The Supplemental and Amendment, which total $400 million in the training category, provide increases in several programs that will improve readiness. These include the expansion and toughening of Initial Entry Training; increased support of the NCO Education System; continued development and use of the National Training Center at Ft. Irwin, California; and improvements to the 9th Infantry Division High Technology Test Bed program which will enhance the combat effectiveness, flexibility, and strategic mobility of light infantry divisions.

In addition, we will increase battalion and brigade level training for forward deployed, reinforcing and Rapid Deployment Force units; increase Army participation in joint exercises; and expand Reserve Component Partnership and Affiliation Programs.

Finally, the additional funds allow us to procure essential, critically short training ammunition; and to provide research, development, test, and evaluation for devices and simulators which support training associated with the procurement and fielding of new equipment and weapons systems.

Mobilizing and Deploying

The Supplemental and Amendment together total over $880 million for these two combined categories. Approximately $820 million is for equipment increases to include POMCUS. We expect major gains in mobilization readiness to result from mobilization facilities planning and correction of the most crucial industrial preparedness deficiencies.

The mobilization facilities planning program develops plans, site adaptations, and installation layouts for expansion of the training base and troop facilities in the event of mobilization. It will reduce construction lead times by several months in event of a national emergency.

Several deficiencies will be eliminated in industrial preparedness by providing funds to improve maintainance of reserve production lines and correcting deferred maintenance deficiencies which resulted from previous resource constraints. All 325 reserve production lines will be maintained so that most can be operative within the prescribed time after declaration of an emergency and all deferred maintenance deficiencies will be eliminated.

In addition, mobilization and deployment capabilities will be strengthened by improvements in other categories such as manning increases and equipment purchases for early deploying Reserve Component units and increased readiness training.

A final comment on deployability. As mentioned in our basic statement, while the Army is improving its combat effectiveness, the U.S. must continue to strive for a strategic mobility capability that is sufficient to project and sustain our forces worldwide. We do not have that capability today. The Army depends on the other services for strategic lift and, therefore, strongly indorses acceleration of on-going programs such as fast sealift (SL-7 conversion to Roll On/Roll Off). We also recognize the need to speed plans for additional sources of mobility; both airlift and sealift. For the longer term, there is a need for increased research and development efforts for surface effect shipping to enhance force projection by the late 1980's.

Sustaining

The funds requested for programs in the sustaining category total over $1.37 billion and represent the second largest category in the combined Supplemental and Amendment total. Certain Fact-of-Life expenses, especially fuel cost increases, are provided for. A major Quality-of-

Life program, real property maintenance, will receive additional funds for the annual recurring requirements for maintenance and repair services of existing facilities and utility systems. Living and working conditions for soldiers in the continental U.S. and abroad will improve.

Several key programs receive necessary support that will enhance across-the-board readiness. War reserve equipment and spare parts for the RDF are purchased. These items include contingency stocks such as camouflage netting, special clothing, water support items, and consumable spare and repair parts for vehicles and equipment. Major purchases of ammunition for the RDF are made in each of the 2 years to increase the days of available supply of high priority ammunition items. Furthermore, in the ammunition area the Amendment provides for build-up of war reserve ammunition stocks which are below required levels and for needed ammunition facilities improvement.

In both years, funds are programed for care of materiel in storage to maintain and upgrade supplies in a fully useable condition. Also, major reductions in the Active Component depot maintenance backlog can be expected. Readiness of our units in Europe will be improved by the construction of one tactical equipment shop, the addition of facilities to permit the fielding of increased artillery capability, the addition of critically needed projects at Vilseck, and the movement and storage of significant amounts of war reserve materiel.

SUMMARY

The FY 81 Supplemental and FY 82 Amendment are the first steps toward improving many Army programs designed to enhance retention, increase readiness and accelerate modernization. While new progress toward our overall goals is significant in many areas, these additions will not solve all our major problems. For the most part the program increases, while necessary and welcome, represent only partial closing of the gaps that exist.

Some improvement is provided in support for the Reserve Components but it is not nearly sufficient to overcome the deep shortfalls. These shortfalls are particularly worrisome to us for approximately 50 percent of the Army's combat forces are in the Army National Guard and Army Reserve. A much higher percentage of our logistics support units and a substantial number of the RDF units--largely support--are Reserve Component forces.

The Supplemental and Amendment, together with the increased funds now forecast for the remaining program years, will place many Army programs-especially those in readiness and modernization areas--on a glide path that will allow us to approach qualitative parity with our potential enemies before the end of the decade while achieving long range procurement efficiencies. Immediate and continued support for our programs is vital to the achievement of these goals.

TABLE 1

ARMY BUDGET
(TOA in $ Millions)
FY 1981

	Carter Budget	Reductions[1/]	Supplemental	Reagan Budget
MILITARY PERSONNEL	14,246	-68	+42	14,220
Military Personnel, Army	12,192	-52	+33	12,173
National Guard Personnel, Army	1,182	-6		1,176
Reserve Personnel, Army	872	-10	+9	871
OPERATION AND MAINTENANCE	14,057	-135	+549	14,471
Operation and Maintenance, Army	12,614	-130	+512	12,996
Operation and Maintenance, Army National Guard	933	-2	+21	952
Operation and Maintenance, Army Reserve	510	-3	+16	523
PROCUREMENT	8,969	-123	+1,809	10,655
Aircraft	1,076	-14	+142	1,204
Missile	1,520	-21	+48	1,547
Weapons and Tracked Vehicles	2,582	-36	+832	3,378
Ammunition	1,531	-21	+60	1,570
Other Procurement	2,260	-31	+728	2,956
RESEARCH, DEVELOPMENT, TEST & EVALUATION	3,087	-32	+111	3,166
MILITARY CONSTRUCTION	971	-11	+17	977
Military Construction, Army	886	-11	+17	892
Military Construction, Army National Guard	42			42
Military Construction, Army Reserve	43			43
STOCK FUND WAR RESERVE	4		+30	34
TOTAL	41,335	-369	+2,559	43,524

[1/] Reductions, Efficiencies, Elimination of Marginal Programs accomplished since Carter budget was submitted.

NOTE: Details in all tables and charts may not add because of rounding. Also, FY 81 supplemental total shown above does not include increase of $41 million for the Family Housing Appropriation.

TABLE 2

ARMY BUDGET
(TOA in $ Millions)
FY 1982

	Carter Budget	Reductions[1/]	Amendment	Reagan Budget
MILITARY PERSONNEL	14,965	-109	+ 83	14,938
Military Personnel, Army	12,715	- 94	+ 63	12,684
National Guard Personnel, Army	1,306	- 8	+ 2	1,299
Reserve Personnel, Army	944	- 7	+ 18	955
OPERATION AND MAINTENANCE	16,317	-492	+1,389	17,214
Operation and Maintenance, Army	14,766	-452	+1,239	15,553
Operation and Maintenance, Army National Guard	979	- 26	+ 91	1,044
Operation and Maintenance, Army Reserve	572	- 14	+ 59	617
PROCUREMENT	9,874	-333	+5,556	15,096
Aircraft	1,362	- 37	+ 473	1,797
Missile	1,650	- 44	+1,236	2,842
Weapons & Tracked Vehicles	2,720	-108	+1,531	4,143
Ammunition	1,816	- 56	+ 684	2,444
Other Procurement	2,326	- 88	+1,632	3,870
RESEARCH, DEVELOPMENT, TEST & EVALUATION	3,577	-177	+ 505	3,905
MILITARY CONSTRUCTION	1,167	- 46	+ 65	1,186
Military Construction, Army	1,080	- 45	+ 65	1,100
Military Construction, Army National Guard	47			47
Military Construction, Army Reserve	40	- 1		39
STOCK FUND WAR RESERVE	211			211
TOTAL	46,110	-1,156	+7,598	52,552

1/ Reductions, Efficiencies, Elimination of Marginal Programs accomplished since Carter Budget was submitted.

NOTE: FY 82 amendment total shown above does not include a $43 million increase in the Family Housing Appropriation.

FY81 SUPPLEMENTAL/FY82 AMENDMENT

CATEGORY	FY81 ($M)	FY82 ($M)
MANNING	173	437
EQUIPPING	1502	5474
TRAINING	118	282
MOBILIZING	0	60
DEPLOYING	427	395
SUSTAINING	380	993
TOTAL	2.600B	7.641B

MANNING

($ MILLIONS)

PROGRAM	FUNDS FY 1981	FY 1982
FACT-OF-LIFE		
CIVILIAN PAY RAISE	84	-
USAR RECRUITING COSTS	9	17
CIVILIAN PERSONNEL COMPENSATION	-	11
QUALITY-OF-LIFE		
ACCELERATE MALT	33	-
BACHELOR COLA	-	13
FAMILY HOUSING MAINTENANCE	40	43
COMMISSARIES - EUROPE	3	5
BARRACKS AND FURNITURE	3	2
SPECIAL PAY AND BONUSES	-	50
HOUSING IMPROVEMENT INITIATIVES	1	3
UNACCOMPANIED HOUSING (FT STEWART BKS)	-	9
READINESS		
CIVILIAN PERSONNEL TO REPLACE MILITARY PERSONNEL AT SUPPORT ACTIVITIES	-	284
TOTAL	173	437

EQUIPPING

($ MILLIONS)

PROGRAM	FUNDS FY81	FY82
FACT-OF-LIFE		
PATRIOT COST INCREASE	24	26
MLRS COST INCREASE	4	3
SINCGARS COST INCREASE	10	-
STINGER COST INCREASE	-	12
READINESS		
WATER SUPPORT FOR RDF	8	-
AIRCRAFT SPARES	96	-
NBC PROTECTIVE MASKS	20	21
DESERT CAMOUFLAGE UNIFORMS	15	-
NERVE AGENT ANTIDOTE	4	7
ADMIN USE VEHICLES	88	108
155MM GB - 2 BINARY PROD FACILITY	20	-
TRAILBLAZER SIGINT EQUIP	69	-
M60 A3 TANK CONVERSIONS	82	164
READINESS SUPPLIES FOR RC	25	117
DEF CHEM EQUIP FOR USAR RDF	1	-
10T TACTICAL VEHICLES	-	52
5T TACTICAL VEHICLES	-	209
MISSILE SPARES	-	26
IMPROVED TOW VEHICLE MOD	-	24
COLD WEATHER CLOTHING USAR - RDF	-	7
REPAIR PARTS - USAR - RDF	-	2
OPA/STOCK FUND EQUIP USAR - RDF	-	103
CAMOUFLAGE SCREENS	-	47
O&S FOR MODERN SYSTEMS INTRO	-	232
WWMCCS UPGRADE	-	6
CAPITAL CHANCE PROGRAM	-	1
SILICONE BRAKE FLUID	-	3
TACTICAL/SPT VEHICLE SPARES	-	1
TACTICAL MICROWAVE LANDING SYS	-	2
STRATEGIC AUTO/COMMO SHORTAGES	-	9
DARCOM RANGES/TEST FAC	-	22
IHAWK MODS	-	78
M60A3 PRODUCTION	143	-
AIRCRAFT SURVIVAL EQUIP	-	73
CONSTRUCTION EQUIP (ILO FAMECE)	-	143
ARMY MODERNIZATION		
TACFIRE	79	-
PRM 34/GRM 114	49	-
GRASSBLADE	29	148
M1 TANK	447	590
IFV	170	250
ROLAND	30	501
UH60 BLACKHAWK	46	175
LOADS - BMD TECH	39	90
AH-64 HELICOPTERS (+6)	-	108
LASER HELLFIRE MISSILES	-	36
CH-47 HELICOPTER MODIFICATIONS	-	98
DIVAD GUN/AMMUNITION	-	300
TACTICAL NUCLEAR WARFARE - 155mm NUCLEAR ROUND	-	33
PATRIOT MISSILES	-	377
GROUND LASER LOCATOR/DESIG (GLLD)	-	16
INFRARED NIGHT VISION SIGHTS	-	60

FIELD ARTILLERY AMMO SUPPORT VEHICLE	-	4
LIGHT ARMORED VEHICLE	-	1
VHF APPLIQUE JAMMERS	-	5
IMPROVED NON-NUCLEAR LANCE	-	22
JOINT TACTICAL FUSION CENTER	-	46
INTEGRATED INERTIAL NAV SYSTEM	-	4
R&D LABORATORY EQUIPMENT	-	8
BLACKHAWK/HELLFIRE DEMONSTRATION	-	5
LASER WEAPON TECHNOLOGY	-	3
TRC-145 RADIO TERMINALS FOR ACTIVE & RES. UNITS	-	45
STINGER MISSILES	-	95
M-1 TANK BLOCK I/II IMPROVEMENTS	-	62
INTERCHANGE REQUIREMENTS	-	8
UXC-4 TACTICAL DIGITAL FACSIMILE FOR FIELD UNITS	-	4
COUNTERMINE/BARRIER DEVELOPMENT	-	4
STRATEGIC AUTOMATION/COMM SYS	-	119
TACTICAL AUTOMATION/COMMO SYS	-	85
CHEMICAL/BIOLOGICAL TECHNOLOGY PROJECTS	-	48
MOD. TO HARDEN AGAINST LASER CM	-	7
ROTORS, FLIGHT CONTROLS, STRUCTURES	-	2
1-1/4 TON TACTICAL WHEELED VEHICLES	-	98
IFF PROGRAM COST INCREASE	-	2
TIBETAN MONK	-	10
M88 TANK RECOVERY VEHICLES	-	153
PROTECTIVE SHELTERS	-	10
CHEMICAL AGENT ALARMS	-	67
M198 HOWITZERS	-	76
REMBASS R&D	-	7
RDF COMMUNICATIONS EQUIPMENT	-	52
TACTICAL/SUPPORT VEHICLES SPARES	-	24
TRC-113 RADIO REPEATERS	-	37
ADV. ROCKET CONTROL SYSTEM	-	15
RPV FLIR	-	15
THEATER NUCLEAR FORCES C3	-	16
PRODUCTIVITY ENHANCEMENT INVESTMENT	-	23
COUNTER LASER	4	12
TOTAL	1502	5474

TRAINING

($ MILLIONS)

PROGRAM	FUNDS FY 1981	FY 1982
FACT-OF-LIFE		
9WW	55	57
READINESS		
NATIONAL TRAINING CENTER-FORT IRWIN	28	5
9ID HI TECH TEST BED	11	-
INCREASED TRAINING READINESS	22	147
IMPROVED READINESS OF AFFILIATED ARMY RESERVE UNITS	2	-
RDF-A IMPROVEMENTS	-	35
ARMY MODERNIZATION		
SYNTHETIC FLIGHT SIMULATORS	-	6
AH64 MISSION SIMULATOR	-	6
JCS EXERCISE	-	26
TOTAL	118	282

MOBILIZING

($ MILLIONS)

PROGRAM	FUNDS FY 1981	FY 1982
READINESS		
CORRECT INDUSTRIAL PREPAREDNESS DEFICIENCIES	-	32
MOB FACILITIES PLANNING	-	7
PRODUCTION BASE SPT - MISSILES	-	6
ARMY MODERNIZATION		
USAR TEST SETS, TOOLS, MANUALS	-	12
DREDGE CHANNEL, SUNNY POINT	-	3
TOTAL	0	60

DEPLOYING

($ MILLIONS)

PROGRAM	FUNDS FY 1981	FUNDS FY 1982
READINESS		
MILCON PLN/DESIGN - RDF	6	-
EQUIPMENT FILL IAW PRIORITY CLAIMANTS-- INCLUDES POMCUS	421	395
TOTAL	427	395

SUSTAINING

($ MILLIONS)

PROGRAM	FUNDS FY 1981	FUNDS FY 1982
FACT-OF-LIFE		
INDIRECT FUEL COSTS	81	-
INDICIA MAIL	12	-
2ND DESTINATION TRANS	43	-
TURKISH INFLATION COSTS	6	-
FUEL COST INCREASE	22	28
FED TELE SYST (FTS) COST INCREASE	3	-
KWAJALEIN MISSILE RANGE	9	-
CENTRAL PROCUREMENT ACTIVITIES	-	11
CURRENCY REVALUATION FROM CARTER BUDGET	-	-122
QUALITY-OF-LIFE		
REAL PROPERTY MAINTENANCE	49	245
AMERICAN FORCES RADIO & TV	-	4
READINESS		
AMMUNITION (RDF)	40	188
LEASED COMMO CIRCUITS COST GROWTH	4	-
WETEYE BOMB MOVEMENT	2	-
CARE OF SUPPLIES IN STORAGE	12	43
ASF WAR RESERVE EQUIP AND SPARE FOR RDF	30	-
REDUCE DEPOT MAINTENANCE BACKLOG	53	68
EUROPE RESTATIONING	-	18
WESTCOM RUST REPAIR	-	4
CHEMICAL DEMIL FACILITY - JOHNSON ISLAND	-	8
KOREA COMMO UPGRADE	-	23
MILPERCEN DPI OPERATIONS COMPUTER COST	-	1
AMMO WAR RESERVES	-	396
USAMSAA ADP SPT COST	-	3
NATL. FOR. INTEL. PROG (NFIP)	2	6
ATTACK HELICOPTER COMPANY MAINTENANCE	-	1
OMARNG BMAR BACKLOG	-	4
TACTICAL EQUIPMENT SHOP, GERMANY	-	7
ARTILLERY FACILITY - FRG	11	-
ARMY MODERNIZATION		
PREPOSITIONED WAR RESERVES - EUROPE	-	45
DEMIL OF UNSERVICEABLE AMMO	-	12
TOTAL	380	993

PREPARED STATEMENT OF HON. JOHN O. MARSH, JR.
SECRETARY OF THE ARMY

Mr. Chairman, Members of the Subcommittee.

It is a pleasure to appear before you to discuss the posture of the Army and the direction we are heading to meet the challenges of the decade ahead. I look forward to working with you in the important task of developing an Army capable of successfully defending our national interests. In our posture statement and addendum, General Meyer and I have presented specific goals and made assessments of each.

Our revised FY 81 request is $43.5 billion and the amended FY 82 request is $52.6 billion. The FY 81 figure represents an increase of $9 billion over the adjusted FY 80 estimate for a real program growth of $5.5 billion or 12.9 percent; the FY 82 figure is an additional $9 billion over FY 81 for a real growth of $6.8 billion or 14.1 percent. The remainder in each case--FY 81 of $3.5 billion and FY 82 of $2.2 billion--represents funding to offset known or projected price increases. The posture statement addendum discusses the specific improvements we expect from the FY 81 Supplemental and the FY 82 Amendment.

In these opening remarks I want to discuss my view of the two major responsibilities which I believe the Army leadership has to the Congress and the American people, and the ways we are moving to meet those responsibilities. Our first responsibility is to develop an Army fully capable of accomplishing its vital defense missions. Toward this end we must make a realistic appraisal of the Nation's defense needs and the Army's role in that defense picture. Following that is the requirement to assess where the Army is today and where it needs to be to perform successfully its missions. We must speak frankly and objectively to the strengths and weaknesses in our posture. And, we must work in close partnership with the Congress to reduce our weaknesses thereby moving the Army closer to the required near- and long-term readiness objectives. This is the bottom line--we must develop the Army needed by the Nation for the years ahead.

The joint statement and addendum presented by General Meyer and myself provide a basic assessment of our current posture. We feel it is a realistic, if sobering, appraisal. The Army has many strengths and capabilities as the Chief has enumerated. In developing the budget presented we evaluated ways to maintain and build on the strengths and eliminate or lessen the effect of the weaknesses. The FY 82 Amendment of over $7.6 billion coupled with the FY 81 Supplemental request of $2.6 billion will provide some real improvements in most of our major functional categories.

Despite the improvements there are several shortfalls which must be overcome. I want to speak to these for they are clearly in need of your immediate and continuing support.

The readiness posture of our Reserve Components--both the Army National Guard and Army Reserve--requires considerable attention. When we realize that approximately two-thirds of the Army's logistics support units and nearly half of our total combat units are in the Reserve Components, the need to maintain these units in a high state of readiness becomes apparent. The manning situation ranges from excellent to inadequate to both strength levels and individual capability. Recruiting and retention initiatives need your support. I believe a new G.I. Bill that also provides benefits for service in the Reserves would be particularly helpful.

I am especially concerned about the shortage in our pretrained manpower pool--of which the Individual Ready Reserve is the largest component. This problem needs particular emphasis because its resolution is so vital to the Army's ability to reinforce and sustain our forces in the event of conflict.

However, Reserve Component readiness goes beyond the manpower issue. Many of our units have significant shortages in essential types of equipment or are armed with older, less capable weapons. As we move to equip our Army with modern systems we cannot forget that our Reserve soldiers, once mobilized and deployed, also must be prepared to face an enemy equipped with modern, sophisticated weapons. Therefore, the manning and equipping of our Reserve Components will be integral parts of any programs addressing force readiness or force modernization.

The manning of our Active Component remains a top priority. No other aspect of our Defense establishment has received as much congressional and public review and evaluation as the strength and capability of the Volunteer Army. I am endeavoring to make my own evaluation of this issue. However, at this time I can state that the Nation needs and deserves nothing less than an Active Force fully manned with well trained and dedicated soldiers capable of performing their jobs. I believe we can produce such a force. A few weeks ago I stated in my confirmation hearing that service in the Armed Forces is a duty and privilege

and I believe such service is receiving renewed interest among the youth of America. We must work to develop this new attitude and interest among our youth in order to assist the recruiting process. Recruiting and retention efforts must succeed if we intend to continue to defend our free society with volunteers. To this end there are several programs which merit your support. Of particular importance are continued increases in the pay and compensation arena and improvements in quality of life programs so important to career force retention.

There is another important element of our Army that merits special attention-the civilian workforce. One of my earliest priorities has been to assess the strength requirements of this critical component. The recommended strength increases in the new budget will provide important readiness and sustainability improvements.

Finally, my initial analysis convinces me that we must accelerate the pace of modernization in our Active and Reserve Component units by increasing the procurement rates of our new weapons systems and equipment. Future readiness, the ability to deter aggression, and the ability to achieve ultimate battlefield success will depend in part on our ability to equip our forces adequately to defeat any threat. Procurement rates must rise to guarantee that our Army will always be able to fight even the most sophisticated foe. As the addendum noted, the FY 81 and FY 82 increases provided significant improvements in this area for several critical systems.

The Army has developed strategies in each category to overcome these and other problems and will continue to refine our strategies as we progress toward the realization of our goals. The $10.2 billion total additional funds for the two program years represent positive steps in implementing these strategies.

At the outset I spoke of two responsibilities. We must move quickly and deliberately to achieve the Army we need. Abundant evidence is available that the American people support major defense improvements and are willing to sacrifice to achieve this end.

However, in our move to increase the overall combat capability of the Total Army, we must manage wisely the resources provided. The second of our responsibilities, then, is the efficient, professional management of our resources to achieve maximum required capability at the least cost.

To meet this second responsibility we have launched a series of efforts--some in conjunction with the Secretary of Defense--that will review the entire Army program to include a new look at the way we do business. We expect to reduce waste, to terminate marginal programs, and to increase efficiencies thereby saving important resource sums without delaying or hampering force enhancements. I am convinced we can improve effectiveness and efficiency simultaneously.

I would like to close by depicting the image I have of the Army at this time of our renewed efforts. Often it serves to reflect on history to find direction for the future. Almost two hundred years ago--in October 1781--our Army was neither fully manned nor equipped. But strong, positive leaders and determined, courageous soldiers won final victory at Yorktown ensuring freedom for the Nation. As we move to enhance our programs we intend to emphasize the spirit of Yorktown in this its bicentennial year to embue all members of the Total Army with pride, dedication, and a sense of purpose. We are resolved to succeed in the tasks ahead.

OVERVIEW COMMENTS

Secretary MARSH. Thank you very much, Mr. Chairman.

I am greatly honored to be here and appear before this committee and have this chance to renew old friendships with you and Senator Schmitt.

I am very grateful to President Reagan for having appointed me to this post. I have been on board approximately 5 or 6 weeks and I realize the enormous learning process that goes with the job. I have to say to you that I am still in that learning process, and I'm not sure whether I will ever complete it.

If I may, I would like to make a couple of broad overview comments about the mutual challenge that we face. First, I would like to remind the subcommittee that this year will mark the 200th anniversary of the Battle of Yorktown, an event that would give meaning to the Declaration of Independence. It was the courage and sacrifice of the forces of the Continental Army that would achieve this significant victory. Without a Yorktown, the Declaration of Independence would not have become a meaningful political document of individual freedom, and neither would there have been a Constitutional Convention.

I mention this heritage because it emphasizes the very special relationship that has always existed between the Congress and the Army. The American Revolution was waged by the Congress and the Continental Army. Twenty-two members of that army were among the 39 signers of the Declaration of Independence. Twelve of them served in the Regular Army of the United States known then as the Continental Army.

If you look at article I, section 8 of the U.S. Constitution, you will find that relationship firmly embedded there, and we're evidencing that today by my appearance here together with the Chief of Staff of the Army.

The size of the Army budget today is vast compared to the expenditures of 200 ago, but it reflects the world in which we live and the challenge to American freedom, that we face.

ARMY ABILITY TO MEET DEFENSE REQUIREMENTS

What we have tried to do, and what we seek to do here today, is to assess for you the Army's ability to meet the defense requirements that are imposed upon us, and to assess the Army's ability from the standpoint of readiness, modernization, and manpower. These are all subjects in which you have a very vital and a very special interest, and in which we seek your help and your guidance to meet a mutual need.

TOTAL FORCE CONCEPT FOR DEFENSE

Let me mention to you several items that are of special interest and concern to me. When we went to the All Volunteer Force in 1973, it was a matter of national policy and legislative mandates. This policy became known as the total force concept for defense.

That concept translates to the Army as the "One Army" concept. In effect, it places the Regulars, the National Guard, and the Reserve, on an equal plane. That is the one Army concept.

STRENGTH OF RESERVE COMPONENTS

This becomes more significant when you realize that better than 50 percent of the combat power of the U.S. Army is in the Reserve components. I suspect, that better then two-thirds of the support power is also in the Reserve components.

This is true not just of the Army, but also of the Navy and the Air Force. In fact, there's a statistic on hospital support in the Army that indicates better than 70 percent of the hospital support for the Regular Army is in the Army Reserve.

Now, this places a special emphasis on a need for the readiness and modernization of our Reserve Forces, because they will not have the time to get up to speed that they've had in the past. When you recognize that 8 of the Army's 24 combat divisions, are in the National Guard, you can see that we have an enormous task.

These Reserve units must be manned. They must be equipped. Where they have equipment that is old, it must be replaced with modern equipment. Thus, the modernization process that we're talking about relates not only to the total Army on Active Duty, it also relates to the Guard and Reserve. This is vitally important. So I share with the Chief of Staff and with the Army Staff an enormous concern about modernization.

We recognize that as we move to modernization—and your budget reflects this—there are enormous costs. This will be an area at which we must direct a significant portion of our attention. This relates to better management, to a reduction of waste, and to other efficiencies.

INDIVIDUAL READY RESERVE

I talked to you for a moment about manpower in the Army. There is another aspect of manpower less understood, but of vital importance and that is manning the IRR, the Individual Ready Reserve. This is an area of personal concern to me, and I believe the Army will place great emphasis upon it in the year ahead.

There is a shortfall in the Individual Ready Reserve. There are different estimates on the exact number, but a figure of 250,000 is the general shortfall that we're talking about. That is a very significant element of our mobilization capability, and it is an area to which I invite your attention.

STATE OF INDUSTRIAL BASE

Another area that is of great concern to us is the state of the industrial base. This affects not only the Army but the other services. American industry must be responsive in the event of an emergency to provide the equipment and other sinews of war readily and rapidly.

There is, I believe, a dwindling of that capability in our industrial base. I commend General Meyer for the efforts which he has taken, and which I hope he will describe to you, to try to address that problem.

PAY COMPRESSION

Finally, let me say something to you about pay compression. It's impacting on the senior NCO's in the U.S. Army, and it's also impacting upon the senior leadership of the U.S. Army. For example, a corporal in the Army who has 4 years of service and does not have supervisory responsibilities would only earn $240 more a year if he were promoted to a buck sergeant.

The pay compression and the ratio of pay of lower enlisted ranks to senior noncommissioned officers (NCO's) has become very close and is removing incentives for those individuals who desire to climb through the NCO grades.

In the officer ranks I would cite this example. After next year, if the current pay increases that are planned go through, a brigadier general with 26 years of service will earn the same amount as a four-star general, including the Chairman of the Joint Chiefs of Staffs. All general officers with more than 26 years of service will be paid the same pay.

DEDICATION TO SERVICE

Now, dedication to service still exists in the Army, and it will continue to be there in both the NCO and officer ranks; nevertheless, individuals who hold responsible positions must be compensated on a scale that takes into account the enormity of their responsibilities. This needs to be reflected in the pay structure.

This is an area to which I invite the attention of the Senate and I hope that you will work with us in providing the very best defense we can for the entire nation in the year ahead.

Thank you, sir.

Senator GARN. Thank you, Mr. Secretary.

General MEYER.

PREPARED STATEMENT

General MEYER. I have submitted my prepared statement for insertion into the record.

Senator GARN. It will be placed in the record at this point.

[The statement follows:]

PREPARED STATEMENT OF GEN. EDWARD C. MEYER

CHIEF OF STAFF, U.S. ARMY

Mr. Chairman, Members of the Subcommittee.

I appreciate the opportunity to appear before your subcommittee to discuss the posture of the United States Army. I look forward to working with this Congress in ensuring that our Army is capable of carrying out the tasks it's assigned in protecting our basic national values. Those tasks include deterring war as well as fighting successfully for as long as may be necessary to protect our national interests.

I consider this year to be a watershed for our Army--and for the rest of the Defense establishment. Key decisions will be made this year which will influence the size and the nature of the Armed Forces we will have for the rest of this century. If those decisions are to be made correctly, close and continuous interface must exist between the Congress and the administration--and between the civilian and military leadership.

The posture paper which we present paints a somewhat bleak picture. The decision to paint that picture was carefully measured. Measured against its likely influence on our friends and our enemies. On balance, it appeared best to lay out objectively the strengths and weaknesses of our current posture and to identify what the original budget does and does not do toward correcting those weaknesses. Our posture statement addendum reflects the improvements we expect from the resource increases of the FY 81 Supplemental and FY 82 Amendment. These improvements are an important first step, but only that, toward resolving our most glaring deficiencies. More will have to be done in the next several years to redress our shortfalls.

At the outset I believe it essential to list what I consider to be the strengths of the Army. Strengths which you have supported and in some instances initiated. But strengths, nonetheless, in which you and the American people can take pride:

One - Our forward deployed forces in Europe, Korea, Panama and Alaska are up to strength, seeing the early fruits of modernization and fully capable of responding--initially in conjunction with our allies--to contingencies in any of those areas.

Two - Our forces identified for the Rapid Deployment Force are, with a few exceptions, ready to be projected into contingencies which might occur in other areas of the world. These Army forces include Rangers, airborne, air assault and armored forces which provide the mixture of forces General Kelley and other joint commanders might need to respond to the varied challenges we can expect to face in this uncertain world.

Three - We have a strong cadre of experienced, dedicated and trained officers and senior noncommissioned officers--officers and NCO's capable of dealing with the uncertainties ahead and capable of developing and leading the trained, disciplined soldiers we will need in this decade.

Four - Acceptance of the need for a flexible Army which can respond with other than heavy forces in areas outside of central Europe. An acceptance which permits exciting opportunities for new organizations, tactics and concepts of employment which will permit light forces to be more effective in areas outside of Europe, but which will, in my judgment, also enhance our ability to respond to our NATO commitments in Europe.

Five - A modernization potential which now can be realized. The research and development of the sixties and seventies provides opportunities for procurements in the eighties which can provide our soldiers with the quality of equipment they must have if they are to survive--and win--on future battlefields.

Six - Initiatives which will radically change our personnel system and permit us to frontally attack turbulence--the number one enemy of readiness. Concurrently we are focusing on

policies and procedures which will eventually create greater cohesiveness among the officers, NCO's and soldiers who make up our units.

Seven - National recognition that defense of this Nation and its values is important, and a concurrent recognition that our defense posture needs to be improved.

Despite these strengths, we have serious concerns about the total force readiness of the Army. Forward deployed soldiers must have some assurance that they are at the end of a pipeline which will sustain and support them if war starts. The prime Army readiness concerns are:

Manning the Force
Training the Force
Equipping the Force
Sustaining the Force, and
Deploying the Force

The manning challenge is to recruit adequate numbers of qualified personnel for the Active Army, National Guard and Army Reserve. Our principal shortfalls last year were in numbers of high school graduates for the active component and in the significant quantity shortfalls we experienced in the Reserve Components. Additionally, we must develop and retain the professional soldier the Army needs to ensure the future of the Army.

Training is an essential element of manning the force. Both individual and unit training need to be strengthened. Past steps directing the Army to reduce basic training have placed a greater load on the junior leaders in units at just the time we are short of those junior leaders. We also need to increase the training of our leaders both in our schools and in our units. A major deterrent to good training is the need to take NCO's and other soldiers away from their units to perform jobs which are essential for operation of the post but which used to be performed by a now-reduced civilian force. Every day over a division's worth of soldiers--usually the critical NCO's needed to train junior soldiers--are diverted from their primary task--training the Army.

The challenge of equipping the Army goes beyond pure modification. We have units today--Active, National Guard and USAR--which do not have their equipment. They lack not only modern equipment but any equipment of certain types. We must, therefore, supply certain units with their basic equipment needs while we are bringing in more capable equipment. The quality differential is a real one. The gap must be closed if we are to prepare soldiers for battle with some chance of surviving and winning.

The challenge of sustaining, and of mobilizing and deploying the force contain several key factors of considerable concern.

a. Our Reserve Components are more essential than ever as we have inordinately reduced our active component support units. The National Guard and USAR must be equipped and manpower shortfalls in units and the trained manpower pool corrected.

b. Our civilian workforce shortfall prevents us from readying the military force as quickly as we must and contributes to delays in upgrading materiel already in the sustaining base.

c. War reserve stocks are less than they must be to support forward deployed and reinforcing units.

d. The "warm" production capacity of our industry is limited and must be addressed as a part and parcel of our Nation's mobilization capability which is a significant element in the deterrent equation.

e. Air and sealift are inadequate to transport land forces--Army and Marine--to where they might need to go as quickly as necessary. Fast sealift and outsize airlift must be high priorities if we are serious about wanting to project power to various regions of the world in this uncertain decade.

The following chart lays out what the FY 81 and FY 82 budgets would have done in each of these categories without any increases from the FY 81 Supplemental and FY 82 Amendment. In the "does not" column I have identified areas in which I believe budget increases would be likely to have the highest pay-off.

BUDGET ADEQUACY

FY81 & 82

DOES:		DOES NOT:*
• MAINTAIN APPROX 780K ARMY • PROVIDE INCREASED RC STRENGTH • MAINTAIN CIVILIAN STRENGTH LEVEL	MANNING	• PROVIDE ADEQUATE STRENGTH (MIL & CIV) • PROVIDE ADEQUATE SUPPORT • PROVIDE NEEDED COMPENSATION PACKAGE
• EXPAND INITIAL ENTRY TRAINING • IMPROVE NCO PROFESSIONAL DEVELOPMENT	TRAINING	• CORRECT TRAINING BASE DEFICIENCIES • PROVIDE SUFFICIENT CONTINGENCY/ ENVIRONMENTAL TRAINING
• BEGIN PRODUCTION OF SELECTED SYSTEMS • MODEST STANDARD EQUIPMENT PROCUREMENT	MODERNIZING/ EQUIPPING	• SATISFY EXISTING SHORTAGES • PRODUCE AT ECONOMIC RATES • ACHIEVE QUALITATIVE PARITY BY 85
• PROCURE ADDITIONAL DAYS OF WAR RESERVE STOCKS • MAKE MINOR IMPROVEMENT TO INDUSTRIAL PREPAREDNESS (FY81 ONLY)	SUSTAINING	• PROVIDE REQUIRED DAYS OF SUPPORT ACROSS THE BOARD • PROVIDE ADEQUATE RESOURCES FOR MOBILIZATION BASE • FIX CURRENT FACILITIES
• CONTINUE POMCUS SET 4 FILL • START SL-7 CONVERSION	DEPLOYING	• PROVIDE ADEQUATE STRATEGIC LIFT — PROVIDE SUFFICIENT FLEXIBILITY • OVERCOME POMCUS SHORTFALL

★ PRIMARY AREAS WHERE BUDGET INCREASE HAS HIGHEST PAYOFF

The posture statement addendum addresses the improvements we can realize from the additional funds in the FY 81 Supplemental and FY 82 Amendment. These funds provide increased capabilities and diminish the size of the deficiencies in the "does not" column. For example:

- Manning: add 21,800 civilian strength; increase USAR strength by 5,600; continue family housing repair.
- Training: implement expansion of Initial Entry Training; development and expanded use of the National Training Center; expand the Active/Reserve Component Partnership Program.
- Equipping: economic buys and increased fielding rates for M1 tanks, infantry/cavalry fighting vehicles, advanced attack and Blackhawk helicopters, and air defense systems such as Patriot and DIVAD; improved equipment status for Reserve Components and the Rapid Deployment Force.
- Sustaining: ammunition and spare parts for the RDF; war reserve ammunition increases; increased prepositioned war reserves in Europe; real property maintenance.
- Mobilizing and Deploying: correct industrial preparedness deficiencies; mobilization facilities planning; POMCUS (pre-positioning of materiel configured to unit sets) equipment.

The FY 81 and FY 82 additions are important to improving our posture. However, resources alone will not produce the kind of Army we need. Mr. Marsh addressed our concern for increasing management efficiencies. The Army has several areas in which internal improvement will pay great dividends.

- Increased focus on training--the first priority.
- Maintaining the equipment we have at higher states of operational readiness by increasing our support for spare parts; and,
- Better projection of costs of new equipment, better quality control by companies in the manufacturing of that equipment, and a more ruthless priority system which will cut programs which are clearly not going to be affordable or which contribute only marginally.

In these and other areas we are focusing on methods to ensure Congress and the American people that we are using our limited resources wisely and are worthy of their trust and confidence.

The decade ahead will most likely be one of challenge, change, crisis, confrontation and conflict. The scope of each crisis--of each confrontation--and of any conflict will be directly affected by the capabilities of our Armed Forces. The Army--building on its strength-- intends to play its critical role in ensuring that our Nation gets through this decade with its values intact. The FY 81 and FY 82 resources requested will lay the framework for the kind of Army needed. One which is flexible enough to respond across the spectrum of warfare, able to deploy rapidly to areas of crisis, and ready to play its appropriate role in the correlation of forces--of all services--which will provide us more and better defense for every dollar we spend.

FUTURE ROLE OF ARMED SERVICES

General MEYER. I would just make a few comments in opening.

First, I believe that we are truly at a watershed as far as our Armed Forces are concerned: now is the time when we have to decide what role the Armed Forces are to play and how they're to be structured right into the 21st century. The decisions we make this year are the decisions that are going to influence the kind of Army we have, the kind of Air Force we have, what happens in the strategic field, and what happens in the tactical nuclear field, right out to the 21st century.

So this is a critical period for the military, the civilian leadership and the Congress. We must have a clear vision of where we're going so that we can go there together; and we must understand that we have to have a long term commitment to whatever we decide to do.

The Army can be designed many different ways at this critical instance in history. We're just now in the beginning of a massive modernization program, a program delayed as a result of Vietnam, and delayed as a result of our reseach and development (R. & D.); we have the opportunity now to design the type of Army this country needs for the decade ahead, and we're ready to do that.

I think we often forget when we define the Army as "hollow," as I did last year, that we truly have strengths in that Army. We have forward deployed forces today which are up to strength and are able, at least initially, to go into combat.

RAPID DEPLOYMENT FORCE CAPABILITY

Our elements in the Rapid Deployment Force—our ranger units, our airborne units, our air assault units, our infantry and mechanized units—are all up to strength and have been given high priority.

PEOPLE BUSINESS CHANGES

We've got a strong cadre of dedicated noncommissioned officers (NCO's) and officers. There is an acceptance now in Washington, in the Defense Department, that you don't need an Army armed solely with tanks that are going to grind up the Earth in Central Europe—that there has to be a flexible capability in land forces. That acceptance provides great opportunities for us. I indicated earlier we have a modernization program that's ready to be implemented. And finally, we're in the process of changing the whole way we do our people business.

As a result of World War II, we learned that unity and cohesion evolve from people staying together for long periods of time.

CHANGE IN PERSONNEL SYSTEM

We're about to change our personnel system from an individual system, where you move individual people around, to a system where we will form units and keep those units together for extended periods of time. This budget begins that program of trying to develop cohesion and unity within our organizations.

In our statement I outlined what this budget does and does not do. I did that for couple of reasons but principally because we need

to have a constancy of purpose. If we just have a perturbation for a year or two, I will tell you that we're going to waste money. We're going to have money up front that isn't continued on out, and when that happens we're going to have to winnow down on the plans, and we're going to waste money. There has to be a commitment over time, and that's particularly critical at this point.

INTERNAL CHANGES IN DA

Now, the Army has some things that it has to do internally as well. We have to turn out trained, disciplined, physically fit soldiers who are able to work together as units; and our efforts in this budget are focused on doing that.

Since the rest of society will not receive the increased resources that we will next year, we realize that someone is going to look at everything we spend. How we go about spending those dollars and how we go about efficiently using those resources is an immense responsibility. We're ready to accept that responsibility. And we can talk about contracting and some of the other proposals which we think make sense in this area.

I will just leave you with the thought that this truly is an Army in transition at this instance in history. And with the Congress we intend to transition it into the right kind of Army for the decades ahead—so that we can deter war and therefore not have to fight it.

That's all, Mr. Chairman.

Senator GARN. Thank you, General.

OVERALL BUDGET REDUCTIONS

Looking back over the last 10 years, it would appear to me, and partcularly the last 6 as I've been involved in military budgets, one of the things you just touched on has been incredibly serious, and that is, the stop and go nature, the overall budget reductions over the last 10 years have been harmful.

But would you agree that even possibly more harmful is the fact that there's been no consistency?

General MEYER. Absolutely.

Senator GARN. In what we've been doing. Start something, cancel it, waste money.

General MEYER. Absolutely.

Senator GARN. Not have any new weapons systems.

General MEYER. Absolutely. It delays the introduction of weapons systems, but it's our fault as well as others. I mean, the Army has been equally as culpable in laying out requirements and then changing those requirements. We've been equally as culpable as industry, as the different administrations, and as the Congress where special interests have come up.

And that's why I think it's so important, right now, that we get an agreement between the Congress, the administration, and the military on where we're going, and then insist on some constancy. You'll get more defense for the dollar if you do that.

Senator GARN. Well, I agree with you completely on that. We simply have got to stop wasting money by not completing something.

As I look back I see many instances where maybe a particular program or weapons system was not maybe the best one we could have had, but it certainly would have been a lot better to have had it than to stop it and waste the money.

The other thing I hear you saying at this point, is that the silver lining in all of the difficulties we have had with the military is the opportunity to decide what kind of an Army we want for the future.

I'm glad to find some silver lining, and I certainly would agree with that statement that it's time we look a lot further down the road than just the 1982 budget and make some of those longer term policy decisions.

REAL PROGRAM GROWTH

Mr. Secretary, your statement indicates that if the supplemental request for the fiscal year 1981 and 1982 budget requests were approved as requested, the Army would realize a real program growth of 12.9 percent in 1981 and 14 percent in 1982.

What confidence do you have that in fact the Army will achieve that type of program growth, because every year that I've listened to these military budgets, the Secretary of the Army, Navy, Air Force, the Secretary of Defense has talked about real program growth, and not 1 year since I have been here have we achieved the real program growth that we heard about in the initial request.

Secretary MARSH. Well, I would say that whether or not we can achieve that will depend in large measure on when the Congress acts and when we actually receive the money for those particular programs.

I would defer to General Delaune if he wants to add to that.

General DELAUNE. Sir, the amount of funding that we do receive will in large measure determine how well we can execute the programs. You'll see in the budget there are many incentives that we placed in there to have economic bias, for instance, with the various weapons systems. If those funds are not forthcoming, certainly we will not be able to achieve those economies of scale that we think we'll be able to get out of producing those items.

GENERAL INFLATION RATE

Senator GARN. What about the general inflation rate, though? Obviously, you want to get some economies, and I applaud that. What normally has defeated this is the inflation rate has been much higher than has been estimated by the budget planners.

Secretary MARSH. Well, that will also impact in the present situation. I believe the figure we're using for inflation is slightly over 10 percent, if I'm not mistaken.

General DELAUNE. We are using 10 percent for fiscal year 1981 and 8.7 percent for fiscal year 1982. And those are based on the economic assumptions of the administration.

Senator SCHMITT. Would the Senator yield?

Senator GARN. I would be happy to yield.

Senator SCHMITT. This committee, the full Appropriations Committee, right at the start of this process had 4 days of hearings with the administration, the Federal Reserve, and private economic witnesses; and their testimony does not agree with the administration's assumptions.

Now, do you have any advice for this committee? Their assumption was higher, and we're going to put ourselves in the same kind of box we've always been, as the Chairman has indicated, if we don't come up with realistic estimates.

General MEYER. I think the way Mr. Weinberger responded to that, Senator Schmitt, when he was asked—and I don't know whether it was before this committee or before the Senate Armed Services Committee—was that he was accepting the administration's figures. But, he understood that they were dependent upon total program success, and he recognized that there were others who went the other way.

Senator SCHMITT. No. I'm saying even assuming success, the estimates vary, and my advice to the committee has been and will continue to be that we take the worst, or not absolute worst but really assume the worst and appropriate money appropriately. If we're wrong and you're right, so much the better.

General MEYER. Then we'll give it back to you.

I would agree with that basic philosophy.

Senator GARN. My concern is that every year we talked about real program growth, be it the 5 percent that everybody wanted to talk about, and we haven't achieved it. In some cases we've actually had a negative real growth. Even though the public says look what they're doing to the military budget, well, it's buying less.

And it's fine to say that if everything is achieved, that means Congress is going to adopt everything the President asked for. I wish that were true. Jack Schmitt and Mark Andrews wish that were true. But I doubt that that is going to happen.

There are still some Democrats in the Congress and some Republicans who are not going to go along. So I'm worried, and what I'm saying is I would like to see that real program growth achieved. In the past what has happened is we just had to absorb it.

My next question is if these estimates are not realized, for whatever reason, are you just going to eat the inflation, or are you going to come back and ask for some supplementals to try and achieve that real program growth to build the type of Army that you want?

Secretary MARSH. Well, I would assume that we would go back up to OSD and get their guidance as to how they would want to handle it. Our recommendation would be that these programs that we have submitted here are vital, and therefore, we would want to have supplemental funds because we think they are basic to what the Army needs today.

General MEYER. Mr. Weinberger has said that if the situation you outlined should occur he would come back for a supplemental because he thinks the programs are so essential.

Senator GARN. Senator Schmitt.

Senator SCHMITT. Thank you.

Gentlemen, I was happy to hear both of you refer implicitly, if not explicitly, to a relationship that exists between the Volunteer Force, the Reserves, and I would add a question here having to do with potential conscripts.

There are many within the military I know that believe we must go to a draft at some point in the not too distant future. I don't subscribe to that, although I do subscribe to having a selective service mechanism well oiled, fully in place, ready to go.

The reason I don't subscribe to it is because I don't think a draft solves our basic problem. Our basic problem is having a Volunteer Force that's ready to move instantly, backed up by a strong National Guard and Reserve Force that fills in directly with them or behind them. And that's what the Soviets and any other potential aggressor is going to find credible in our national defense, not whether or not we have a bunch of draftees moving in and out of our forces.

There are certain world situations, international situations that our response would depend on our ability to conscript large numbers of Americans for military service, but that is not the normal kind of threat that I think we face and the kind of situation we must show to the Soviets.

Now, I assume you roughly agree with that and are taking steps to improve or recommend improvements in our ability to retain a strong, well-trained, experienced Volunteer Force and improve on that continuously, as well as the Guard and Reserve.

However, when I look at the Guard in New Mexico, which is obviously the one, the Army Guard, that I have the most experience with, you haven't made it. You're not even close. And that unit has one of the finest traditions in the National Guard in the country with the Philippines, Bataan experience, and Korean experience behind it. And they're armed with weapons that will never be used in combat, and they're training with those weapons, although there's no ammunition in the arsenal for them.

Now, what are we going to do about that? I'm sure it's not an isolated case. How are we going to motivate these people? And you will get a lot of people in that Guard, experienced and well-motivated people, if you give them the kind of equipment that is meaningful.

Secretary MARSH. Let me speak generally, and then I'll ask General Meyer to address the more specific terms.

The strength of the Guard and Reserves does vary from region to region, if you're talking in terms of manning. I believe the Guard in Mississippi, is about 110 percent of strength, if I'm not mistaken. I may be off on that figure a little bit, but it does vary.

Second, the recruiting into the Guard and Reserve generally is showing an increase. There are shortfalls. The shortfalls occur also in the key military occupational specialties (MOS) positions. But we are working with certain incentive programs for the Guard and the Reserves that we believe will be helpful.

MODERNIZATION OF EQUIPMENT

On the modernization of equipment issue you are quite right. There is a great need to get modern equipment down to the Guard and Reserves, and that has not been done in the past. There will be some, and I emphasize some, improvement of that in fiscal year 1980, but that is an area of great need.

General MEYER. Yes. Let me talk specifically about the New Mexico National Guard.

Senator SCHMITT. I only bring it up as an example.

General MEYER. No, I understand. But it's one of the prime examples, because, with the 40 mm air defense systems which they have there, it really is the most obsolete unit we have in the Army today, as it turns out. And that happens to be so because of the overall lack of air defense equipment that's been brought into the Army.

We just literally have been operating since World War II in an environment in which we have not provided air defense over the battlefield. What you have in New Mexico are the weapons systems that came out of the Korean war, and that's all there is. And, unfortunately, that's not much different than it is in the Active, although in the forward deployed units in Europe we do have the Hawk and other newer systems.

Senator SCHMITT. But isn't the reason we haven't because of what Senator Garn is referring to, the start and stop?

General MEYER. Yes, it's the start and stop, but it's also the inflation.

Senator SCHMITT. With the Roland system, the Patriot system.

General MEYER. Yes. That's why we believe in the program we have this year. It's totally funded at some $2.1 billion in 1981 and 1982 just for air defense. That's the result of a combination of concerns—concern on the Hill, as to whether or not those programs were the right programs, concern in OSD, and concern and then some tradeoffs that took place within the Army itself.

Last year we put together a coherent and complete air defense program. And we have finally pushed it through. We got full funding support for it from the Congress last year and we got full support from the administration for it for the first time this year.

Now, I don't know when I'm going to be able to provide those duster battalions down in New Mexico with new or at least once-phased-out equipment; but we're coming up with a program to train them on the equipment down at Fort Bliss. You may be aware of what General Miles is doing out there, so that your people will at least be motivated by that new equipment.

Senator SCHMITT. Well, I really find in my conversations with Guard folks, potential Guard people, young people at the New Mexico Military Institute that now, through a unique program, I believe, at that institute can move directly into the Guard while they're completing their education, that the main thing is equipment.

General MEYER. Right.

Senator SCHMITT. And they want to feel like they're doing something meaningful.

General MEYER. Right.

Senator SCHMITT. Obviously they'd like to get paid for it, but the thing they're always talking about is the equipment, and that they want to have a feeling that if they're going to make a career of the military that they're doing something that the country will eventually use.

I strongly support doing that. I hope that you have asked for the right level and rate of growth in this area, and that you will even look to some of the Guard units, as the Air Force does, to have the most modern equipment; that some of those Guard units are going to be front line units with the best that you have.

General MEYER. We do that.

Senator SCHMITT. Ready to move in as replacements.

General MEYER. We do that, sir. We have the 48th National Guard Brigade in Georgia, the 41st in Oregon, and we have Special Forces units. All of those are put at the same priority level as the Active because they will be expected to go to war first.

What we do is just what we do with the Active; we give first priority to those units we think will have to go to war first, and a lower priority to the others.

Senator SCHMITT. Now, does this apply, and my final question in this round, does this apply to the equipment necessary for the Rapid Deployment Force?

General MEYER. Yes, sir, it does.

Senator SCHMITT. And/or Guard units?

General MEYER. Yes, sir.

Senator SCHMITT. I understand in the first exercises we found that a lack of forklifts, a lack of hard transport in the Guard units, the Reserve units, has been a serious bottleneck in the use of the Rapid Deployment Force.

General MEYER. There are dollars in this budget to correct those shortcomings in the Guard and Reserve units that are expected to go as part of the Rapid Deployment Force.

Senator SCHMITT. Thank you.

Senator GARN. I think you should recognize that the New Mexico Air Guard has A-7's.

Senator SCHMITT. That's one of the classic examples of what good equipment does. They're the best air-to-ground unit in the Air Force.

Senator GARN. So you don't have to worry about the Army shooting them down with that old equipment. [Laughter.]

Senator SCHMITT. I'm sure the chairman realizes as an old pilot that it's awfully hard to talk about air defense. You don't think anybody would ever want to shoot down one of those nice-looking airplanes.

Senator GARN. Senator Huddleston.

Senator HUDDLESTON. Thank you, Mr. Chairman. I'm sorry I wasn't here in time to hear the opening statements.

M-1 ABRAMS TANK

I was just looking through on the summary of equipment to be purchased. How many M-1 tanks are included in this figure that's suggested for 1981, $447 million, and $590 million in 1982?

General MEYER. That will run us up to 720 M-1 tanks in 1982.

Senator HUDDLESTON. Seven hundred. Now, from the standpoint of what you need or the units you intend to equip with this tank, what percentage?

General MEYER. That will provide about two-thirds of our total requirements for tanks.

Senator HUDDLESTON. And you've still got some M60A production?

General MEYER. Yes. We've still got M60A3 production at the Detroit plant. We intend to continue that. We have money in this proposed budget to keep the tank plant open, because until we fully gear up the M-1 capability, we need to have the M60A3 for mobilizaton purposes. So we have to keep those open.

We also have foreign military sales that we hope to be able to use to partially underwrite the demand for the M60A3.

Senator HUDDLESTON. You don't have any M-1's in foreign sales?

General MEYER. No, sir, we do not.

Senator HUDDLESTON. What is the M60A3 tank conversion?

General MEYER. That is taking the old M60A1 tank, which is about 20 years old, and putting in new engine kits, putting in a passive night sight device, providing a laser rangefinder and a solid state computer in the turret, and generally upgrading it. It provides a way of increasing our capability with a product improvement.

Senator HUDDLESTON. Will the M-1 completely replace the M60A3?

General MEYER. Not through the year 2000 it won't.

Senator HUDDLESTON. You're still going to have to use that.

General MEYER. Yes, sir.

RAPID DEPLOYMENT FORCE

Senator HUDDLESTON. With regard to NATO and the Rapid Deployment Force, is it contemplated that we can maintain the current personnel strength in Europe and at the same time provide adequate personnel for an effective Rapid Deployment Force?

General MEYER. Well, that's a very hard question to answer honestly. I don't mean, honestly. It's easy to answer honestly, but it's a hard question to answer.

Senator HUDDLESTON. I wouldn't expect you to answer any other way.

General MEYER. No, I know that. That's why I changed that wording very quickly.

We currently have inadequate total land forces, counting both the Army and Marines—I always look at the total land forces, to include Active and Reserve. They're inadequate to respond to contingencies all around the world.

The forces that we have today in the United States to reinforce NATO are the same forces we have to commit to the Middle East or the Persian Gulf, or anywhere else the Rapid Deployment Force should have to go. This includes many of the Reserve component forces that we've talked about which are required to provide early combat support and combat service support to NATO if we go to war there. These are the same forces that we have to use for the Rapid Deployment Force units back here in the United States.

We have just drawn down in Europe, and are keeping it at about 98 to 100 percent of its authorized strength—they were overstrength. We did that so that we could increase the capability of the forces for the Rapid Deployment Force, particularly with NCO's. So we've done some of that along the lines you've indicated.

We haven't yet said "OK, if the United States is only going to have an Army of 780,000 and a Marine Corps of less than 300,000, that is 19 Active divisions and 9 Reserve divisions—are we able to maintain our overseas commitment at its current level?

In the Army, for example, we have 43 percent of our operating force overseas. No army since the Roman Empire has maintained that large an element overseas, in peacetime. Now, whether we can continue that for much longer I'm not sure. That's why I say it's so involved—in politics, as to what takes place in Europe, the signals we send and everything else. But we're now operating right at the margin as to whether or not we can keep our base here and also keep those high force levels overseas.

Senator HUDDLESTON. It seems to me like that is a very critical question that's going to have to be resolved, and as you say, it is involved in politics to some extent. But the idea that we can maintain troop strength in Europe and have also a credible presence in the Persian Gulf area radically changes the total troop strength requirements of the country.

General MEYER. I believe it does, too, and that's part of what I discussed before you came in—the fact that we have to look at what kind of Army we need for the rest of this century. I addressed that to Senator Garn earlier.

NATO DEFENSE STRUCTURE

Senator HUDDLESTON. Is there any suggestion that by beefing up our nuclear capability in Europe that that would reduce the personnel requirement there?

General MEYER. We've never looked at it, if you mean reducing the conventional requirement there.

Senator HUDDLESTON. Right.

General MEYER. We have to be consistent with the NATO strategy, which is conventional defense first, then tactical nuclear, and then strategic. So at the present time that would be inconsistent with the strategy, but it is something that I'm sure needs to be looked at as part of this debate.

Senator HUDDLESTON. Do the recent actions or at least indication of actions by several of the countries in NATO, reducing their local defense effort, have any effect on our decision as to what we're going to do?

General MEYER. I'd have to say at this point in time, sir, since that's so involved in politics, that this administration just has not had a chance to address it in its totality. I guess that's the best way to answer that. But it is part and parcel of the whole problem that you're addressing.

Senator HUDDLESTON. It will get down to you eventually?

General MEYER. Yes, it will.

Senator HUDDLESTON. Or, maybe I ought to say up to you.

Thank you, Mr. Chairman.

Senator GARN. Senator Andrews.

Senator ANDREWS. Thank you, Mr. Chairman.

Senator Schmitt was talking about the Guard and the Reserve components, and you mentioned in some of your statements filed with the committee that you're concerned about the Army Reserve components. Secretary Marsh's predecessor, Cliff Alexander, was also concerned about the numbers in the Reserve and the Guard.

EQUIPMENT FOR THE RESERVE COMPONENTS

But you go on to say you're concerned about the equipment standpoint, which is what my colleague brought up. Could you provide for the record what amounts of equipment this new increase in appropriations is going to provide for the Reserve and the Guard, and then perhaps off the top of your head how do these figures line up with what you've done the last couple of years?

Are you doubling the amount going to the Guard and Reserve, tripling it? What percent increase do we have?

General MEYER. I don't know. I'd have to provide the percent increase for the record. I don't have it broken out exactly that way. I know it is an increase, but I don't know the exact percent.

Senator ANDREWS. Also with regard to the Reserve.

General MEYER. One of the reasons, Senator Andrews, is that in some of the procurements it's a question of distribution, where we put some Guard and Reserve units ahead of some Active units, so it's a question of distribution in those instances. There are some things that we buy that we provide the Guard units and Reserve units before we provide them to the Active units.

Senator ANDREWS. That's true, and that's why I'm asking for it separated out.

General MEYER. All right. I'll do that.

Senator ANDREWS. Then we can know where we're at.

General MEYER. All right.

[The information follows:]

EQUIPPING OF TOTAL ARMY

As you are aware, our budget requirements are based on equipping the total Army rather than specific components. Because of this, our bookkeeping system does not measure what portion of any budget will eventually be distributed to any specific component. However, we have identified some items resulting from the fiscal year 1982 budget and specifically earmarked them for the reserve forces. Some examples are: 200 ea M155 towed howitzers; 4109 ea semi-trailers; 467 ea 5,000 gal semi-trailers; 77 fuel system supply points and 760 collapsible fuel tanks and 307 truck tractors.

From a specific year's fund allocation, the fiscal year 1982 budget will give the reserve components more new equipment than has been provided in the past several years because of these specific allocations.

MANNING SITUATION IN GUARD AND RESERVE

Senator ANDREWS. Because the discussion comes up, much as my colleague brought it up, and I hear it when I'm back home talking to my Guard units and Reserve units. They wonder, you know, where is the equipment, what are we doing with this.

General MEYER. Yes, sir.

Senator ANDREWS. Also in regard to the Reserve Component, Secretary Marsh mentioned, and I quote him, "the manning situation ranges from excellent to inadequate in both strength levels

and individual capability," and that's about what you also responded to my colleague from New Mexico.

NORTH DAKOTA NATIONAL GUARD

North Dakota is one of those Guard organizations that is up to full strength. We're proud of what we've been able to do in that way. The Secretary goes on to say in his testimony before the committee this morning that "Recuriting and retention initiatives need your support," Congress support.

Has the Army taken a look at what's making things work in a State like North Dakota? You know, we've got a lot of State incentives that we put in. Why can't we have some Federal incentives so what's worked in North Dakota, what's working, as you pointed out, in Mississippi and several other States can be extended to these other States. If in fact the problem in personnel is in the Reserves and the Guard, why not apply some of these things that have worked in the States where we have good strength factors?

Secretary MARSH. Senator, that's an excellent suggestion, and I think you've made a point that is often overlooked. Various States do provide different incentives for their units, and that's an area that we will address because it's one that interests me. We'll get back to you on that, sir.

General MEYER. May I give you some examples, though?

Senator ANDREWS. Sure.

General MEYER. North Dakota is a good example. But let me give you the other end of the spectrum, like California.

North Dakota gives educational incentives to individuals within the State. California does not. North Dakota gives hunting, fishing, and driver's licenses. California does not. We've been trying to lean, not lean, but we've been trying to convince individual States like California that there are things that those successful States are doing that they are not. One of the most particularly important incentives is education.

Senator ANDREWS. I know, but if it's a national problem, why don't we establish a national policy for it?

General MEYER. Well, there are proposals to do that, sir.

Senator ANDREWS. I would think it would make a whale of a lot more sense to adapt that which has worked in some of these States than to start saying we've got to go on a draft, we've got to this and and we've got to that, and go through that kind of a wrenching situation again if we can do it with incentives.

General MEYER. But in my view, before we go to Federal incentives it may be better to try some of the State incentives. You're only talking about assisting 2 to 4,000 students per year to go to the State universities of California. With that, the Reserve components could maintain their strength.

Senator ANDREWS. And some of those things will be put in, but they can also be accompanied by, I would hope, some Federal incentives as well.

General MEYER. Yes, sir.

EDUCATIONAL BENEFITS

Senator ANDREWS. In conversations we had earlier with the Secretary of Defense, the idea was brought out that if we could strengthen the GI bill and if in this budget pruning we cut back on some other educational programs so that the programs for education rested with those who were willing to go in, enlist, and serve and maybe continue to serve in the Reserve and the Guard.

Do you have a task force doing any kind of a study on this?

Secretary MARSH. Let me speak to that for a moment. As I think Secretary Weinberger pointed out, the Congress had mandated and implemented a test program, so to speak, of about $100 million to address the question of benefits related to education. The results of that, I believe, are due in about the 1st of October.

Also I think the Secretary indicated the position of Defense on that, that we want to get all of these things back and take a look at them to see where we stand and just how we should tailor and structure an educational program.

Currently we have available to the Department of the Army a program we call VEAP, Veterans Education Assistance Program. This is an educational assistance program which is associated with the Veterans' Administration. It is a 2-to-1 contribution system in which the individual serviceman puts in a dollar, and the Government matches that with $2.

This has been a recruiting tool that has been used by our people, and it does serve as an incentive. But I would point out to you that that program expires this year. The authorization expires on October 31, and the appropriations expires December 31. So a rather significant educational recruiting tool, that has been used, will have to be addressed this year as to its reextension.

Senator ANDREWS. And you're looking at vis-a-vis what is offered to civilians?

Secretary MARSH. That is being studied at this time in the Department, Senator.

Senator ANDREWS. Mr. Chairman, I realize my time has expired, but I've got to go upstairs to a Budget Committee meeting. If I could ask one question.

Senator GARN. Well, I need you at the Budget Committee, so you go right ahead and finish.

Senator ANDREWS. I have just one more.

M–1 ABRAMS TANK

In the Washington Post on March 3 there was a big article about Elmer Staats, whom we've all known for a long time, his retirement, and he had some remarks he made in this article about the Pentagon and Pentagon waste. And it isn't that this is atypical; the trouble is it is typical. We keep hearing more and more about Pentagon waste.

One paragraph that caught my eye is the paragraph that pointed out where he said in 1972 you got started on your supertank, the M–1. The cost was to be $507,000 a copy. By January 1980 when the GAO report warned that the tank's reliability was uncertain, the unit cost had more than tripled to $1,651,000. Now the estimat-

ed unit cost has shot up to $2,549,000. Meanwhile, the GAO is still reviewing the reliability and other aspects of the M-1.

This kind of article coming from a credible source has a devastating effect on people all over this country. Could you briefly touch on this but mainly expand on it for the record so that we have some answers when we go to the floor with this bill? We've got to support it with our other colleagues, and I am sure some of these questions are in their mind as well as mine.

Secretary MARSH. I'm going to ask General Meyer to respond with the specifics on the tank costs, but let me make a comment in reference to the audits by the GAO. They were, as you are aware, conducted over a period of time. Those audits were then brought to the attention of those who would have a special interest in them, and efforts were made to address some of those concerns.

I would also emphasize that the Secretary of Defense has given special attention to the articles to which you have referred, has raised them specifically with the various services. They are matters that are being gone over in considerable detail, and the points that are made on waste to achieve savings are not lost.

MULTIYEAR CONTRACTING

One of the significant ones that is under consideration now is multiyear contracting. This is believed to be very significant, because a lot of money is probably lost in programing, and other areas that need to be addressed.

The tank question is one that has gone on for a period of years, Senator Andrews, and I'm going to ask General Meyer to respond to that, if I could.

Senator ANDREWS. You could briefly but largely do it in the record.

General MEYER. I'm just going to give you a brief summary of what it is.

The original cost estimates were made in 1972 dollars. If you bought something in 1972 for $1, as a consumer it's going to cost about $4.61 in 1988. Since the year 1988 is what they're talking about, the cost rise purely from inflation, from 1972, the original cost, to the 1988 cost, would be $2.4 million. So there is a difference of only about $600,000 which is attributable to changes and variations that took place over time in the numbers we were going to buy and the way we were going to buy them. And those changes were driven by us, by the administration, and by the Congress.

Senator ANDREWS. Does your contracting generally extend over this long a period of time?

General MEYER. Yes, absolutely. The original estimates made in 1972 were mainly based, as you know, on inflation indices predicted at that point in time, and they were just off by that much. So what it represents, and you can tell your constituents, is that of that added amount, all but $600,000 is inflation. And that $600,000 is due to adding things that were needed to be added, plus some inefficiencies as a result of the stretchouts.

Senator ANDREWS. In your remarks for the record could you also address the comments you make about the fact that they're still reviewing the reliability and other aspects? That's really the clincher that gets them, not only are they paying for it.

TANK COSTS AND RELIABILITY

General MEYER. That is really one of the cheapest shots they can take. Everyone who has gone down to Fort Hood to see that Abrams tank has come away impressed. And whether you are impressed or not isn't as important as the fact that the soldiers are impressed with that piece of equipment.

TANK SIZE COMPARISONS

Senator ANDREWS. I was impressed years ago when I got in a tank when they had a .45 barrel sticking out of it where you could shoot a .45 out of a hole in the side of a little tank. I had more fun in that.

Senator SCHMITT You ought to get yourself in the driver's seat of the XM-1 tank. I am pretty small, and I felt like I could barely be stuffed in there, and that's a tremendous vehicle.

Senator ANDREWS. That was in Pine Camp.

Senator SCHMITT. You were smaller then?

Senator ANDREWS. No. The tanks were bigger then. That was in 1945.

M1 TANK COSTS AND RELIABILITY

Our Supplemental M1 tank request for fiscal year 1981 provides funds for the following: $105.0M Production Base Support for non-unique non-recurring items to reach a 150 per month production capacity, $337.5M manufacturing shortfall correction including $12.6M for additional special tools/tests sets; $4.2M for auxiliary services and $14.6M for a maintainability improvement program, and $1.0M for additional training equipment components. This is a grand total of $414.6M which gives us the funds to insure we receive 569 M1's in the fiscal year 1981 funded delivery period. It is apparent that although there has been some cost growth, we are also doing some new work which we feel is required. Our fiscal year 1982 Amended M1 tank request provides funds for the following work: $13.1M Production Base Support as a fiscal year 1982 tail to the fiscal year 1981 Supplemental, $480.8M manufacturing shortfall correction including $116.3M for needed system technical support; $5.2M for additional special tools/test equipment; $8.5M for a reliability growth program; $22.6M to continue our maintainability improvement program, $93.4M for competitive second sourcing of selected fire control components, $5.5M for additional training equipment, and $3.0M for additional spares. In this fiscal year 1982 Amendment, we also have some new work which is required to improve the M1, but which should generate a considerable amount of operational and maintenance cost avoidance in the out-years.

Now lets take a look at what these changes do to the total M1 tank program. We reported in our December 1980 Selected Acquisition Report that the M1 Program would cost $18,955.2M for a quantity of 7058 M1 Abrams tanks. This meant that each tank would cost $1.906M in constant fiscal year 1982 dollars. The revised M1 Program including our fiscal year 1981 Supplement and the fiscal year 1982 Amendment is estimated to cost $21,236.7M for 7058 tanks. This program includes some $1,077.1M of new effort and $2,976.5M increased costs while generating some $1,772.1M in cost savings due to schedule improvements and competitive procurement practices. The cost increases are not surprising to me, but I will say that the way we have been estimating and projecting out-year costs from the fiscal year 1972 base leaves something to be desired and I was surprised at the understatement; we are working to improve this area. Now that we have negotiated costs from our fiscal year 1979 and fiscal year 1980 contracts as a base for future projections, we should be able to get much closer in our out-year projections.

Now let me comment on the reliability of our M1; primarily I'll talk about the power train durability because in all other parameters except track life, we are in good shape. It must be remembered that our testing is being done on early production model tanks and this accounts for current low scores in durability. Durability has improved 40 percent since 1 November 1980 and we believe that .5/4000 is achievable in the near term. Not only is combat reliability being met at the .27/4000 level, but we can support the fielding of the M1 at this level with some additional

funding. Our reliability testing is about half finished and we have a good chance for further improvement in durability and meeting all other parameters except track life. We are getting about 850 miles life from our track and we will not reach our goal of 2,000 miles, and we now believe this goal is not achievable in the near term. We plan to continue research in this area.

QUESTIONS AND ANSWERS ON RAPID DEPLOYMENT FORCE

Mr. Chairman, I have some questions on the Rapid Deployment Force I'd like to have entered for the record.

Senator GARN. We'll be happy to submit them for the record.

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

Questions Submitted by Senator Andrews

Rapid Deployment Force

Senator Andrews. What role should the Army have in the Rapid Deployment Force (RDF)?

General Meyer. Our national policy identifies maintaining access to energy resources in Southwest Asia as a vital national interest. Our military strategy for carrying out that policy recognizes that using military force may be required to counter a variety of hostile threats which range from terrorism, through intra-regional strife to overt military action by the Soviet Union.

Faced with this range of potential threats and variety of military missions our planning must be flexible and based on an ability to tailor an appropriate force with a range of capability. Each Service has unique force capabilities that are essential to the Rapid Deployment Force concept. For example, the Air Force contributes rapidly deployable aerial reconnaissance, air defense and ground interdiction capability. Naval and Marine forces are able to respond quickly to maritime threats and to project forcible entry along the littoral. The Army provides a range of capability for land operations beyond the littoral with forcible entry airborne and ranger capability, air assault units and armored and anti-armor capability. The Army is organized and equipped to conduct and sustain operations deep inland where required in Southwest Asia and we are able to operate in the mountains and deserts of the region. There are, for example, locales and terrain in Southwest Asia where Army special forces, helicopter borne infantry and Air Force fighter bombers would be the best combination of forces to counter an enemy force. In short, it is the combination of unique Service capabilities tailored for the specific situation at hand that is the strength of the RDF concept. No single service is organized, trained and equipped to cope with such demands. A joint venture, such as the Rapid Deployment Joint Task Force, planning for a wide range of contingencies, is the correct course.

Senator Andrews. What are your RDF programs in priority?

General Meyer. One of the key objectives for the Army of the 80's is to develop the capability to mobilize, deploy and sustain the Army component of the RDF and support and sustain other service components as required. The FY 81 Supplemental/FY 82 Amendment requests contain $815 million to improve the near term readiness posture of Active Army and Reserve Component units associated with the RDF; primarily in the categories of equipment, deployment, and sustainability. These requests contain the following programs for the RDF in priority:

Water Support for RDF
Ammunition - RDF
Desert Camouflage Uniforms
Military Construction Planning/Design - RDF
Readiness Supplies for Priority NG Units
War Reserve Equipment and Spares for RDF
Defense Chemical Equipment for USAR RDF Units
Repair Parts for USAR - RDF
Other Procurement Army Stock Fund Equipment USAR - RDF
ARNG RDF-A Improvements

RDF Communications Equipment
Joint Tactical Microwave Landing System
Aircraft Survival Equipment - RDF

Strategic lift is also of vital interest to the Army. This capability is essential to improve our power projection and needed force flexibility to respond to worldwide contingencies. The Army fully supports Air Force and Navy strategic lift enhancement programs.

The Army considers fast sealift to be vitally important for delivery of heavy follow-on equipment and supplies needed to support and sustain deployed RDF forces.

Senator Andrews. I understand that approximately $700 million in the FY 81 supplemental/FY 82 amendment is associated with units involved with the Rapid Deployment Force-Army -- what kind of improvements will result from this expenditure?

General Meyer. The Army has requested over $800M in the FY 81 supplemental/FY 82 amendment request to improve the near term readiness posture of Active Army and Reserve Component Units associated with the RDF-A; primarily in the categories of equipment, deployment, and sustainability. Selected items of equipment include water support, desert camouflage uniforms, chemical defensive equipment, unit organizational and aircraft survival equipment, and modernized communication. Equipment that enables this RDF-A to exercise command and control over extended ranges in undeveloped areas. Deployment capabilities will be improved through planning and design of austere staging facilities in the SWA, more unit training, and stockage of additional repair parts at the unit level. Our ability to sustain ourselves once committed will be increased by purchasing more ammunition and other war reserve stocks.

Senator Andrews. On page two of your reading version testimony, General Meyer, you state that "our forces identified for the Rapid Deployment Force are, with a few exceptions, ready to be projected into contingencies which might occur in other areas of the world." Could you elaborate for the committee on the nature of these exceptions?

General Meyer. The Army Rapid Deployment Force units are basically ready for projection into contingencies which might occur in other areas of the world. Some of the Army Rapid Deployment Force combat units experience reduced readiness because of varying shortfalls; NCO shortages, pilot shortages, and shortages of low density equipment, such as van shops and communication equipment. These exceptions to "ready status" can be remedied by the cross leveling of personnel and equipment from non-RDF units in times of crisis.

Due to the limited combat support/combat service support (CS/CSS) structure in the Active Component, the RDF-A relies heavily upon Reserve Component (RC) support. In fact, some support units such as graves registration and water supply exist only in the Reserves. Presently, some of these CS/CSS units are not combat ready, however, intensive management programs are in place to focus on them and raise their status to an acceptable level.

A number of reserve combat service support units (Type B) consist only of leadership/supervisor personnel and rely on host nation support (HNS) for filler personnel. This is ideal where host nation

support agreements are possible, like Europe, but will constrain combat support capability in areas where indigenous labor is not available. Type B units in the RDF force list include: water supply, graves registration, ammunition companies, petroleum operating/supply companies, terminal service/transfer companies.

Strategic Lift Enhancements

Senator Andrews. What type of strategic lift enhancements are still necessary for adequate Army deployment to a location like the Middle East?

General Meyer. I see a need for more outsize airlift, responsive, fast, roll on roll off ships and staging, overflight and enroute basing agreements. I also favor more RDTE funding devoted to high speed surface effect ships. For the near term SL-7 ships converted to full RO/RO configuration would provide the singularly greatest mobility force enhancement available within the next 18-24 months. These ships, once converted, are an ideal means of transporting heavy forces while additional airlift would provide the capability to lift forces directly into an objective area. The combination of these unique capabilities, complemented by the potential of surface effect ships over the long term should be exploited to provide greater global deployment flexibility.

M-1 ABRAMS TANK

Senator SCHMITT. Mr. Chairman, I should ask the general in reference to the XM-1 tank if they looked into my suggestion that you have a waste management system in that tank, since you are supposed to be able to serve in there for, what, about 98 hours?

General MEYER. Yes, sir.

Senator SCHMITT. And at the time I asked that question at White Sands when I was down there, nobody could give me an answer; and I have yet to receive an answer of whether that remarkable technology developed for the space program has been adopted, namely a bag.

General MEYER. They are doing that right now as a part of the whole look at the inside for chemical protection. We've got time because we've fielded so few units, and are still working the protection system. I got your message.

Senator SCHMITT. I get a kick out of asking this every year.

General MEYER. Maybe next year we can bring you in a sample of the solution—the solution to the problem, not the bag.

LOW ALTITUDE AIR DEFENSE SYSTEM

Senator GARN. General, what is the answer to the ABM's problem, particularly the LoAD?

General MEYER. The Low Altitude Air Defense (LoAD) system will be addressed specifically in 1981. In fiscal year 1982 it will be funded in the neighborhood of $200 million.

Senator GARN. And can you tell me in very general terms how it is progressing?

General MEYER. Yes. We're looking at a couple of schedule options with the LoAD at the present time. One alternative is to bring it in in the 1986 timeframe. That is one option. The other, which has been presented to you, would bring it in a year later.

The technology itself is coming along well. We have been very satisfied with the LoAD preprototype demonstration, the preliminary program that we have. So I would have to say as far as the LoAD itself is concerned, if one were satisfied that it has the potential for playing a very important role in the whole strategic nuclear equation, it and the exoatmospheric overlay, then there is good reason for putting the money into it. We believe neither of them used to be accepted as either a hedge or an adjunct to where we go with our strategic nuclear forces.

Senator GARN. Well, I couldn't agree more, and the reason I asked the question, as you are obviously aware, I am a little bit interested in MX. I've lived with it for the last 2 or 3 years, went through an entire political campaign with that major issue of my opponent in the campaign of why I wasn't laying my body in front of the MX.

But I have felt in studying the problem for a long, long time before it ever became a big political issue that we did need an ABM system; and I frankly have never understood the logic of the ABM Treaty, that somehow it was more destabilizing or threatening to the Soviet Union to build a defensive weapons system than to build new offensive weapons systems. That is some of the arms control-

lers, I suppose, that live in a theoretical dreamworld and don't understand the real world that goes on.

Because even assuming that the administration decided to go ahead with present basing mode in Utah and Nevada, when you start looking at the possibilities of a Soviet buildup of warheads with or without SALT, what appears more ridiculous to me than some aspects of the current basing mode is doubling the system to 90 to 100 shelters or even beyond that.

So it seems to me even if we go with the present land-based mode that to prevent that just continual construction that we need a ballistic missile defense of some kind. And I think we need to look at modifications to the ABM Treaty when it comes up next year.

Again, I just don't understand how defending yourself is so threatening. I hear a lot of foolish ideas from some people, but that is one of the more foolish in my opinion.

So I do think we need to go ahead with LoAD, and we need to go ahead with space-based lasers; and there is some encouraging information coming out of New Mexico, too, on that, and so I think it is an area that should be accelerated in both LoAD and particle beams. There is certainly plenty of evidence that the Soviet Union is doing that, and there is also plenty of evidence that the Soviet Union particularly in SA-5 SAM radars have violated SALT I as far as testing ABM radars. I think it is an area that we do need to proceed with.

M-1 TANK PROGRAM

Mr. Secretary, the immediate budget request seeks an increase of $5.5 billion for procurement of aircraft missiles, weapons, and tracked vehicles, ammunition, and other procurement items. What will be the impact of the additional funds on the M-2 tank program? Somebody hit the wrong one. It's the M-1.

You didn't know you had an M-2 tank, did you?

General MEYER. We'll be able to go from 569 M-1's to 720 M-1's in 1982.

Senator GARN. Would you just follow up with a brief explanation following Senator Andrews' question? We've heard so much about the turbine engine problem in the M-1 tank. Would you address that for us?

General MEYER. Yes, sir. When it first came in, we took a pilot model of the turbine engine, and put it into the pilot tank, in a ground environment, without going through a carefully engineered design test ahead of time. So its first real testings were in an operational environment out at Fort Bliss. We had terrible problems with dual ingestion there because the air induction system had design flaws, and these, in turn, created problems with the turbine.

We then brought in the best turbine people in the country—and of course there are a lot of them because they have been working on aircraft turbine engines for a long time—to look at it. There was also a blue ribbon panel aside from our own program manager and the people he had available to him.

They gave us the kinds of fixes they thought we should make. That was about 2 years ago. We made those fixes, and they are working. We have now turned out, I don't know the exact number, but in the neighborhood of over 70 tanks from the Lima, Ohio,

plant where we put in the engine. We had the first indication of any problem at all recently on one of the 42 tanks down with the 2d Battalion, 5th Cavalry at Fort Hood. My staff came in and told me last week before I testified it was an engine failure, and I told them to go back and check, and now my backup tells me it was not an engine failure after all. So we haven't had an engine failure to date.

I think that the engineering technology that came out of the aerospace industry has been transferred into that engine, and combined with the rest of the tank, has given us a great capability. And it's so quiet. You know, after you've served around tanks for a while and all of a sudden a tank rolls up behind you and there's literally no noise, you're surprised. That noise that goes with the diesel just isn't there with the turbine.

BLACK HAWK UTILITY HELICOPTER

Senator GARN. What's the status of the Black Hawk utility helicopter program?

General MEYER. The Black Hawk utility program will go to 96 this year as opposed to 78, which is what it was prior to the amendment. That will level it out at eight per month.

Senator GARN. So the effect of your conditional funds is an increase in production?

General MEYER. Yes, sir. It is to go from 78 to 96, yes, sir.

NATO

Senator GARN. To what extent is the Army spending in support of NATO forces increased in the revised budget, and what is your readiness goal for NATO?

General MEYER. I'll have to provide for the record the specific dollars that are allocated to NATO. I don't have it broken out specifically that way.

Senator GARN. We'd be happy to have you supply that for the record.

[The information follows:]

NATO SPENDING

The proposed increases in the supplemental/amendment will provide for increased training, additional civilian strength authorizations which will avoid military diversions to support activities, improvements to troop housing, and an upgrade of working facilities. The modernization increase will ultimately enhance the effectiveness of NATO forces as newly acquired equipment is fielded to those units.

The readiness goal of our NATO forces has not changed as a result of the supplemental/amendment. It continues to be the maintaining of our deployed force in Europe at full wartime capacity with the necessary stocks to enable them to fight and sustain themselves until reinforced from CONUS. The resources requested in the supplemental/amendment are but a first step in attaining that goal and will correct only our most serious shortcomings. Significant increases required over the program years that I have mentioned on previous occasions will provide us with the positive first steps in producing an Army adequate to the challenges of the 1980's and beyond and will produce measurable, needed, and timely improvements in our near and mid term readiness posture.

READINESS GOAL

General MEYER. But the basic readiness goal is to insure that, at a minimum, we're able to have the units in Europe at a high readiness condition.

And that is with the most modern equipment we have, with the NCO's present, and with the ability to sustain themselves.

Today, as I said, the forward deployed forces are doing well as far as the people are concerned, well as far as new equipment is concerned, because as it comes in we usually give them first priority; but they are doing poorly as far as sustainability is concerned. And our goal is to improve the case for sustainability.

Senator GARN. Senator Schmitt.

Senator SCHMITT. Thank you, Mr. Chairman.

TANK PROGRAM

General Meyer, with the really extraordinary capabilities of the Army Tank Command in research and development, the experience that NASA and Chrysler had jointly had that I think the Army had observers at least involved in with the development of a Chrysler automotive turbine, how in the world did we ever get bitten by that really major programmatic slip-up in the adaptation of a turbine engine to off-terrained use?

There is no question it can be done; you've done it. But why did we screw up?

General MEYER. Well, it's really inexcusable when you lay it out the way you did. I can't excuse it, or I can't really come up with a good answer to that question.

Senator SCHMITT. Have you made the modifications?

General MEYER. Yes. All the modifications have been made.

Senator SCHMITT. No. I mean have you looked at your basic program management structure so that——

General MEYER. Oh, yes—to change the program system so that we don't make those kind in the future.

Senator SCHMITT. Do you have an advisory group that comes in earlier into the system?

General MEYER. Yes, sir. It comes into the system earlier and insures that both the technology and the man/machine interface are worked through sooner. We also get user involvement earlier. We've done all that since then.

But I'm going to go back as a result of your discussion and——

Senator SCHMITT. I directed NASA's program with Chrysler for a while, and when I heard that you were having problems, I couldn't believe it, particularly since Chrysler——

General MEYER. Has been doing tanks forever.

Senator SCHMITT. Was doing the tank as well as working on—for years, for decades they have been working on gas turbines.

Well, I certainly hope, and if there is anything you want to supply for the record——

General MEYER. Yes, sir, I will.

[The information follows:]

M–1 TANK

Selection of the M1 with the turbine engine was based on the same detailed review process to which we subject all our new systems. Because of the revolutionary commitment to a turbine engine for a tank, we programed for additional development to bring up the maturity earlier. The problems encountered in development and operational testing in 1978 and 1979 were greater than we expected to encounter, and in retrospect we could have used a lot more attention to detail by the contractors involved. Because of our milestone schedule, we elected to continue testing in spite of the problems. As a result, by the time the test was over we had experienced 56 engine failures; but only made about eleven different design changes to the engine itself. Thus the problem appeared worse than it really was. Subsequent testing at Fort Knox in late 1979 verified the adequacy of design changes to the engine as well as to the tank which could affect the engine. In the course of all this, we and OSD brought in a Blue Ribbon Panel which ultimately concluded that: the turbine was a good choice for the M1; had demonstrated significant improvement in reliability and durability growth; and with continued improvement in a few areas, significant long term operations and support cost savings could be achieved.

VEHICLE DESTRUCTION COSTS

Senator SCHMITT. That describes the programmatic management changes overall in your R. & D. program, we'd appreciate anything. Any speaking of that, it's been said, and I'd like your comments, that the way this country can neutralize large numbers of vehicles and other types of equipment, even manpower, that the Soviets and their allies might employ against us is through the use of lower cost vehicle destruction systems. If you can destroy 1,000 tanks with low cost systems, you don't need 1,000 tanks to go up against them.

How do you react to that, and what is the Army doing, if anything, to implement that?

General MEYER. There are lower cost solutions to vehicle destruction. Most of them are in the area of scatterable mines, and in the area of certain kinds of precision guided munitions, but they may not be considered cheap as you go into procurement.

Senator SCHMITT. No, but they're cheaper than a tank.

General MEYER. They're cheaper than a tank. But what a tank provides you is not just a means of killing another tank. It's the ability to move firepower around on a battlefield——

Senator SCHMITT. No, I'm not arguing. I think you need a strong tank force, more than you have asked for as a matter of fact.

General MEYER. Right. My concern has been that proponents of the line you postulate, without thinking it through, are pushing more cheap, dirty weapons that don't work. All I want is to insure that the soldier gets the right weapon, and that it works.

I believe we need to go for lower-cost systems that do the job, and can be mixed in, but they need to work. I use this story, and I hate to repeat it, but I happened to be in Korea when the first Chinese tanks came down, and we had the World War II rocket launcher. It's bad enough for an infantrymen to have to stand up and fire a rocket launcher at a tank, but when it bounces off the front, that really puckers up your whole system.

And so I really feel very strongly that what we give the soldier has to be adequate to the task. I know you mean that in those terms; but some of the people that talk about cheap and dirty do not.

COPPERHEAD PROJECTILE

Senator SCHMITT. I'm talking about cheap and dirty. I'm talking about Copperheads and things like that that are coming along, but at what pace.

General MEYER. They're coming along very, very quickly.

Senator SCHMITT. How do they fit into the whole scheme of things?

General MEYER. If you have a chance, what you ought to take the time to do, is to go out to Fort Lewis where the 9th Infantry Division is located. We're putting in a high technology division there and they are bringing in the high technology such as the Copperhead, the ground laser designator, the new attack helicopter and air defense systems, distributed data information and things like that. We're doing this so that we can take maximum advantage of these types of technological breakthroughs to give us the capability to take lighter divisions, without tanks, and throw them up against the heavier Soviet tank divisions. And that's possible in my judgment.

Senator SCHMITT. I think it is, too, and I hope that you'll pursue that but not to the exclusion of the tank force because it plays a different role.

General MEYER. Yes.

EQUIPMENT FOR THE RAPID DEPLOYMENT FORCE

Senator SCHMITT. And speaking of that, do you see the XM tank as a major part of your Rapid Deployment Force?

General MEYER. I think it will be a follow on element to any Rapid Deployment Force in the Middle East.

Senator SCHMITT. What about the infantry fighting vehicle?

General MEYER. I think the infantry fighting vehicle will fit in the same category. It's an element. Since we don't know where the Rapid Deployment Force is going to have to fight, and since Soviets have already provided T-72 tanks, BMP's, and BRD's—the Soviet equivalent of the infantry fighing vehicle—to the Middle East, it seems to me that it's going to be necessary to continue to plan for our own heavy systems.

In short, while we want to get light forces there quickly to do the kinds of things I'm talking about, I would not rule out having them backed up with heavy forces if that's what the Soviets decide to introduce.

Senator SCHMITT. But do you think the new aircraft system, the transport system, should be geared to transport the XM tank, one of them, or 16 lightweight vehicles?

General MEYER. If I had my druthers it would be both.

Senator SCHMITT. Can you imagine a situation where you want to move one XM tank?

General MEYER. Rarely. No, I can't. And that's why I say when you talk about M-1 tanks going into the Middle East, in my judgment, they're going in, as I pointed out, later and by sea.

Senator SCHMITT. Is that lightweight infantry fighting vehicle moving along on schedule as well?

General MEYER. Yes, it is. It rolls out the end of May at the California plant of——

Senator SCHMITT. First production line?
General MEYER. Yes, sir.
Senator SCHMITT. And what rate will you build up to?
General MEYER. I don't have the rate.
Senator SCHMITT. Well, that's all right. You can supply that for the record.
General MEYER. I have it here somewhere. I've forgotten.
[The information follows:]

FIGHTING VEHICLE SYSTEMS (FVS)

The current FVS procurement programing allows the Army to ramp to a rate of 50 vehicles per month by the fiscal year 1982 funded delivery period with a further ramp to 90 vehicles per month during the later part of the fiscal year 1984 funded delivery period. The Army will then remain at 90 per month through the end of the total program buy of 6882 vehicles.

DESERT TESTING OF XM TANK

Senator SCHMITT. Thank you.
General GARN. Senator Huddleston.
Senator HUDDLESTON. Would the XM tank be part of your prepositioned materiel, for instance, in the Mid East?
General MEYER. Ultimately. And then ultimately for Central Europe. But I don't believe we'd do that for the Middle East, for another 10 years at least.
Senator HUDDLESTON. Does the tank perform well in desert conditions that it's been tested under?
General MEYER. Yes, sir, and that's one of the reasons we're doing it at both Fort Hood and at Fort Knox.

BALLISTIC MISSILE DEFENSE

Senator HUDDLESTON. You've got, I believe, $9 million for this fiscal year at the Kwajalein Test Range. Is that for a new project?
General MEYER. That's basically to permit us to carry out some of the ballistic missile defense (BMD) testing that needs to be done. I don't believe there's any new program involved there, but essentially it's to——
Senator HUDDLESTON. I think it's listed under a fact of life.
General MEYER. Yes, sir. I was going to say that what happened is that we underpriced what we needed to do in BMD this year, so we put that additional money out there so we could carry out the BMD programs.
Senator HUDDLESTON. That program is moving ahead.
General MEYER. Yes, sir, it is.

INDUSTRIAL PREPAREDNESS

Senator HUDDLESTON. You've got $32 million listed for 1982 to correct industrial preparedness deficiencies. Now, what is that?
General DELAUNE. In the original budget submit we were out at about the $86 million level, and we had more than that in fiscal year 1981; and as we came in then with the amendment and the supplemental we were able to go back up to about $116 million to maintain the laidaway lines.
Senator HUDDLESTON. Is that what this is for?

General DELAUNE. Yes, sir. It's improving the funding level that we currently had in the budget so that we can get up above where we were in the 1980 time——

Senator HUDDLESTON. These are production lines?

General DELAUNE. These are production lines that are laid away to maintain those functions.

General MEYER. Principally ammunition and things like that, sir.

DEPOT MAINTENANCE BACKLOG

Senator HUDDLESTON. Now, you have a depot maintenance backlog. What in 1981 in the supplemental request and the 1982 amendment is dedicated to reducing this backlog?

General DELAUNE. We had projected, and there have been several projections, $140 million, $160 million, and finally we settled out and we knew exactly what we thought the carryover would be. We funded completely the amount that would be required to reduce the depot maintenance backlog to zero at the end of fiscal year 1982.

Now, if you will recall, Senator, we had already worked down the depot maintenance on the Weapons and Track Combat Vehicle lines; we still have a lot of work to do on the missile lines. And this additional funding will allow us to work that down.

We still have an unfinanced requirement, but it's primarily because we can't induct it into the system. We don't have the facilities to bring them in to take care of about $45 million. There's still that requirement, but we can't handle that. We will have to wait to take care of that later.

But for our capacity and what we have to repair, we will be able to reduce it to zero with the funding levels that we've indicated here.

Senator HUDDLESTON. Do you contemplate any changes at Bluegrass, if I might just pursue that particular interest?

General MEYER. No, sir.

Senator HUDDLESTON. The same?

General MEYER. No, sir.

CHEMICAL DEMILITARIZATION

Senator HUDDLESTON. Your disposal problem of toxic weapons, is that as bad as the news reports indicate?

General MEYER. Yes. As far as the amount we have to dispose and the problem we have with disposing it. I don't know what you read in the news, but we have a major problem in this country. It's a national problem. It is not just an Army problem. It is a national problem, disposing of the chemical toxic systems that are out there that require demilitarization.

We have assigned a program manager to take care of that. But it is going to be at least a 10- to 12-year program to do it all.

Senator HUDDLESTON. And you have some projections about what you're going to do next year?

General MEYER. Do you have the dollar cost of what's in there, E.J., for the chemical demilitarization? I'll provide that for the record. But there are dollars in there to begin to start the program, and everywhere I've gone I've been harping on this problem.

[The information follows:]

DOLLAR COST OF CHEMICAL DEMILITARIZATION

In fiscal year 1982, we have programmed $50M. $12M is for developing new and efficient disposal means, in which we will be working closely with both other government agencies and civilian industry to insure that this rapidly expanding field of technology is fully exploited. The remaining $38M is for expansion of the prototype disposal system at Toole Army Depot, Utah, from pilot plant to fully operational status, concept and design for an additional demilitarization facility to be constructed on Johnston Island, and finally, operations of the overall demilitarization program.

UNSTABILITY OF WEAPONS

Senator HUDDLESTON. Is this brought about because these weapons or some of them at least are becoming unstable? Is it getting to be an urgent crisis?

General MEYER. No. It turns out that the leakers are inside containers and therefore sealed, but as soon as you open that container, even in a controlled environment, there is seepage. In other words, here's a shell that's inside of something else where it's protected. When you open up the protective casing that it's in and you get indications of seepage or leakage, then you have to take steps to control it.

Senator HUDDLESTON. Does that mean it's not usable?

General MEYER. It's not usable. And our whole chemical retaliatory capability continues to go down.

Senator HUDDLESTON. Because the weapons themselves——

General MEYER. Because the weapons themselves are deteriorating, yes, sir.

BINARY PRODUCTION

Senator HUDDLESTON. Will they move toward the binary production?

General MEYER. Yes, we'll move toward the binary production, and the request in this budget to do the facilitization will be a first step toward redressing that imbalance.

Senator HUDDLESTON. That just gets our capability back up.

General MEYER. That's right.

Senator HUDDLESTON. But it doesn't do anything about disposing of the old ones. And you think it's an 8- to 10- year proposition?

General MEYER. To fully correct it, at least that, sir. It is a major problem, and you're talking about individuals with gloves on, as you've seen, sticking their hands through very complex things, doing it individually. It's that kind of a process.

Senator HUDDLESTON. And in the meantime, what's being done to assure those areas where these materials are stored that they are not endangered.

Senator GARN. They're moving them to Utah.

General MEYER. I wish you hadn't said that. We go through regular procedures—we have increased the checks on the locations as far as safety is concerned.

Senator GARN. See, we get MX, Wet Eye.

Senator HUDDLESTON. You're just lucky, that's all.

I guess my 5 minutes are up.

Senator GARN. I might just comment on that, because it's another thing that I, whether I want to or not, have been rather

deeply involved in. I think the General should explain what a leaker means, because there has been vast publicity about this topic in my home State.

The Wet Eyes are inside a case that does not leak, and the leaks from the actual bombs inside have been—that if of the five or six leakers that have been found out of several hundred—leaking in the magnitude of parts per billion, and they didn't use to even be able to detect that. And as an individual you could be exposed to those leaks, if I remember the figures, 8 hours a day for the rest of your life, and you'd die of something else.

You know, the press had big headlines about these leakers, and I may be wrong, but they didn't even identify parts per trillion?

General MEYER. No, no. It's part per trillion. That's exactly right. The ones they have out at Rocky Mountain, when you go there, you can see the case that attracted all the attention.

Senator GARN. They went to parts per trillion before they could even detect leakers. So technically they are leaking, but the air may be much more pure around those Wet Eyes than it is on Capitol Hill, particularly on certain days when the level of rhetoric gets particularly high.

Senator HUDDLESTON. We took care of the Rocky Mountain area by putting it in Utah.

Senator GARN. Well, that isn't over yet. That's still going on. But frankly, we don't mind taking them in Utah. Certain people do. They were talking about moving to the Tooele Army Ordinance Depot a very minor percentage of the chemical munitions that have been stored there for more than 30 years. And as is often the case, the people who do not live near the Tooele Army Ordinance Depot are the ones that are demonstrating and causing trouble, and those who live right next to the base want them to come because they like the jobs that go with the Toole Army Ordinance Depot.

So those who potentially might be injured are not agitating against the move. But it's one of those things that continually go on. We will have others in the future as they come up.

But I just wanted to stress, General, when you're talking about leakers that——

General MEYER. Well, I know you knew, and I forget that there are those who do not.

Senator GARN. Parts per trillion.

General MEYER. Yes, sir.

Senator SCHMITT. You can thank the scientific capabilities developed by the Moon program, Jake, for our ability to measure parts per trillion.

Senator GARN. That's true.

Senator SCHMITT. A lot of the so-called pollution is just that we've learned how to measure it and actually look at individual molecules.

Senator GARN. Well, that's true. These leakers never would have existed had we not developed the capability to find it.

Senator HUDDLESTON. That just proves that ignorance is bliss, and it's a lot less expensive. [Laughter.]

SUPPORT FROM NATO ALLIES

Senator GARN. What kind of military support from our NATO allies is assumed in the budget request? Are we really going to insist on the 3-percent real increase for our NATO allies?

General MEYER. The administration has been using different terms to identify whether or not we support the 3 percent. I believe there will be efforts to hold their feet to the fire on a meaningful link. I hope it's at the 3 percent.

Let me talk to some of the significant things specifically as far as the Army is concerned, because there are some things that are very important to us now.

One is we rely very heavily on host nation support by the Germans to be able to fight in Europe. You heard me say before that one of our biggest shortfalls is combat support and combat service support: the wrench-turners, the ammo carriers, and the petroleum, oil and lubricants (POL) carriers.

There is support in this budget for some 90,000 host nation support personnel that will actually be organized by the Germans to be made available to support both the Army and the Air Force in the areas that I've outlined. Additionally, we're looking at probably about another 100,000 host nation support personnel to do some of the things in the rear area, in the way of labor and so on, that we don't think we should maintain in the Active or the Reserve components in peacetime—along the lines that were outlined by Senator Schmitt; it's so difficult to give a guy a meaningful job if he's going to be an ammo humper in wartime, because it's pretty hard to motivate a man that way. So we plan on using local laborers with a few sergeants and lieutenants and captains to supervise them.

So it's in the neighborhood of 200,000 right now that we're counting on from the Germans, as well as from the Belgians, the Dutch, the British, and the Luxembourgians.

Senator GARN. I'm not as interested in percentages. I agree with Secretary Weinberger that a particular percentage is not necessarily the most meaningful thing; but I am interested in relative effort, and you see that declining, and at a time when we're asking for large increases in our military budget, which I agree with, will support and think are absolutely needed.

I do think that additional efforts ought to be made on the part of our allies, too, that they should not be able to just sit back and depend on the good old United States to spend. I'm talking about relative measurements in terms of percentage of GNP and total budgets and things of that nature. And so I do think we need to continue to encourage them to do their fair share of defending their own countries.

General MEYER. I completely agree with you on that. Our efforts on the military-to-military basis are focused on that, and as you would imagine, you get support for your thesis from the military, whereas you may not get support for your thesis from the Defense Department, or the Department of Finance in some countries.

Senator GARN. Senator Schmitt.

Senator SCHMITT. Thank you.

CAPACITY OF WHITE SANDS MISSILE RANGE

Mr. Secretary and General, you have talked about a wide variety of new efforts that will require development testing and operational testing, but the White Sands Missile Range is the only inland test range in the free world, and it's, as I understand it, under present constraints scheduled to the hilt.

What do you foresee as the capacity of that range to absorb the additional demands that you're going to put on it?

General MEYER. I haven't heard from the testing community that it's created a restriction on our ability to test. I just have not heard, but that's not totally responsive to your question. Let me provide a detailed answer for the record.

Senator SCHMITT. I hope you will, because I try to visit the range once a year for an extended briefing, and my impression over the last several years has been that they view with great excitement and some uncertainty how they're going to handle the increasing demands for training as well as tests that obviously are going to be put on that range.

So if you would supply us for the record with some general analysis of the long-term capacity of the range as well as whether it represents any long poles in any development or training tents, we would appreciate it.

[The information follows:]

CAPACITY OF WHITE SANDS MISSILE RANGE

White Sands Missile Range (WSMR) is projected to cope with its fiscal year 1982 workload without additional resources. However, it will be fully loaded such that if major programs (e.g., PATRIOT) require additional tests we will take special measures to keep the higher priority programs on schedule. Special measures include having WSMR personnel work overtime, borrowing troop support from nearby Fort Bliss, Texas, and increasing the support provided by existing contractors. Since the Army's massive modernization program has fully loaded some and over loaded other test ranges, the above measures will be applied and, in some instances, lower priority testing will be deferred. In the long run, we plan to reduce the numbers of operators and maintenance men for test instrumentation by developing and procuring improved instrumentation; there are funds in the fiscal year 1982 WSMR budget for instrumentation modernization.

STRATEGIC MATERIALS VULNERABILITIES

Speaking of long poles, what is the Army's role in working with the Department of the Interior and other agencies in analyzing the strategic materials vulnerabilities of the military and the country as a whole?

General MEYER. Our basic role at the present time has been as part of the Joint Chiefs of Staff (JCS). In my role or capacity as a member of the JCS, I have been working with a group to come up with the specific materials that are going to be, as you point out, the long pole in the tent that will prevent us from being able to mobilize or prevent us from being able to fabricate the equipments that we're going to need.

And we're in the process of doing that—as I think you may have read in the paper recently—of insuring that we have identified those strategic materials.

The Secretary mentioned that last fall we invited the leading chief executive officers and chairmen of the board of 24 various

corporations in the country, who were involved not just in the defense industry but also in other industry, and asked them to go through our mobilization exercise. We went through both manpower and industrial mobilization, so that they understood the needs of the Nation when we mobilize.

They helped us in identifying many of the materials, but they also helped us in other areas, in the human area, for example, where the need for engineers, and so on, is so drastic. We're having them back in May to provide a game plan as to how we can solve those problems, and part of the answers to the questions you've raised will be provided or addressed at that time. It is, as you properly point out, a national problem, but we are intimately involved with it.

Senator SCHMITT. The Senate Commerce Committee has begun an extensive review of this situation, and at the appropriate time we hope that we'll be able to communicate with you on that.

General MEYER. Yes, sir.

Senator SCHMITT. For example, I suspect that with a cutoff in titanium, your XM-tank schedule would fall into a cocked hat.

General MEYER. It would have a tremendous impact.

Senator SCHMITT. As well as cobalt.

General MEYER. Cobalt and bauxite.

OFFICER TO ENLISTED RATIO

Senator SCHMITT. Mr. Secretary, would you discuss the officer-to-enlisted-men ratio that this budget implies in terms of personnel and where you see that ratio going in the future?

Secretary MARSH. I believe that ratio is about 12 to 1 if I'm not mistaken. I think it will remain fairly stable, that same relationship, in the coming year.

Senator SCHMITT. I thought somebody just showed me a document that showed it to be 6 to 1. Maybe we have the wrong information.

General MEYER. If you count officers and warrant officers right now, we have about 100,000 in the Active component; if you look at the total Army, it would be somewhat different. But there are 100,000 combination officers/warrant officers in an Active Army of 774,000, so it's closer to 6 or 7 to 1.

Secretary MARSH. I'm corrected on that.

Senator SCHMITT. Are you satisfied with this? Does that seem top heavy? What would you expect it to be if the bell rang? Within 6 months where would we be?

Secretary MARSH. I think it would remain basically the same.

Senator SCHMITT. It would be roughly the same in the Reserve and Guard forces if they were up to full complement?

General MEYER. Yes; it would be roughly the same if they were up to full complement. What would happen if we were to expand is that we have a lot more; the ratio would be higher. You'd have 8, 10, 12 to 1. That's what's happened in wartime in every instance.

Reason? You want to maintain the NCO peacetime cadre capacity to be able to expand in wartime, and that's part of what you're paying for in some of those ratios. You're also paying for your industrial base and your training base; you're paying for all of those things with senior grade NCO's and officers to be able to

expand for war. Whereas when you go to war you're focusing more on sending out large numbers of platoons and companies which require only a handful of officers but large numbers of soldiers. So the ratio changes in wartime, but I think for a peacetime environment it's about right.

I haven't looked at it for a couple of years, but we went back and reviewed it about 3 years ago at the direction of the Senate. It's 100,000 against 775,000. That's what it is.

Senator SCHMITT. Are you satisifed with the Army's capacity to rapidly bring conscripts into training bases and be trained? You're dependent in part on the Guard forces and the Reserve forces to come in to be your training cadre, as I understand it.

General MEYER. Yes, sir.

Senator SCHMITT. Is that a capacity that can absorb what might be necessary in a rapid mobilization?

General MEYER. I believe it can, and in our mobilization exercise last October, we took a careful look at that at about seven different mobilization and training installations. We have the capacity to bring in and begin to train, as a result of the registration, up to 133,000 soldiers in that first month. That's about where we are right now.

Senator SCHMITT. Thank you, Mr. Chairman.

Senator GARN. Senator Rudman.

Senator RUDMAN. I'll pass.

Senator GARN. Senator Huddleston.

TRAINING

Secretary MARSH. You know, you referred to the training. I saw a recent story in the Army Times that the 80th Infantry Division was making available training cadres to go down to Fort Jackson and do a substantial training exercise there this summer.

General MEYER. What we're doing with the Reserve training divisions is that they are actually training recruits today as they would train them upon mobilization. And the 80th has agreed to go into Jackson—they'll be there this summer—and they're going to look at whether or not they could get the individual Reservists to come on duty for different 2-week periods, instead of all at once, so they could spread it over a year. If we can do that, it will decrease the number of Active component people we need at Fort Jackson and thereby release, additional soldiers for units or other missions.

So we're trying for closer integration. I think that's a good example of closer integration of the Reserve and Active against the total Army requirement.

Senator SCHMITT. Can the hard plant vary? Can such facilities exist?

General MEYER. The hard plant can. In that 133,000 I'm talking about, some people, the cadre, had to be put out in motels in and around the area at the start; but I don't think that's unreasonable at the start of mobilization. Otherwise your Military Construction, Army (MCA) committees over here would have to be buying or procuring for that.

So what we've done is to look at whether we house the people reasonably under a condition of mobilization, and that's fair enough to ask people to do.

Senator SCHMITT. Can you clothe them, equip them, give them new rifles?

General MEYER. Clothe and equip, yes. The rifle happens to be a problem. We have to refurbish some of the current M-14 rifles to do that.

Senator SCHMITT. Thank you.

General MEYER. On the clothing issue, the view there is that industry—and this is another thing we're going over—could turn out uniforms very quickly if they knew what we wanted by the time the soldiers completed their training. There aren't enough right now, and I don't want you to believe there's a stockpile sitting there. But industry has said that they thought if they knew about it in time to gear up, they could turn those out at Stevens or some of those places. For example, Sears and Roebuck turns out camouflage uniforms all the time for hunters all over the world, and that's just about the kind of uniform we need for soldiers. So we're looking at those things.

Senator HUDDLESTON. They have a sale every January. [Laughter.]

Senator GARN. Senator Huddleston.

PERSHING II

Senator HUDDLESTON. General, just a couple of questions on the Pershing II (P-II). How many test firings have we had on the Pershing II, and is its accuracy being demonstrated?

General MEYER. I'll have to provide for the record the total number of firings, but we bring our Pershing units back from Europe to fire at either Cape Canaveral or out in the central part of our country. And we go through a very rigorous program to determine whether or not the Pershing is able to meet the circular error probable (CEP) that's designated for it; and we have been able to meet those requirements.

As you know, the new P-II will decrease the circular error probable and will make a tremendous change in the way in which we go about firing the system. We've got the new firing mechanisms in.

[The information follows:]

PERSHING II FIRINGS

To date, there have been five firings of PERSHING II, all conducted during advanced development testing completed in May 1978. The purpose of the advanced development testing was to demonstrate the technical feasibility of the terminally guided reentry vehicle and the earth penetrator warhead. The flight test program initially called for six missile flights. However, the sixth flight was cancelled because the objectives of the program were met by the fifth flight. Of the five missiles fired. One was aborted due to a component soldering failure shortly after launch. Four of the five missiles were delivered to the target at miss distances 659, 118, [D] and [D] meters. The latter two miss distances were achieved when all systems were operating properly. The large miss distances in the other two flights were attributed to equipment malfunctions experienced in flight. Analysis of the flight data of the latter two missiles showed that the missiles would have achieved the required accuracy had the hardware malfunctions not occurred.

CURRENT DEPLOYMENT OF P-II

Senator HUDDLESTON. Is it essentially ready for production?

General MEYER. The P-II is ready to come out in fiscal year 1982.

Senator HUDDLESTON. What about the current deployment? Has it been established?

General MEYER. Yes. We had planned on deploying it at the end of 1982 in conjunction with the ground launched cruise missile (GLCM) because that would have presented a package that would be most acceptable to our allies. And so we're currently scheduled to begin long-lead procurement in December of 1981, and the full production decision will be made in June of 1982.

With the funds currently in the program we will buy 39 missiles.

Senator HUDDLESTON. But are we prepared to deploy them? Do we have everything we need to put them in place?

General MEYER. I'm going to have to provide that for the record. Some of the stuff I have here is classified; it's political and classified.

Let me talk about the political side. The reason I'm hedging here is that I was looking at some stuff that's classified, and I didn't want to get into a classified answer. On the political side, the issue of deploying the long-range theater nuclear force, the GLCM, and the P-II, into Europe is still an issue which is raised by the parliaments of most of the countries in Europe.

Secretary Haig has said that he puts a high priority on continuing with that program. At the present time, the Germans have said they would accept P-II stationing, provided that another country was willing to permit GLCM stationing on their territory. We have other countries which have indicated that they're willing to do so. So if that commitment continues, I would expect to be able to meet our initial operational capability (IOC) in Europe; and I just personally hope that it does continue.

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

QUESTIONS SUBMITTED BY SENATOR HUDDLESTON

PERSHING II

Senator HUDDLESTON. How many firings of the Pershing II are planned prior to production? To deployment?

General MEYER. There are two firings of the Pershing II missile planned prior to a production decision and 28 firings planned prior to deployment.

In order to provide a rapid response to the unilaterally expanding Soviet threat, the NATO Ministers, in December 1979, agreed to the deployment of Pershing II in late 1983 as the ballistic component of the modernized NATO long range theater nuclear force. In order to meet this early IOC the program was accelerated by 16 months. The acceleration of the program is being accomplished through concurrent production and testing. The production decision is scheduled for July 1982, although testing will not be completed until August 1983. Positive steps have been taken to minimize the risk of this strategy—to include restructuring the test program to provide for critical component and subsystem as early as possible in the program and lowering the initial production rate (an average of 5 missiles per month versus 13 per month at full production) until after completion of the test program. Because of these steps, the Army is confident that although an early production decision does increase the risk that some engineering changes might have to be made prior to fielding, the overall risk of the system not meeting its requirements prior to deployment remains low.

The need of Pershing II as a part of the Long Range Theater Nuclear Force is of such urgency that the risk incurred by an early production decision is far outweighed by the advantages that accrue from its rapid deployment.

Senator HUDDLESTON. What is the current deployment date and do you still expect to meet it?

General MEYER. The Pershing II IOC in Europe is December 1983. To date, the development program is on schedule and on budget and has not experienced any serious technical problems. No problems are foreseen in the future.

VIPER

Senator GARN. Senator Rudman.

Senator RUDMAN. General Meyer, I want to ask you a question about a particular program about which I have done some reading. My question is based on a belief that we are going to have to make some substantial increases in the defense budget, but I suspect that there are many areas in which we might be able to economize and some might be more difficult than others.

I'd like to talk about the Viper program for a moment. On December 18, 1980, one of your review boards found it unsatisfactory and disapproved its procurement. The program has gone roughly 3 to 3½ times over initial procurement estimates, and has experienced some enormous delays. There are some serious questions as to whether it works. There are also some serious questions as to whether or not the German Armbrust system might in fact not be superior. Since this is a NATO-based weapon, it might be a substitute that's probably on line and almost ready for deployment.

What do you want to do with this program? It costs a lot of money.

General MEYER. It costs a lot of money. But it's one of the light, effective weapons systems that will penetrate the Soviet armor. One of the reasons, for the delays, the dud reason, is no excuse. That's a technological problem. But another reason, we've had some delays is a result of the increased capability, the increased threat that the Soviet armor itself poses, and that's all I'd say here, in this open forum.

I told a little war story earlier about the need to be sure you can penetrate a tank with an antitank round, and this is a good case in point.

But the answer is, yes, we do need a weapons system like the Viper. But if we can't bring it in at a cost that we can afford, we need to look at alternative systems. I think that's the right answer.

Senator RUDMAN. Has there not been some question—if this is a classified area, I'd certainly like to know about it at some subsequent time—has there not been some question in addition to the dud problem and the firing mechanism problem as to the actual penetration results of the Viper system?

General MEYER. Yes, that was the point I raised earlier as one of the reasons, for delays.

Senator RUDMAN. Do you have that program currently under review? Is it possible that——

General MEYER. We're still looking at that program, yes.

Senator RUDMAN. So you have not made a final procurement decision on that?

General MEYER. We have a proposal in here which will provide us a follow-on, but if we find as we go along that the kinds of problems you've identified and the capability is inadequate, we're going to have to take some other decision.

ARMBRUST SYSTEM

Senator RUDMAN. Have American forces tested the Armbrust system?

General MEYER. No, but in Europe and elsewhere it's been tested, and demonstrated to us.

Senator RUDMAN. And is that a good system?

General MEYER. It's a good system.

Senator RUDMAN. Is it deployable at this time?

General MEYER. I don't remember for sure.

Senator RUDMAN. Well, if it was, and it works, and it's on line, and you can buy it, why don't we buy it?

General MEYER. The answer there is that if we have to go to an alternative and we are able to buy it, the Army would be willing to buy it. The answer, very candidly, has to do with industrial plants in the United States, it has to do with "Buy American;" it has to do with a lot of other things like that as opposed to purely buying European. Although as you know, we are trying to do more and more——

Senator RUDMAN. We worked that out in the Roland system. I hope we have, haven't we?

General MEYER. Yes, sir, we did. We worked that out for the Roland system.

Senator RUDMAN. That's one of the reasons I asked the question, because we've got to save an enormous amount of money. I think we're going to do a lot of "buying American" in the coming years if I think I understand this budget, particularly to the extent we can save money from systems that are deployed.

RESERVE FORCES RECRUITING EXPERIMENT

I have one other brief question, Mr. Chairman, if I may, for the Secretary. I was interested in the Reserve Forces Policy Board statement this past weekend concerning the try-it-before-you-buy-it program. Could you tell us just briefly the logic behind that, particularly given the fact that, if you go back a number of years when something not dissimilar was tried with Reserve Forces, relatively little was achieved in terms of retention. And I just want to know if you think that is any kind of a long-term solution.

Secretary MARSH. I have not had an opportunity to see that report other than to read the account in the newspaper. The position of the Department of Defense and the Army on the question of conscription is that we want to see the impact of, one, the recruiting program that's now under way; two, the pay increase that occurred last fall, along with certain increased housing allowances; and three, the pay increase that's included in the supplemental and the one that's anticipated in the fiscal year 1982 budget.

Also, Senator, I would point out to you that there does seem to be a different mood in the country in reference to the military. I think young people have always felt and recognized that they have a duty to their country. It makes recruiting easier when you have that type of public environment. So until we have an opportunity to look at what this year is going to do with the pay increases, I would not be in a position to move into the pro-conscription side.

The area where we do have a down-the-road manpower problem, is in the Individual Ready Reserve. As I mentioned earlier, this is our mobilization contingency where we have about a 250,000 shortfall.

Senator RUDMAN. You also would have some serious problems with the current level of readiness of equipment in many of those Reserve units.

Secretary MARSH. That's right. We spoke to that earlier. That impacts, as the Senator points out, and as Senator Schmitt points out, on recruiting as well. If you can get modern equipment in those units, you make it more attractive for the youngsters to enlist.

Senator RUDMAN. You also make it more attractive for people who get out for other reasons to stay in that capacity.

Secretary MARSH. Retention.

Senator RUDMAN. One reason the Air Guard in New Mexico and in other areas is so effective is that they've got more experience by factors of three, or four, or five than anybody else in the military.

Thank you, Mr. Secretary.

Secretary MARSH. Thank you, sir.

Senator GARN. Senator Schmitt.

DEFENSE LANGUAGE INSTITUTE

Senator SCHMITT. Mr. Secretary or General, is the Army Language School still in operation? Do you still have intensive language instruction?

General MEYER. Yes, it's the Defense Language Institute.

Senator SCHMITT. You run that, do you not?

General MEYER. Yes, we do. We are the executive agent for it.

Senator SCHMITT. Where is it relative to where it has been in terms of capacity and production?

General MEYER. It's at about the same capacity it's been for the last 3 or 4 years. I don't know the exact number. I was out on the west coast last Friday, Saturday, and Sunday. I didn't get across the bay over into Monterey, to visit the language school, but I talked to the commander out there, and he indicated—he's been there for 4 years now—that he's maintained the same capacity that he had before.

Is there some area specifically?

Senator SCHMITT. No. I'm interested more generally. Now, do you feel that those individuals trained in that school then put their training to good use immediately after getting out, and they're not shipped to some other duty where that language skill is lost?

General MEYER. Oh, I'm sure there are instances where they go to some other duty, but, in general, I'm satisfied that the people who go there go on to utilization assignments. For example, we send all of our commanders who are going to Europe out there to learn German so that they can go over and at least make their opening "I accept command" in German.

Senator SCHMITT. Now, are we talking about the intensive course, the, what is it, the 43 weeks or something?

General MEYER. They have both long courses and short courses out there.

Senator SCHMITT. Well, let's talk about the long course.

General MEYER. All right.

Senator SCHMITT. That's the one I'm interested in.

General MEYER. The intensive course is generally the one where people are used immediately upon graduation. We have such a shortfall today in linguists that if they're not going directly into a job that utilizes their capabilities, either through a foreign area officer program or as a result of being a cryptologist or linguist in the intelligence community, then we're doing a poor job of managing.

Senator SCHMITT. Well, that's why I'm asking. Do you think you're doing a poor job?

General MEYER. No, because I'm saying we're hand-massaging those. I happen to get a report every month on where we stand on those kinds of people, but if there are instances where a guy is going somewhere else, then it's slipping through the crack. I get a report on linguists, cryptologists, and some of the other very short military occupational specialties (MOS's), because we have to hand-massage those.

I know the size of the Army, and I accept the fact that there are instances where we don't do a perfect job. But in general they're being individually managed.

Senator SCHMITT. Well, now, is that effort being increased, the long-term training?

General MEYER. I don't believe so at the present time.

Senator SCHMITT. But the shortfall is so obvious.

General MEYER. The shortfall is so obvious. The problem has been that at the present time we aren't able to bring in enough of the right kinds of people to send there. We're having a shortfall in bringing in those kinds of people. Once we get them in and run them through the 43-week course, or whatever it happens to be, they go out, serve their tour, and then many of those people leave the service. We have such a small element of the specialists that we have to keep them overseas, in Korea, for example. Some of those guys are there 6, 8 years.

Senator SCHMITT. Has that school been used as an incentive for, say, young people to come in in order to become proficient in a language, as an enlistment incentive?

General MEYER. No, not really. It's part of an enlistment package for the guy who wants to learn. The recruiters say if you want to go into the intelligence specialty, here is the opportunity to learn a language in that specialty. It's done that way. If you mean is it done to tell young people to come in and learn a language and then go fight——

Senator SCHMITT. Can they opt to be language specialists?

General MEYER. They opt to be language specialists.

Senator SCHMITT. Now, if someone were to ask you to contact all previous graduates of that school, say in the last two decades, would that be possible, or the last decade?

General MEYER. I'd say in the last decade we could probably do that.

LINGUIST RESERVE

Senator SCHMITT. Because there's been some considerable discussion in a variety of forums that there be created a linguist reserve,

volunteers that would have said that we will be on call for short periods of time in the event of a national crisis or specific national need.

Obviously, you have turned out many if not most of the people who under Government auspices have been trained intensively in language capability. For example, in the recent Iranian unpleasantness there was just a tremendous deficiency of people who were fluent in Farsi and who could listen to that language being spoken and translate in real time.

I presume that Farsi has been one of the languages of the Defense school.

General MEYER. Yes, sir, it has been.

Senator SCHMITT. Do you know if there was any effort to draw those people back in for temporary duty?

General MEYER. Yes, sir, there was. The first place we went was to our pool, knowing whom we had trained——

Senator SCHMITT. But inside, the pool inside.

General MEYER. Internally.

Senator SCHMITT. I'm talking about the external——

General MEYER. No, I know exactly what you're saying. I make a note here. And I don't know that we went out, but it's clearly something that we need to be able to do.

Senator SCHMITT. Let me just act as a little bit of an interface here. As you may or may not be aware, Admiral Inman is very concerned about this.

General MEYER. Yes.

Senator SCHMITT. I brought it to the attention of Dick Kennedy in the State Department. And it seems to me that you all ought to sit down and really talk about the development of a linguist reserve in a formal sense.

Secretary MARSH. Could I respond to that?

Senator SCHMITT. Yes, please do.

General MEYER. One of the finest language battalions that you have in the U.S. Army is in Salt Lake, and they do the very thing that you're talking about. The Salt Lake language battalion in the National Guard draws on the enormous resources of the Mormon missionaries. They come back from overseas and they're organized into a battalion there, and that is the type of thing to which I think you're referring. There is a very special recruiting effort that's made in Utah to attract young men into that unit.

Senator SCHMITT. Well, that's a good example of a resources that I had not thought about. I thought about the Peace Corps group. We certainly have in New Mexico a tremendous Latin American resource. And it's a question of whether this would be tremendously attractive to a large number of people.

Senator GARN. Well, there are 30,000 of those missionaries out at any one time, and they go all over the world. But inasmuch as this has been brought up I should mention, though, that even churches sometimes act like the Army; because my oldest son who, has just received his call to go on a 2-year mission, speaks Japanese and he's going to England. [Laughter.]

Senator SCHMITT. Well, thank you, and I hope that you'll report back to us. Every committee I've been in where there has been some involvement in this has said the same thing you just said,

that there's a tremendous shortfall. Now, let's get everybody together, and we have a tremendous resource we've already created. I talked to a lot of these people who have graduated from your school and from the Foreign Service school, people who have been in the Peace Corps, and I've just learned about the church resource. I'm sure there are many others.

And everyone I've talked to has said hey, that would be a great idea. We'd love to be in that kind of position.

Thank you, Mr. Chairman.

SUBMITTED QUESTIONS

Senator GARN. Gentlemen, we appreciate your testimony very much. There are additional questions that we would like to submit to you for inclusion in the record.

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

Questions Submitted by Senator Stevens

Overall Budget

Senator Stevens. In the past when inflation exceeded the estimates in the budget, the Army, along with other elements of the Defense Department, absorbed to the maximum extent possible the increased inflation costs. Would you recommend continuation of that practice, or would you seek supplemental funds?

Secretary Marsh. The Army will make every effort to execute our programs within available funding levels. However, if the prices of our programs rise substantially above the level in our request, we must either seek a supplemental request or reduce approved programs.

Senator Stevens. If the current trend away from heavier defense commitments continues among West Germany and other NATO allies, what spending policy do you feel we should pursue? In other words, to what extent should we shore up NATO deficiencies of our allies?

General Meyer. In assessing NATO's ability to meet the steadily increasing Soviet threat we must look at two aspects -- NATO's capabilities today and the capabilities it will need in the future. If NATO went to war today, NATO commanders would be initially heavily dependent on in-being European forces. Germany, for example has nearly five hundred thousand men under arms today. The point is, if war broke out today the capabilities of our allies would be critical to the eventual outcome. Secretary Haig's recent testimony before the Senate Foreign Relations Committee makes the case well. All of the allies agree with the need to do more to provide for the alliance's future needs for the common defense. Secretary Weinberger and Deputy Secretary Carlucci's comments on 3% defense spending increase being a "starting point" but that we also need to focus on results are currently being addressed in NATO. Hopefully, this Spring's ministerial guidance on resource allocations will reflect these views.

I might add that I take every opportunity to remind my European counterparts that it will take an alliance wide effort to meet the threats facing NATO in Europe, and elsewhere.

O&M Procurement Support

Senator Stevens. The Reagan revisions to the 1981 and 1982 budgets stress a sharp increase in procurement. Do you feel the operations and maintenance budget is ample to support that kind of buildup in weaponry?

General Meyer. Yes, the FY 82 Operation and Maintenance (O&M) Budget is adequate to support the procurement buildup. A $232 million increase in operation and maintenance funding for force modernization is included in the FY 82 Amendment. Specifically, the O&M increase will support new procurement of ammunition, M1 tanks, 5 and 10 ton tactical trucks, and administrative use vehicles in FY 82. However, the greatest expense will be reflected in the FY 83 and FY 84 budgets due to production lead times for the major tactical systems. The O&M increase will also be used to satisfy unfinanced force modernization requirements in US Army, Europe and Forces Command related to the FY 82 fielding of previously funded procurement.

Senator Stevens. Please supply for the record the funding budgeted for the "procurement tail" and explain how it relates to the procurement and deployment of new weapons and equipment.

General Meyer. The revised FY 82 Operation and Maintenance (O&M) Budget for force modernization, that is, the "procurement tail" is $977 million. This includes the FY 82 Carter Budget amount of $745 million plus the FY 82 Amendment for $232 million. These funds will support 119 different types of new or modernized combat systems and supporting equipment plus provide required support for the remaining issues in the FY 81/FY 82 procurement buildup such as ammunition and administrative use vehicles.

Operation and maintenance funds pay the personnel and/or materiel costs associated with the following issues and activities at the appropriate point or throughout the life cycle of the equipment.

a. Procurement operations (equipment, repair parts, tools)

b. Initial repair parts stockage, special tools, publications.

c. Replenishment repair parts and maintenance operations.

d. Training development and transition training.

e. Officer, NCO, and enlisted training courses.

f. Depot supply operations (receiving, storage, issue).

g. Depot overhaul, rebuild, and conversion.

h. Line haul, port, and over-ocean transportation (equipment and supporting materiel).

Depot Maintenance Backlog

Senator Stevens. The addendum to your prepared statement says that "major reductions in the Active Component depot maintenance backlog can be expected" from the Reagan budget revisions. Can you be specific? How major a reduction, and to what extent can this backlog be reduced in FY 1982?

General Meyer. The January President's budget and March budget funding and requirement for depot maintenance are as shown in the chart below.

($ in Million)

	FY 80	FY 81	FY 82
Jan Requirements	$886	$1020	$1219
Jan Funding	790	880	1053
Backlog	96	140	166
Mar Requirements	$886	$1020	$1097
Mar Funding	790	933	1097
Backlog	96	87	0

Major reductions in the Active Component maintenance backlog is from $140 million to $87 million in FY 81 and $166 million to zero in FY 82. Above the requirement of $1,097M there is an additional $45M ($30M of Communication/Electronics and $15 of Ammunition) that is unexecutable in FY 82 due to facility and contractual limitations. This $45M was included in the requirement of $1,219M and backlog of $166M reported in the January budget.

Senator Stevens. The Army has been the only service to register an increasing depot maintenance backlog, and this committee recommended a $50 million increase last year to reverse this trend. The committee also insisted on badly needed management improvements at Army depots. What has happened since then? Please bring us up to date.

General Meyer. In FY 1981 Congress provided $50 million to the Army to reduce its unfinanced depot maintenance backlog and $14.8 million to specifically reduce the conventional ammunition renovation backlog. Program 7S (Central Supply) which provides the transportation and supply depot support required was provided $5 million and $3.1 million of the $50 million and $14.8 million increases respectively. Therefore depot maintenance was provided $45 million and $11.7 million to reduce backlog. Although the increases in those two specific areas were helpful, other adjustments of $58.224 million actually reduced the program by $1.524 million resulting in an increase in backlog of $1.524 million.

The following is a recap of congressional adjustments to the Depot Maintenance Program.

$(000)

Fuel	189
Civilian Personnel Strength	3
Ammunition Rework	11,700
Concurrent Component Rework	-10,000
Use of Government Materiel	- 3,000
Supply Activities	- 344
Administrative Vehicles	- 92
Currency Changes	- 280
M60A3 Conversion	-23,200
Depots in Europe	- 1,500
Rate Stabilization/Cash Management	-20,000
Depot Maintenance Backlog	45,000
Total	- 1,524

Management improvements have been implemented in the following areas.

Repair of items in long supply/concurrent component rebuild. The Commodity Command Standard System is being changed to preclude the repair of components/assemblies that are in long supply. The system change has been designed and will be implemented in June 81. The Commodity Command Standard System will screen all items that cost $99.99 or more, regardless of the funding appropriation, to ascertain if the item is over its requisition objective. If over, the item will be reported to the the National Inventory Control Point item manager and to the depot.

Cash Management. US Army Depot System Command has increased its maintenance engineered standards coverage from 20% in FY 77 to 25% in FY 80. USA Depot System Command is no longer using historical averaging of prior costs to establish fixed price. Fixed prices are being developed based on various categories of expense and applied to maintenance standards whether they are engineered, time studies or statistical analysis. These are then adjusted based on projected productivity increases and recoupment or give ups for gains and losses. Before standards can be used they must be validated.

Industrial Fund. The Army published a revised AR 37-110, Budgeting, Accounting, Reporting and Responsibilities for Industrial Funded Installations and Activities on 1 Sep 80 which included basic policy for applying stabilized fixed rates/prices. Based on continuing review, a formal comprehensive regulation on

rate stabilization and follow-up procedures to assure compliance is now being staffed by the US Army Development and Readiness Command via a letter of instruction and will be included in a revision to AR 37-110. USA Development and Readiness Command has developed an automated cash flow model which will help them, based on historical data, better predict cash requirements. The model is currently being tested with full implementation scheduled for 1 Oct 81 with the beginning of FY 82.

Real Property Maintenance

Senator Stevens. The backlog in real property maintenance, as you know, is even more severe. And the Congress boosted your budget considerably in this area last year. But it appears this backlog also continues to grow.

First, how does the Reagan budget address the property maintenance problem?

Secretary Marsh. The amended 1982 budget would provide additional funding in the amount of $245 million for the real property maintenance program. The 1981 supplemental request would provide additional funding in the amount of $48.8 million, if approved.

Senator Stevens. With the additional funding provided in 1981, and with the increased support proposed in the Reagan budget revisions, what is the forecast on the real property maintenance backlog? Provide details for the record for 1982 and outyears.

Secretary Marsh. The forecast on the real property maintenance backlog for 1982 and two outyears, as adjusted for the 1981 supplemental request and the 1982 amendment, is as follows:

	(Dollars in Millions)
1982	$ 2,270.2
1983	2,218.2
1984	2,163.4

The figures for 1983 and 1984 are preliminary program estimates which have not been subjected to the rigorous examination of a budget cycle. These estimates will vary a great deal as programs change and currency exchange rates or inflation indices are changed to reflect current events.

National Training Center

Senator Stevens. What is the total funding in the Army's FY 1982 budget request for the National Training Center? How much of it was provided in the Reagan budget revisions?

Secretary Marsh. The Army's FY 1982 budget request includes $174.2M for the National Training Center. Of this total, $5.0M was provided in the Reagan budget revision.

Senator Stevens. Last year you provided a table by appropriation detailing spending estimates for the National Training Center for the 1980-84 period, including reprogrammings. Please supply a revised table

updating these estimates and extending them through 1985. In the record submission, please explain any substantial changes in these estimates since last year's submission.

Secretary Marsh. The updated estimates for establishing and operating the National Training Center are as follows ($ millions; may not add due to rounding):

	FY80	FY81	FY82	FY83	FY84	FY85	TOTAL FY80-85
OMA	23.7	66.7	67.8	77.2	109.2	108.9	453.5
OPA	10.3	9.8	30.1	4.7	0	0	54.9
RDT&E	0	.4	0	1.3	.5	.5	2.7
MCA	7.7	0	53.8	18.0	29.2	14.5	123.2
FHMA	2.5	5.6	22.4	27.4	2.3	3.1	63.4
	44.1	82.6	174.2	128.7	141.1	127.0	697.7
Previous Estimate	33.9	44.2	124.3	107.6	92.2		
Change	+10.2[1]	+38.4[2]	+49.9[3]	+21.1[4]	+48.9[5]		

NOTES:

1. Additional FY80 funding:
   - $2.5M FHMA--to begin essential rehabilitation of Fort Irwin family housing; provided by internal Army reprogramming.
   - $7.7M MCA--to repair and upgrade essential utilities and facilities at Fort Irwin; Congressionally approved reprogramming.
   - $10.2M Total
2. Additional FY81 funding:
   - $21.2M OMA--to repair and rehabilitate existing Fort Irwin facilities, provide essential base operations support, and transport equipment to Fort Irwin; $15.6M identified in last year's submission as an unfinanced requirement; $20.0M included in Reagan Supplemental request; remainder provided by internal Army reprogramming.
   - $16.1M OMA ($11.2M) and OPA($4.99M)--to fully fund FY81 instrumentation procurement for National Training Center ranges; $7.7M OMA included in Reagan Supplemental request; remainder provided by internal Army reprogramming.
   - $1.1M FHMA--to repair existing Fort Irwin family housing; provided by internal Army reprogramming.
   - $38.4M Total
3. Additional FY82 fundung:
   - $2.7M OMA--to provide repair parts and fuel for training exercises.
   - $9.7M OMA--to fund contractor operations of Fort Irwin's base support activities.
   - $27.8M OPA--to fund FY82 instrumentation procurement for National Training Center ranges.
   - $26.8M MCA--to construct six additional projects totalling 20.7M essential to operations of the National Training Center and reactivation

	of Fort Irwin; largest single added project is $10.0M upgrade of the Fort Irwin access road which is carried as a Defense Access Road project; additional cost growth ($6.1M) results from improved cost estimates.
-$17.2M	Family Housing construction--programatic delay of construction of 218 family housing units to FY83.
$49.9M	Total

4. Additional FY83 funding:

$10.6M	OMA--to provide repair parts and fuel for training exercises.
$9.7M	OMA--to fund contractor operations of Fort Irwin's base support activities.
$4.6M	OPA--to fund FY83 instrumentation procurement for National Training Center ranges.
-$22.4M	MCA--programatic delays of construction projects.
$17.7M	Family Housing construction--to fund construction of 218 family housing units delayed from FY82.
$0.8M	RDT&E--to provide funding to begin R&D of second generation range instrumentation.
$21.1M	Total

5. Additional FY84 funding:

$28.3M	OMA--to provide repair parts and fuel for training exercises.
$9.7M	OMA--to fund contractor operations of Fort Irwin's base support activities.
$9.9M	MCA--to fund construction projects delayed from previous years.
$1.1M	FHMA--to provide funds to operate and maintain additional family housing constructed in FY82.
$48.9M	Total

Senator Stevens. The Army listed a number of additional requirements for the National Training Center last year that were being reviewed. Have these issues been settled now? Are your cost estimates for the Center now fairly firm?

Secretary Marsh. Yes, the funding issues for the National Training Center have been resolved. Some additional funds were provided by internal Army reprogramming. The Reagan budget revisions also will provide additional funding to establish and operate the Center at Fort Irwin, California. The Army feels that the current program estimates reflect the total resources required to establish and initially operate the National Training Center. However, Fort Irwin, like any other installation, may request additional military construction projects to improve the quality of life for its supported population.

POMCUS

Senator Stevens. What is the total funding in your revised budget now identified with the prepositioning of materiel for NATO forces (POMCUS)? How many unit sets does this request

envision? Provide details for the record with comparisons to 1981 funding.

General Meyer. The Operation and Maintenance, Army (OMA) funding attributable to POMCUS (including inflation) in FY 82 is $166.6 million. In comparison, the FY 81 POMCUS budget, if it were inflated to FY 82 dollars, would be $168.9 million. The FY 82 budget request contains OMA funding to maintain four Division Sets of POMCUS and begin the preparatory actions needed to POMCUS Division Set 5.

The procurement request includes $3.5 billion in FY 81 and $5.2 billion in FY 82 for the type of equipment that is authorized to be POMCUS. Procurement funds are not specifically identified for POMCUS. Assets are procured against total Army requirements and distributed to claimants in accordance with established priorities. A large portion of the above funding is for new items entering the inventory. Included in the procurement shown is $421 million in FY 81 and $395 million in FY 82 that the new administration added to the Army's budget request in recognition of the fact that the Army has insufficient equipment to execute the POMCUS program. Only a portion of the equipment provided by this request will end up in POMCUS.

Senator Stevens. Last year, the Appropriations Committees limited POMCUS funding to the four sets specifically funded in 1981 pending a congressional policy review of the impact this program might have on active and reserve force readiness elsewhere. What is your capability to move ahead with two additional sets, and how does the revised budget address this task?

General Meyer. The administration is committed to begin filling Division Sets 5 and 6 as sites become available in 1983; however, equipment availability to fill DS 5 and 6 is a major problem. The Army has major shortages of equipment. In the FY 81 Supplemental and FY 82 Amendment, the Army was allocated an additional $421 million and $395 million respectively to procure some POMCUS type equipment items that are in short supply Army-wide. This procurement will allow the Army to continue to fill equipment shortages in high priority units and POMCUS sets 1-4.

Senator Stevens. Are you confident that Army can move forward with additional POMCUS units without undermining readiness in other areas, principally in the Southwest Asian region and in rapid deployment forces?

General Meyer. Yes -- providing POMCUS is filled from the wholesale system rather than from unit equipment withdrawals. This budget request contains funds to procure additional equipment to support the new policy of no further equipment withdrawals, thereby keeping active stateside units equipped at deployable levels able to respond to any contingency. In some cases the equipment procured with the POMCUS mission in mind, will be distributed to rapid deployment force units. When equipment is procured many items have minimum buy quantities that require an order, for example, of 150 items. Forward deployed units may need 50 of the items, POMCUS 40 items, and remaining items would be distributed to the rest of the force, to include RDF units. In addition, equipment procured and distributed to POMCUS increases the amount of equipment that would be left in the states for redistribution when POMCUS designated units deploy to their POMCUS sets. Reserve component units and long term sustainability are enhanced through a POMCUS program that does not withdraw equipment from units.

Manpower

Senator Stevens. The most serious problem confronting the Army today is that of manpower recruitment and retention. With that in mind, the Congress enacted last year a maximum ceiling on the Army of 25 percent Category IV recruits for FY 1982 and a 20 percent for the following year in order to improve manpower quality. The administration has requested that this ceiling be lifted because of the possibility of recruitment shortfall. What is the record thus far of Army recruitment of non-Category IV personnel? If the Congress were to remove the limit on Category IV personnel, would this not represent a tradeoff of quality for quantity?

Secretary Marsh. No. Removing the Congressional limit in Category IV personnel would not represent a tradeoff of quality for quantity. The Army is committed to enlisting more higher scoring High School Diploma Graduates.

Preliminary data thru 31 March 1981 shows 70% of our Non-Prior Service Enlistments are above Category IV.

Senator Stevens. Various incentives, such as educational benefits and reenlistment bonuses, have been implemented during the past year to increase personnel retention in both the Regular and Reserve Components of the Army. In your view, Mr. Secretary, has the All-Volunteer Force proved successful in assuring Army and Reserve readiness? Should these measures prove unsuccessful over the long term in attracting and retaining well-trained and reliable personnel, would you envision the reinstitution of the draft?

Secretary Marsh. Initial trends for FY 81 are favorable for both the Active and Reserve Components. The Army continues to have challenges: specific skills for the Active Component and strengths and skills in the Reserve Component. The All-Volunteer Force has not yet met mobilization needs. I believe that with continued support from the Congress some of the challenges can be overcome. I see my role as one of advising you of the requirements for and capabilities of our Army, along with the measure of risk associated with shortfalls from the requirements necessary to maintain an adequate defensive posture for this Nation. I feel that it is premature to judge initial trends for FY 81 and project effects of initiatives currently under consideration by the 97th Congress.

Senator Stevens. The FY 1982 budget for Alcohol and Drug Abuse Control is $44.5 million, the same as that for FY 1981. At the same time, however, the Army concedes that it continues to face difficulties in drug and alcohol abuse prevention and that statistics on serviceman use of liquor and hard drugs have remained relatively consistent since 1977. Why has this problem not been better controlled? Does the Reagan administration plan to increase funding in this area and if not, why not?

Secretary Marsh. The problem of drug and alcohol abuse is being controlled. In the law enforcement and crime prevention area a war on drugs has been declared. Drug seizures have tripled from 1978 to 1980. Resources have been provided to establish joint military police/criminal investigation drug suppression teams and increase narcotic detector dog teams. The full impact of these additional resources will be brought to fruition in future years. As you know, alcohol and drug abuse is as complex in the Army as in American civilian society where

all indications are that alcohol and drug problems persist. The Army is making considerable progress by identifying alcohol and drug abusers and taking action to rehabilitate them. For instance, during FY 80, a total of 23,948 soldiers were identified as alcohol and drug abusers; of that number, the Army's Alcohol and Drug Abuse Prevention and Control Program (ADAPCP) treated, rehabilitated and returned to duty 18,217 soldiers, or the equivalent of one division.

The Army did not request additional resources for the Drug and Alcohol Abuse Prevention and Control Program in FY 82. Compared to the FY 80 ADAPCP budget the FY 81 budget represented a 12% increase in dollar resources and an 11% increase in manpower. This level funding is being maintained during FY 82 while we evaluate the effectiveness of our program and determine the most productive areas we should pursue. As a result of our review there are several initiatives under consideration for FY 83 which include ADAPCP residential treatment facilities throughout CONUS and expanding the ADAPCP in Korea.

Senator Stevens. The Army is attempting to recruit high caliber personnel by offering various programs of educational benefits such as loan forgiveness and noncontributory assistance programs. Testing of these programs is now under way and will continue until September 1981. At this time, however, what are the cost estimates of full implementation of these programs? Since the target of these programs is the high school graduate, would not--in your opinion, Mr. Secretary--the reinstitution of a GI Bill accomplish the same task at a lower cost to the taxpayer?

Secretary Marsh. In action related to the conduct of our current educational test program, the Veterans' Administration has budgeted in FY 1982 for a one year continuation of the VEAP program. Results from the test are expected in time for the Congressional hearings on the FY 1983 Defense Authorization Bill. At that time the Department of Defense will be able to submit to Congress its proposal for a program of educational incentives for the military. The complexity and relatively short experience with the current test has not given us sufficient data at this time on which to base a cost for full implementation. Since the programs were designed for use in a one-year test, we would have to make several modifications in order to influence the Total Force. Only the loan forgiveness program, for example, applies to the Reserves; the House Armed Services Committee (Mini GI Bill) proposal we are testing has a cash-out option with which we have no experience; and we are not testing a transferability provision in the Senate Armed Service Committee (Non-Contributory VEAP) proposal. We will have to carefully evaluate all aspects of these test programs prior to submitting a proposal.

Senator Stevens. What is the policy of the Army as regards first term enlistment of personnel with dependents?

Secretary Marsh. An applicant with a spouse who has 3 or less dependents is eligible to enlist if otherwise qualified; if the applicant has 4 or more dependents a waiver is required. Husband and wife teams with dependents under 18 years of age are not eligible to enlist. Additionally, an applicant who has a spouse who is a member of the Active or Reserve Component of any service and other dependents under 18 years of age is not eligible to enlist.

Lastly, the Army precludes the enlistment of sole parents unless dependents under the age of eighteen have been placed in the custody of the other parent or another adult by court order or as provided by state law and the applicant is not required by court order to provide child support for three or more dependents. This policy applies to both male and female applicants.

The above mentioned policies are applicable to both the active and reserve component.

Readiness

Senator Stevens. What portion of the Army budget is devoted to the improvement of Reserve Component readiness and capabilities? What specific Reserve Component programs are targeted for improvement?

Secretary Marsh. $4.0 billion has been requested in Reserve Component appropriations for the 1982 fiscal year to man, equip, and train the 895,000 men and women serving in the Army National Guard, the Army Reserve, and the Individual Ready Reserve.

Since we have an imbalance in the active force -- undermanned combat organizations backed by an inadequate active support structure, we recognize that improved readiness of our Reserve Components is more essential than ever before. Today's Army Reserve and Army National Guard are an integral and essential part of the Army and must be capable of performing wartime missions from the outset of hostilities.

Specific programs developed in balanced increments across our major functional areas -- organizing, manning, equipping and modernizing, training, mobilizing, and deploying -- to achieve near-term improvements in our Reserve Components readiness posture have been included in the $4.0 billion request.

Organizing. The FY 1982 budget supports activation of two divisional combat electronic warfare intelligence (CEWI) battalions, five separate CEWI companies in support of corps and brigade operations, and conversion of one aviation unit to a corps level CEWI aviation unit in the Army Reserve. In addition, the request supports activation of two nuclear/biological/ chemical (NBC) defense companies, one smoke generator battalion headquarters, and two smoke generator companies in FY 1982 as part of the Army's effort to improve its chemical warfare capability. FY 1982 troop program guidance further supports this effort by activation of three other NBC defense companies, two more smoke generator companies, five decontamination detachments, and 14 other various NBC detachment-sized elements. $7.0 million has been requested to support these Army Reserve force structure changes.

Numerous conversions, inactivations, and activations of units are scheduled which modernize the non-divisional structure of the Army National Guard to meet Total Army service support requirements and in aggregate, net to an increase of about 1500 personnel authorizations. Highlights include the activation of 2 NBC defense companies, 1 CEWI battalion; 2 petroleum supply companies, and organization of the Guam National Guard.

Equipping and Modernizing. The FY 1982 budget request will improve the readiness of high priority, early deploying Reserve Component units by providing for purchases of chemical defense equipment and items such as binoculars, camouflage screens, kitchen equipment, medical sets, tool sets, repair parts, and winter clothing. These items are important to unit readiness but will have little effect on overall unit status ratings (C-ratings) because equipment ratings are primarily a measurement of major

items. The Other Procurement Army (OPA) appropriation request has been increased by $100 million to purchase major items for early deploying RC units. Included are 5 ton truck tractors, semi-trailers, 5,000 gallon tankers, forklifts, generators and communications equipment. These major items will significantly improve readiness and should be reflected in unit status ratings upon delivery in FY 83 and 84. However, major item equipment shortages in the later deploying, major RC combat units preclude significant improvement in their overall readiness. These units would require massive amounts of funding to make them ready.

Manning. The Army Reserve plans to attain a Unit and Trainee Strength of 227,283; a Full Time Active Duty Strength of 6285; and 8,564 Individual Mobilization Augmentees (IMA) for a total Selected Reserve strength of 242,132. By including the IMAs for the first time in the Selected Reserve, the Army Reserve is significantly improving the mobilization capability of the Active Army. To assist in the accomplishment of this manpower program the Army Reserve is requesting an expansion of the Full-Time recruiting and retention force, $3.2 million for part-time recruiting and retention personnel, and $30.6 million in incentives for both the IRR and Selective Reserve. Additionally, the Army Reserve is requesting $58.1 million to support the Army Reserve ROTC program and $15.2 million to support the Health Professions Scholarship program.

Army National Guard programs requested include affiliation bonuses and expansion of the full-time recruiting and retention force. These programs will support a planned growth of 12,000 in end strength from FY 1981 to FY 1982. The budget request also includes resources and other incentives for a reenlistment program to stimulate growth in Inactive National Guard.

Training. We are expanding Reserve Component training to include program growth for Joint Training Exercises, Reserve Component/Active Component Planning Association (CAPSTONE), nuclear weapons training, Skill Qualification Testing (SQT) increases, and aviation special training. Together with improved strength and more Full-Time manning, these initiatives should result in modest improvements to unit and individual training readiness.

Reserve Component partnership and affiliation programs and participation in exercises, both home and abroad are being expanded.

Mobilization and Deploying. For FY 1982 the Army Reserve is requesting $1.8 million for mobilization personnel management improvements. Development of a standard automated personnel system for the Army Reserve and National Guard and several support information systems are in process. Furthermore, National Guard and Army Reserve units are planning to receive the Decentralized Automated Service Support System (DAS3) equipment in FY 1982. Training plans in FY 1982 call for approximately 200 Reserve Component units participating in overseas training exercises and training programs directly related to post mobilization missions and deployment sequence. Approximately once every three years, priority Reserve Component units will deploy overseas and receive realistic, mission-oriented training. Such exercises are not only valuable training for the units involved but also a superb means to tie together all the connective links which integrate Active, National Guard, and Army Reserve units into a Total Army.

Reserve Forces

Senator Stevens. Most theories on the future employment of ground forces envision two distinct scenarios; (1) a short, conventional war in Europe with little advance warning (possibly esca-

lating to tactical nuclear weapons); or (2) the deployment of US forces to third areas such as the Persian Gulf/Middle East theater of operations. What is the role of reserve forces in light of these scenarios, and how do they contribute to the Army's "total force" concept?

Secretary Marsh. The Reserve Components are a vital element in the total Army concept as evidenced by the current Army structure. Forty-two percent of the soldiers in the total Army are guardsmen or reservists. This equates to one-half of the Army's combat units and two-thirds of the combat service support units. These figures reflect a considerable reliance on the Reserve Components in the Total Army's capability to respond to major contingencies. The fact that some level of mobilization is required to meet theater force augmentation requirements is obvious. Just as important is the significant role played by non-deploying Reserve Component forces. Forces designated for employment in CONUS are critical to augmenting the capability to deploy forces to the theater, sustain theater operational endeavors, and support the expansion of the Army structure if required.

While the foregoing was specifically related to units, the total Army additionally looks to a trained manpower pool of reservists - the Individual Ready Reserve. Personnel in this category are required to meet the early manpower requirements following mobilization until trained draftees are available.

Senator Stevens. Both Army National Guard and Army Reserve force readiness have been impaired by a personnel shortage. Neither met their FY 80 end strength objectives. Together, however, they comprise over two-thirds of the regular Army's support capability. In what ways do personnel problems in reserve forces differ from those of the active force, and what funds are being allotted in the present budget for attaining reserve strength objectives?

Secretary Marsh. First, we must understand that neither of these two components were programed or budgeted to achieve their peacetime objectives for strength in FY 80. This same situation is true for FY 81 and FY 82. However, both components did exceed their programed and budgeted end strength objectives in FY 80 and are likely to repeat that success this fiscal year. The Reserve Components are programed to close the gap between actual strength and the desired peacetime strength in a reasonable and rational manner; however, this takes time. The Reserve Components have developed programs that are designed to make substantial progress towards the peacetime objective strength by 1986. These programs include financial incentives (both cash and educational assistance) for persons enlisting in high priority units and critical skills, increased recruiting forces, increased emphasis on retention efforts--including financial reenlistment incentives, increased retention personnel and expanded support for Reservists performing retention functions on other than drill periods (man-day spaces). The FY 82 Army budget request contains incentive programs totaling $41.3M for the National Guard and $30.6M for the USAR.

Reserve Component (RC) shortages exist in the majority of occupational skills but are most critical in combat and combat support skills. Significant strides have been made in reducing the shortages since the inception of the Selected Reserve Incentive Program (SRIP). The SRIP provides enlistment, educational and reenlistment incentives to eligible personnel enlisting or reenlisting in either a bonus-designated early

deploying or employing unit or for a critical skill in any unit. The Active Component also remains short in selected grades (to include officers) and skills such as mid-level NCOs and personnel in combat arms, intelligence, and high technology career fields. Many of these critical skills are duplicative of those in the Reserve Components. The active component's incentives in promotion, reenlistment bonus, the ROTC program and compensation initiatives are among efforts which will help alleviate these shortages. Unlike the active component , the Reserve Components lack the ability to geographically distribute its recruits where critical shortages exist. The Guard's decentralized "management by state" organization adds to the distribution dilemma for its component. Since the Active Component has 42% of its assigned personnel in an overseas station, its personnel do not enjoy the relative geographic stability of the Reserve Component personnel.

Army Budget Priorities

Senator Stevens. The addendum to your statement declares that the Reagan budget revisions are the first steps toward improving Army programs so that we can approach qualitative parity with potential enemies by the end of the decade. With all the additional funding commitments in the Reagan budget that sounds like faint praise. Are you suggesting even heavier spending levels in this difficult economic period?

Secretary Marsh. This administration inherited a budget and associated program which did not provide adequately for the national defense. We have to turn that around, but it will require substantially higher spending levels than were contained in the Carter Five Year Defense Plan. The $10.2 billion increase contained in the FY 81 supplemental and the FY 82 amendment represents a significant start in the right direction and if the momentum is sustained by the Congress over the coming years, we will have the kind of Army the country needs.

Senator Stevens. Your posture statement, based on the Carter budget, stated your Active end strength of 786,000 meant operating at 90 percent of wartime manpower. How does the Reagan budget affect this shortfall?

Secretary Marsh. The Active Army end strength was unaffected by the Reagan budget. FY 82 budgeted end strength remains at 786,300 and thus the Active Component will continue to operate at 90 percent of wartime manpower.

Budgetary Savings

Senator Stevens. Although there is strong support now for strengthening our defense posture--and the Reagan budget amendments reflect this sentiment--there is equally strong demand for cost savings wherever possible. The Chairman of the full committee has stressed this repeatedly, and it is a sentiment we share on the subcommittee.

Have you had an opportunity to review the various recommendations of the General Accounting Office and other organizations for cutting cost and eliminating waste and duplication? Have any of these recommendations been implemented?

Secretary Marsh. As you know, we have a statutory (Section 236, Legislative Reorganization Act, 1970) responsibility to respond to the recommendations of the General Accounting Office. In meeting this responsibility, we evaluate each recommendation with a view

toward implementing those actions which would enable the Army to reduce cost and improve efficiency. For example, based on the recommendations contained in the November 1979 GAO Report, "Centralized Ammunition Management - A Goal Not Yet Achieved," we have made significant changes to the single manager operations and organization to improve efficiency and to minimize the overall cost of managing the conventional ammunition program.

Moreover, the Army is currently engaged in a review of ideas and suggestions with OSD that could lead to increased utility of Army allocated resources as a result of efficiencies, economies and management improvements. This effort includes consideration of ideas internally generated by the Army as well as those contained in GAO Reports, the February 1981 CBO Study, and various congressional correspondence. Initial results of these studies have been forwarded to OSD for their review. Some ideas, particularly multi-year procurement, require congressional support. The ideas which can be implemented by the Army will be. I have established an executive system which, upon the implementation of our ideas, will have the capability to track the financial result and document the Army resolve.

We are pleased with our effort to date and are convinced that the Army can and must reduce waste. I share the subcommittee's concern for cost savings and have committed the Army to that goal.

Senator Stevens. How about competitive bidding? We're told the Army could save millions of procurement dollars with more emphasis on competitive instead of sole source bids. Is the Army doing anything in this respect?

Secretary Marsh. Senator, my response has to be that the Army is complying, and will continue to do so, with the laws and regulations requiring competitive procurement to the maximum extent possible. These laws and regulations recognize the possibility that in some cases competitive procurement may be impossible or impractical and provide the necessary exceptions which allow and authorize negotiations in sole source situations. Whether or not a particular procurement action must be sole source due to the extenuating circumstances must be determined by the contracting officer. This decision is then subject to review and approval by at least the next higher level of management. So I do not believe that there is any deliberate circumvention of the requirement for competitive procurement. There may be some savings possible by tightening up the review and approval process and directing renewed attention to the requirement for competition but this will still remain a judgmental decision, and unfortunately one wide open to after the fact criticism.

Senator Stevens. With the heavy emphasis on increased defense spending the time would appear right to move ahead with base closures and consolidations. What is the Army doing in that regard now? And when do you think you will have specific recommendations for us?

Secretary Marsh. The Department of the Army continuously reviews its activities and properties to improve the use of available resources. Reductions in expenditures associated with the operation of military installations provide one source for economies. At present there are four actions under study:

- vacate or subpost Ft Indiantown Gap, PA to Ft Meade, MD.
- move aircraft maintenance performed at New Cumberland Army Depot, PA to Corpus Christi Army Depot, TX.
- close Ft Sheridan, IL; move US Army Recruiting

Command to Ft Benjamin Harrison, IN.

- transfer operation of the Navajo Army Depot, AZ to the Arizona National Guard.

In addition, the Army has announced its final decision on four actions which are not yet complete:

- close Ft Douglas, UT.
- close Ft Wadsworth, NY.
- close Ft MacArthur, CA.
- close Vint Hill Farms Station, VA, and Arlington Hall Station, VA; move the Intelligence Command to Ft Meade, MD.

OSD regulations require that Congress be notifed prior to the initiation of a realignment study and upon final decision. This procedure will be followed if additional base realignment initiatives are developed.

Readiness

Senator Stevens. In your judgment, how does the Reagan revised budget improve the Army's readiness? Please comment with respect to the Reserve as well as Active Forces.

Secretary Marsh. I believe the revised budget request is clearly a significant step forward in laying the foundation for providing an Army fully capable of accomplishing its vital defense missions for the years ahead. The FY 1982 Amendment and FY 1981 Supplemental requests totaling $10.2 billion do that by providing some real improvements in most of our major functional areas of prime Army readiness concerns -- manning, training, equipping, sustaining, mobilizing, and deploying the force. Attention has been given to the readiness posture of our Reserve Components -- both the Army National Guard and Army Reserve as they are an integral and essential part of the Army and must be capable of performing wartime missions from the outset of hostilities.

My posture statement addendum discusses the specific improvements we expect from these additional funds. Major examples are:

Manning: Increasing civilian strength by 21,800 and the Army Reserve strength by 5,600 over the FY 82 level in the January 1981 Budget Submit; provision of Shortage Skill Pay and Combat Arms NCO Leader Pay for the Active Component in FY 82; and improved PCS reimbursement for the Active Compenent in FY 81.

Training: Development and expanded use of the National Training Center; expansion the Active/Reserve Component Partnership Program.

Equipping: Economic buys and increased fielding rates for M1 tanks, infantry/cavalry fighting vehicles, advanced attack and Blackhawk helicopters, and air defense systems such as Patriot and DIVAD; improved equipment status for Reserve Components and the Rapid Deployment Force.

Sustaining: Ammunition and spare parts for the RDF; war reserve ammunition increases; increased prepositioned war reserves in Europe; real property maintenance.

Mobilizing and Deploying: Correction of industrial preparedness deficiencies; mobilization facilities planning; POMCUS (prepositioning of materiel configured to unit sets) equipment.

These improvements are an important first step, but only that, toward resolving our most glaring deficiencies. More will have to be done in the next several years to redress our shortfalls. However, additional resources alone will not give us the kind of Army we need. We are reviewing our entire Army program to include a new look at the way we do business so we can manage wisely the resources provided.

We expect to reduce waste, to terminate marginal programs, and to increase efficiencies thereby saving important resource sums without delaying or hampering force enhancements. I believe we can do better in improving our effectiveness and efficiency that together with the resources requested, will allow us to progress toward the realization of our goals.

Senator Stevens. How much funding in the revised Army budget is directed at the Rapid Deployment Force?

Secretary Marsh. The revised FY 1982 Army budget, which includes the Reagan Supplemental and Amendment, contains over $900 million in support of the Rapid Deployment Force - Army (RDF-A).

Senator Stevens. Based on the pending budget, what is the Army's role in the RDF? Have any firm policy decisions been made yet?

Secretary Marsh. The Army's role in the RDF is one that permits us to contribute our unique forces to a multi service effort, capable, because of its inherent flexibility, to respond appropriately to different threat levels, and to operate in varying conditions of terrain and climate. Specifically, the Army provides a range of capability for land operations beyond the littoral with forcible entry airborne and ranger capability, air assault units and armored and anti-armor capability. The Army is organized and equipped to conduct and sustain operations deep inland where required in Southwest Asia and we are able to operate in the mountains and deserts of the region. There are, for example, locales and terrain in Southwest Asia where Army special forces, helicopter borne infantry and Air Force fighter bombers would be the best combination of forces to counter an enemy force. In short, it is the combination of unique Service capabilities tailored for the specific situation at hand that is the strength of the RDF concept. No single service is organized, trained and equipped to cope with such demands. Therefore, our role has been and remains to contribute our own unique forces to a total joint venture.

Civilian Personnel

Senator Stevens. The hiring freeze has been lifted now on civilian personnel for the Army, and the revised budget contemplates increasing the civilian force by 21,800 with 10,000 of that increase occurring this fiscal year. If approved by Congress, will this overcome your major personnel problems?

Secretary Marsh. Our proposed increases in civilian manpower are vital to an improved readiness posture throughout the Army. These increases will certainly turn the previous downward trend around and point it in the right direction. They are not sufficient to overcome our major personnel problem.

Senator Stevens. If not, what civilian level do you think would be needed, in your own judgment?

Secretary Marsh. During the FY 83-86 timeframe, the civilian workforce requirement increases to the 425,000 level to satisfy current civilian shortfalls. The 425,000 requirement is comparable to the days when the Army had 13 active divisions, as compared to the 16 today, and when the Army was not experiencing the major equipment modernization program which it is going through today.

Senator Stevens. As you see it now, what is the likelihood that the authorizing committees will go along with raising the civilian personnel ceiling?

Secretary Marsh. I believe the committees realize that increase

in civilian personnel ceilings are essential and is the one flexible resource that can be utilized selectively and in a timely manner to enhance near-term readiness.

Senator Stevens. How does that increased civilian staffing translate into dollars? Will more of this staff actually save money, or will you need additional funding for their salaries and expenses? Provide details for the record, if needed.

Secretary Marsh. The requested civilian manpower increase in the FY 1981 Supplemental and FY 1982 Amendment of 10,000 and 21,800 civilian spaces in FY 1981 and FY 1982 respectively and additional civilian funding requested is as follows:

	FY 1981 Supplemental		FY 1982 Amendment	
	ES	($000)	ES	($000)
Depot Maintenance	2,000	11,511	3,000	68,000
Procurement, Supply & Contract Administration	1,500	8,633	2,000	43,000
Borrowed Military Manpower	6,500	35,000a/	21,200	284,500
Contracting-Out			-4,400	
Total	10,000	55,144	21,800	395,500

a/ No additional O&MA funding was requested in the FY 1981 Supplemental for manyears associated with borrowed military manpower. The source of funds is the $35 million provided by the Congress in the FY 1981 DoD Appropriations Bill (P.L. 96-527) for increased civilian strength (the Congress recommended that DoD be exempted from the FY 1980 hire limitation which carried into FY 1981.
Additional funding will be required to cover the cost of increased civilian manpower levels. Some savings will be realized in providing improved care of materiel while in depot storage and achieving a reduction of depot maintenance backlog however, the real pay off will be in terms of improved near term readiness by buying back those soldiers now being diverted from their units to offset civilian manpower shortfalls.

Senator Stevens. Your statement reflects an increase in the end strength of civilian personnel in FY 1982. What are these increases for and what do they do for the Army?

Secretary Marsh. This increase is essential in order to improve depot maintenance capabilities and to meet requirements associated with both supply and contract administration as well as increased strengths to replace borrowed military manpower so that our military personnel may return to combat units. This increase is vital to an improved readiness posture throughout the Army.

Senator Stevens. The net increase in civilian personnel slots includes "an anticipated 10,000 space reduction associated with additional contracting out of work." In actual practice, where you have an expanding budget and substantial program increases, is it really cost effective to reduce Federal personnel? Doesn't it often cost more to contract out many essential activities?

Secretary Marsh. The increase in civilian spaces provided the Army was justified on the basis of the Army's need to improve near-term readiness in four areas, depot maintenance, procurement, supply and contract administration, and borrowed military manpower. The spaces provided will be used for that purpose. Additional spaces to improve readiness can be obtained by contracting essential functions not directly related to readiness (e.g., base operation support functions). Reduction in Federal

personnel is accomplished only if the cost comparison analysis of the estimated in-house and estimated contract costs indicate that contracting is less costly by at least 10% of the personnel related costs associated with in-house performance.

The decision to contract out an activity is based on the rules of OMB Circular A-76 which requires a full costing method of analysis. Final decisions to convert to contract are based on savings to the Government rather than savings to the Army. Many of these conversions will initially require increased funding at installation level to a) finance conversion of military to civilian spaces for functions found more cost effective to retain in-house, b) to finance the military portion of functions which are converted to contract, and c) to provide funds for one-time costs such as, severance pay, relocation and retraining expense.

Stock Fund

Senator Stevens. The Reagan budget revisions propose substantial new funding for the stock funds, particularly for the Defense Stock Fund, for purchasing war reserve stocks. Why is this additional capitalization needed now?

General Meyer. The total $34M requested in the FY81 Reagan budget is to support the Rapid Deployment Force (RDF). The $4M in the Carter budget is to only procure water purification equipment; the increase of $30M is to procure a broad range of equipment and spares necessary to sustain the RDF after initial insertion into the Area of Operation.

Senator Stevens. Why are current stock fund resources inadequate for reserve stock purchases? To what extent have funds in the stock funds been shifted from reserve stocks to current O&M needs?

General Meyer. The Army Stock Fund is a self-sustaining fund which supports normal day-to-day operations of "buy one, sell one." This operating cash balance will not support stocks of war reserve items that are not intended for sale on a day to day basis, but rather are dormant stocks. There were no stock funds shifted from war reserve stocks to current O&M needs.

Senator Stevens. Is any of the additional stock fund appropriation request directed at replenishing funds transferred from them in the fiscal year 1981 appropriation bill?

General Meyer. There were no war reserve funds in the original FY81 budget, subsequently $4M was requested in the Carter budget and an additional $30M requested in the Reagan Budget. There were no funds transferred from the war reserve program in the fiscal year 1981 appropriation bill.

Questions Submitted by Senator Stennis

Helicopter Program

Senator Stennis. You mentioned the need for increased efficiencies and the need to better project costs of new equipment. The UH-60 BLACK HAWK helicopter program is a good example. Each year the number of helicopters requested has had to be reduced to come within the funds allowed. Do we now have this program under control?

General Meyer. The Army has a high degree of confidence that the BLACK HAWK program costs are under control and that the FY 82 budget request reflects realistic cost estimates.

The Army has intensified efforts to breakout some aircraft items for competitive procurement and provide them to the contractor as Government Furnished Equipment thereby eliminating associated prime contractor administrative charges and profit. We are seeking to level the production rate at a fixed unit of aircraft per month so that the contractor can better plan his direct and indirect labor as well as his fixed cost allocations. It is expected that stabilization at 8 per month will permit a long term cost benefit that will be reflected in future budgets.

In February 1981 the Army conducted a "Should Cost" analysis of the airframe contractor. The purpose was to assess in detail the contractor's manufacturing operations, accounting procedures, cost estimating procedures, purchase procedures, make-or-buy decisions and organizational structure. The effort was conducted by a specialized government team of 25 analysts consisting of industrial engineering, pricing, audit, procurement and management personnel. The team reviewed on-site the circumstances, both past and present, which have resulted in deficient cost performance. Many causes of production cost inefficiencies were identified and appropriate recommendations made to Sikorsky management. The contractor has recently initiated cost management improvements and will initiate others based on the result of the "Should Cost" recommendations. The Army will conduct follow-on reviews to assure that these improvements are in fact put in place and are yielding improved program cost performance.

Sikorsky management has developed a reorganized management structure and has instituted management improvements which are expected to result in a significantly better cost performance. While efforts were identified as starting as early as six months ago, there is evidence that they are already paying off. A review of current scrap losses, in terms of manufacturing manhours, and improvements in work center performance, as identified by reduced variances to standard, are quantifiable evidence that many of the inefficiencies in past productions are being eliminated. Contractor efforts to off load work which is scheduled in excess of shop capacity will result in a reduction of inefficiencies resulting from out-of-station work on the major and final assembly production lines. Contractor intensive tracking and controlling of out-of-station work is expected to result in a significantly improved production flow, which in turn translates to lower manufacturing manhours per unit. Increased emphasis by top level contractor management to reduce the use of overtime labor will result in lower overhead costs. In addition, efforts are being made by the contractor to increase vendor competition in an attempt to get more favorable prices for materials and components.

M1 Tank

Senator Stennis. I would like your candid comments on the performance of the tank to date. Testing continues but the results look promising. Is it really wise to increase the production at this time while the testing is still under way.

General Meyer. Frankly Senator, there are risks but, I believe they are within acceptable limits, and we should take them and proceed. We need the M1 out in the field as soon as we can get it there. Overall the tank is performing very well in testing. It primarily is falling short in two areas, power train durability and track durability. We believe most of the power train problems were caused by quality control problems in the production base. As the base matures

in the near term the quality control problems should reduce to tolerable limits. We are not going to improve track durability until advances are made in rubber technology. This is an area we are keenly interested in because tank track is very expensive. Another risk area is the production base itself. We are behind in production right now, but, the Program Manager and the Contractor are doing all they can to bring the production base up to acceptable performance levels soon. We need to take the risk of further production delay's in order to get the M1 out in numbers to face the Soviet tank threat.

Reserve Component Equipment

Senator Stennis. The fiscal year 1981 appropriation bill included $50 million in the other procurement accounts for the upgrading of Army Guard and Reserve readiness equipment. Is this making a dent in the backlog of upgraded equipment which is required?

General Meyer. While the $50 million did not make a significant dent in the total Reserve Component shortfall, near-term readiness was improved by very selective procurement of equipment needed by the early deploying units.

Training

Senator Stennis. I am interested in the additional week which has been added to basic training for the Army recruit. Would you give us an indication of the type of training which the Army will provide during this additional week?

General Meyer. We have actually added the equivalent of two weeks of training content to our initial entry training programs. This was done by increasing the course length one week and increasing the length of each training day. Detailed analysis conducted by the Army found it necessary to add a total of 97 hours of instruction to the training provided our soldiers. This 97 hour increase enhances soldier's skills in the areas of US weapons, basic rifle marksmanship, Nuclear/Biological/Chemical training, first aid, hand grenades, individual tactical training, tactical communications, map reading, marches and bivouacs, and physical training.

Active/Reserve Component Partnership Program

Senator Stennis. Your statement mentions that the amended budget will expand the Active/Reserve Component Partnership Program. Would you tell us a bit more about this program.

General Meyer. This program is designed to improve the training readiness and deployability of major (division and brigade) Reserve Component units. The program established a formal training and mutual support relationship between major Active and Reserve Component combat units. Where possible, the relationship is based on geographic proximity between like units--mechanized infantry to mechanized infantry; armor to armor.

The Active partner unit provides training advice and assistance, training evaluation and an opportunity to practice on equipment not available or in short supply in the Reserves. In turn, the Reserves provide equipment support to assisting Active units. The program fosters mutual understanding and respect among the various elements of the "Total Army" and will facilitate the transition to a wartime status if that should be required.

Funding requirements were initially included in the FY 82 budget and if approved, will be available for FY 82. However, the necessity for and obvious advantages of this program moved the Army to institute it on a partial basis in FY 80. Since no funds were budgeted specifically for this program, efforts were limited to assistance only during the Annual Training periods. As resources permit, FY 81 efforts are directed towards expanding existing relationships to a year-round basis and to expanding partnership arrangements to additional units. The amended budget will now help to increase this assistance to more RC partnership units.

Even with the constrained support provided during 1980, the program proved to be an excellent training/readiness multiplier. Partnership will be a way of life for our major combat AC and RC units for the future.

Patriot

Senator Stennis. The budget amendment increases the PATRIOT buy from 130 missiles to 364. This will enhance readiness by delivery of more missiles to the field in an earlier timeframe than previously programmed. However, the tradeoff is that development of this weapon system continues. Do you feel that the enhanced readiness and cost savings offset the potential concurrency aspects of increasing the missile production rate in FY82?

General Meyer. The risk of increasing the PATRIOT production rate in FY82 while confirmation testing continues has been considered carefully and has been determined to be more than offset by enhanced readiness and life cycle cost savings of such an increase. The shortcomings found during Development and Operational Test (DT/OT) in 1980 were predominately in software and were caused by a general lack of software maturity. Hardware failures experienced during DT/OT were almost exclusively in components and modules that had known reliability problems and had been addressed in the development program. The redesigned hardware was not added to the Engineering Development equipment used for DT/OT because of schedule and cost constraints, but was intended for incorporation in the production line and installation in the first production units.

All of the software capabilities were not available during DT/OT, and operation with the large number of temporary software fixes caused numerous program faults which lowered confidence in the system. The number of software fixes has been reduced and the new software is undergoing engineering tests prior to the more formal evaluations scheduled for the May-October 1981 timeframe. To date, no known fundamental deficiencies are outstanding and the occurrence and significance of problems has been greatly reduced.

The redesigned hardware which corrects the reliability problems has been analyzed, tested in manufacturer's facility, is under test currently, and will be in the first production units. Since DT/OT, some of the redesigned hardware has been installed in two engineering development systems and is operating without failure. The risk of redesign becoming necessary as a result of test findings is low because of the extensive preparations in progress. The basic moduler design concept of PATRIOT permits localized circuit modification without major system impact. The types of modifications considered possible from scheduled tests can be accomplished within the timeframe of the tests and incorporated into the FY82 production hardware as it is assembled.

An additional set of component and system design confirmation tests are scheduled to be performed after the first production hardware is delivered in Spring 1982. These tests will confirm that

both the hardware and the software problems have been corrected on this first production hardware. The increased production rate requested for FY82 production will only be executed after successful completion of these tests. Therefore, it is prudent to plan for a limited production rate increase in FY82 so that the sustaining, full production rate can be achieved the following year.

DIVISION AIR DEFENSE GUN

Senator Stennis. A similar situation exists with procurement of the division air defense (DIVAD) Gun. The amendment increases gun procurement from 12 to 50 in fiscal year 1982. Yet, source selection on this weapon system is Not yet complete. What can you tell me about the test of this weapon system and the need to increase the production rate prior to completion of the test program?

General Meyer. The DIVAD Gun has been developed using a unique acquisition strategy development effort designed to field a system capable of providing air defense protection for our forward combat elements. The DIVAD Gun has been competitively developed by two prime contractors under a strategy which has employed fixed-price best efforts research and development contracts, an accelerated schedule, and a flexible requirements document designed to encourage cost/performance trade-offs. The Army kept a hands-off policy until the Development and Operational Tests II (DT/OT II) were conducted at Ft. Bliss from June through November 1980.

The Army was forced, due to affordability constraints, into developing the FY82 budget to structure a program which only allowed the procurement of 12 gun systems in FY82. This low production level would have been counter to the intent of saving time and money by accelerating the program. The FY82 Budget Amendment restores the program to a procurement quantity in consonance with the original intent. The 50 system quantity in FY82 together with subsequent quantity increases in the Five Year Defense Plan allow us to produce systems at the economic rate for which we are facilitizing.

The actual results of the DT/OT II are source selection sensitive. The test results are part of the information which the source selection evaluation board is now evaluating. The source selection is scheduled for 30 April 1981. The test results, as well as the source selection information, will be available after source selection has been completed.

The Army, as well as OSD and the Congress, are aware of the risk in this accelerated program. We feel the risks are more than offset by the savings in dollars and time that will be realized by getting this urgently needed system rapidly deployed.

Air Defense

Senator Stennis. The Army has substantially enhanced its air defense assets with PATRIOT, DIVAD, and ROLAND moving from development to procurement. Once these weapon systems are fielded, how would you assess the capability of our air defense against the postulated threat?

General Meyer. PATRIOT, DIVAD, and ROLAND are essential members of the air defense family of weapons required to counter the postulated air threat of the mid-1980's and beyond. These systems together with STINGER and Air Force interceptors will provide a level of defense sufficient to insure that ground elements have freedom of maneuver, that there is an acceptable level of defense of all critical elements of combat power, and that there is adequate defense of key combat support resources located throughout the

battlefield (division, corps, theater). The new air defense systems will also provide the growth capability needed to counter any significant changes in the currently postulated threat.

Low Altitude Defense System

Senator Stennis. The sum of $129 million is included in the FY 1981 supplemental and the FY 1982 budget amendment to accelerate the Low Altitude Defense System (LoADs). This system may one day defend the MX system. Is it your opinion that the increased funding will allow development of this program so that its ballistic missile defense capability can be demonstrated [deleted.]

General Meyer. The FY 81 supplemental of $39M and the FY 82 amendment of $90M for Low Altitude Defense (LoAD) will place the LoAD program on an accelerated schedule to allow completing the Preprototype Demonstration (PPD) in [deleted] and provides the option for deployment of an initial operational capability (IOC) at the [deleted.] This schedule represents a [deleted] acceleration of the LoAD program and allows for [deleted.] The system performance will be demonstrated through [deleted.]

Flight testing of the tactical LoAD system is scheduled to be conducted during the latter part of the [deleted] phase. The [deleted] accelerated schedule provides for testing of the [deleted.]

LoAD Basing

Senator Stennis. Isn't it true that the basing mode of the MX is critical to the design of LoADs? Therefore, can the development efforts be accelerated prior to the basing mode of the MX being agreed upon?

General Meyer. The development efforts of the LoAD PPD are not tied to any single MX basing scheme since the LoAD concept is flexible and LoAD components can be deployed with MX in several basing modes currently under consideration. The generic components (radar, data processor and interceptor) can be configured for defense of MX in multiple protective shelters (MX/MPS), or as the underlay portion of a layered defense for either MX or Minuteman. The LoAD PPD program consists of Phase I where issues associated with generic MX deployment and shelter design are addressed and a Phase II where issues associated with specific deployment modes and shelter designs peculiar to MX/MPS or MM will be resolved. The LoAD PPD is, therefore, configured such that issues associated with a generic system are resolved prior to addressing issues associated with a specific system or basing scheme. With this concept, LoAD development efforts in an accelerated program planned through Phase I can be accomplished independent of MX basing schemes. However, this is not to say that the design of the LoAD system is totally independent of the basing mode selected for MX. For instance, should LoAD defend MX in multiple protective shelters, then this basing mode could impact on the design of LoAD. Reduction in the spacing between shelters beyond the current spacing concept would have a major impact on LoAD nuclear environment requirements which already present a tough, but achievable engineering problem. Since the final decision on the basing mode is expected by this summer and because LoAD is still relatively early in its design phase, the lack of a firm basing decision has no real impact on LoAD acceleration at this time.

Rapid Deployment Force

Senator Stennis. There continues much controversy concerning the organizational alignment of the Rapid Deployment Force. I would like your comments on this matter.

General Meyer. There should be no controversy concerning the organizational alignment of the Rapid Deployment Joint Task Force. No one service possesses the full spectrum of capabilities to meet the most plausible threats likely to confront us, as for example in Southwest Asia. The optimum force for one kind of operational situation in Southwest Asia may well be totally inappropriate for another situation. Each service has unique capabilities which, together, provide the overall capability to meet a variety of potential missions and to make our force posture credible. We require a flexible, balanced, Rapid Deployment Joint Task Force and that means that the organization must draw on the mutually reinforcing contributions of all services. A multi-service power projection capability is essential for both deterrence and for operations. The current organizational alignment of the Rapid Deployment Joint Task Force does just that.

GI Bill

Senator Stennis. The Army appears to be the prime mover toward reactivation of a form of the GI Bill--or some more meaningful form of educational assistance than is now available for veterans of the Armed Services. There have been a number of bills introduced in both the Senate and House to accomplish this purpose. What recommendations would the Army make to improve the assistance over that provided in the past?

Secretary Marsh. The Army currently has several educational assistance programs offering benefits of up to $14,100 to some recently recruited soldiers and still other programs, as a result of the FY 81 Educational Assistance Tests, which are worth up to $20,100. The intent of the test is to find out which programs are most effective in attracting and retaining the people needed in the Army. A recommendation of a permanent program will be made following an evaluation of all of these tests. It is the position of the Department of Defense that making a recommendation on a permanent education assistance program prior to the knowledge of the test results would be premature.

Binary Munitions

Senator Stennis. The fiscal year 1981 supplemental request contains $20M to provide a facility for the manufacture of binary munitions. Doesn't the possibility exist that this move by the United States will only precipitate increased efforts by the Soviet Union toward an enhancement of their chemical warfare capability?

Secretary Marsh. As you are aware, the United States has not produced chemical munitions since 1969, and as a consequence, the quantity of usable munitions to support our national security requirements has declined. Today, the US has only a marginal capability to retaliate "in kind" to an enemy's first use of chemical weapons--hence, the deterrent value is highly questionable. Worse yet, our stockpile of chemical weapons may be unusable by the late 1980s as the result of age and obsolescence. It is quite conceivable, therefore, that we have been unilaterally disarming

while the threat of chemical warfare continues to increase to a point where, today, our forces are facing a chemical threat from an adversary which is the best prepared and trained nation in the world in the use of chemical warfare. This unacceptable asymmetry has occurred during the same period that we were seeking a complete and verifiable ban of lethal chemical weapons through negotiations.

Therefore, considering the Soviet Union's current expanding chemical warfare capability, it would be difficult to predict any future reaction by the Soviet Union to any action to modernize our stockpile. In my view, continued improvements in the Soviet's chemical warfare capability can be expected if the US elects to do nothing. This has been their advantage for the last eleven years. Our decision to modernize our deterrent/retaliatory stockpile may, however, be the leverage that has been lacking in the past to cause the Soviets to become serious at the CW negotiating table.

The $20M FY81 supplemental request has been submitted to provide equipment for the binary facility authorized by the last Congress, so that the Army can be prepared to begin the long overdue modernization of our deterrent/retaliatory stockpile.

Senator Stennis. Will the stockpiling of binary munitions provide for a substantial increase in the US offensive fighting capability or will it primarily be a deterrent to use by the Soviet Union of their chemical warfare capability?

Secretary Marsh. Let me begin by saying that the United States must maintain a credible chemical weapons stockpile as a deterrent against the use of chemical agents by any hostile nation and for retaliation, should deterrence fail. A chemical retaliatory capability is only credible when the opponent is not willing to accept a like or greater loss of individual and unit effectiveness. At present, the US chemical weapons stockpile is not adequate to meet this equation for deterrence.

To achieve a credible chemical weapons deterrent, both a quantitative and qualitative improvement in weapon and agent mix will be required. The preferred choice for acquiring the required deterrent/retaliatory stockpile of chemical weapons is through binary stockpile modernization. Adoption of a binary family of munitions would provide the opportunity to achieve both the required quantitative and qualitative improvements in the mix of air and ground munitions, as well as the type of agents. In addition, binary munitions are safer, avoid complex and costly production, handling, transportation, maintenance, and disposal problems; and are potentially more acceptable for storage in areas now denied to conventional chemical munitions containing lethal agents.

Binary stockpile modernization provides the solution for the imbalance in the equation of chemical warfare deterrence.

Procurement of Ammunition

Senator Stennis. In the Procurement of Ammunition appropriation for fiscal year 1981, $15.1 million was provided for the manufacture of metal parts for the M509 8-inch improved conventional munitions at the Scranton Army Ammunition Plant. The Army had previously facilitized at a cost of over $36 million a capability to produce these metal parts at a competing manufacturing plant. The latter line has not yet been proven out. What is the plan of the Army regarding this issue? Do you still anticipate that dual sources will be required for the manufacture of these metal parts?

Secretary Marsh. The FY81 Congressional direction to acquire M509 metal parts from Scranton Army Ammunition Plant precludes the

prove out of the metal part facilities at Norris. Accordingly, the Army intends to request Congressional authority to reprogram $6.9 million in FY81 Procurement of Ammunition Army funds to prove out this M509 projectile metal parts line at Norris Industries.

Acquisition plans for ammunition during the FY83-87 period are only in the early stages of development. Current forecast of requirements for the M509 8 inch ICM suggest that two metal parts producers will be used. However, funding constraints within the Army may not permit us to pursue this course of action. In that event we would compete the buy, if determined it's in the Army's best interest to do so.

Foreign Military Sales

Senator Stennis. The Army continues to sell M60 tanks to foreign governments while, at the same time, there is a critical shortage of tanks in the Army inventory. Do you believe this is in keeping with the spirit and intent of the International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329)?

Secretary Marsh. Yes, the continued sale of M60 tanks is consistent with the intent of the Arms Export Control Act (AECA), and in addition, the continued sale protects the US mobilization base. The shortages of M60 series tanks to the Army's total tank requirement is a function of budgetary constraints rather than a result of Foreign Military Sales (FMS).

The Army policy of supplying foreign requirements from new production on a non-interference basis with funded Army programs is consistent with the intent of the AECA to minimize the impact of arms sales on US combat readiness. There have been instances where the Army was directed to supply tanks from inventory or Army production, however these decisions were made only when it was determined to be in the national interest. In each of these cases, the Army received (or will receive) payback from later production, with the result that the degradation of readiness was (is) only temporary. In some cases, the sales permitted the Army to replace withdrawn tanks with more modern models, thus enhancing the Army's readiness.

The continued sale of M60 tanks is also consistent with the AECA on the basis that it contributes to operational compatibility between the US Armed Forces and the armed forces of allied and friendly foreign countries.

Army emphasis is on filling the tank shortage with the qualitatively superior M1 Abrams tank; however, it will be several years before maximum production can be reached. In the interim, in order to ensure a surge capability should an emergency arise, the Army desires to maintain the M60 production line. The M60 production line is currently being sustained by FMS orders. The Army recently conducted a worldwide survey to ascertain whether selected foreign countries had any additional legitimate requirements for M60 tanks. The orders resulting from the survey will help the Army keep the M60 production line warm through CY 1982. In addition, the Secretary of Defense has recently added $143 million to the Army's FY81 Supplemental request to keep the production line open for an additional four months, during which time the Army hopes to receive other FMS orders. Without these additional FMS orders, the Army would be faced with start-up costs and delays before production could be reactivated in the event of an emergency.

Senator Stennis. How many tanks have been provided foreign

governments in the past three years, and how many firm sales orders are on hand at the present time?

Secretary Marsh. 783 tanks were delivered to foreign governments during the past 3 years. A breakout by model of tank and calendar year of delivery follows:

Tank Model	CY 78 Deliv	CY 79 Deliv	CY 80 Deliv
M41	-	12	30
M41A2	-	2	-
M48A1	244	-	26
M48A5	1	20	35
M60A1	155	195	38
M60A3	-	-	25

Firm funded orders presently exist for 641 M60A3 tanks for CY 81 and CY 82 deliveries to Austria, Egypt, Israel and Jordan.

M1 ABRAMS TANK

Senator Stennis. Deliveries of the M1 tank have been lagging in the past year due to problems in the supply of engines. Yet the Fiscal Year 1981 Supplemental and the Fiscal Year 1982 Budget Amendment both request additional tanks during the respective funded delivery periods. Why is this? I would like to know why you believe the past delivery problems have been solved.

Secretary Marsh. Engine delays during the past year, for the most part, were due to a multitude of production start-up problems stemming from the manufacturer's under estimation of; and hence inadequate planning for full production of major components. Problems were encountered in virtually every functional area, and in the case of the engine manufacturer the organizational structure of the company itself proved to be inadequate. The transmission contractor realized their shortcomings early on and with cooperation of the Army turned around their production problems within a reasonable time frame. The engine manufacturer on the other hand, belatedly recognizing their problems has, during the past six months, undergone major reorganization of its management concepts and structure, to include key personnel changes from the general manager to the shop level. Intensive efforts within the engine manufacturer, from Chrysler Corporation, and from the Army have affected substantial improvements which continue to aid production toward an upward trend. These measures included intensive Army management involvement via executive level meetings, joint Army and corporate level production reviews, engine malfunction plottings, increased subcontractor component incoming inspection and test, increased Army involvement in the materiel review board process and continuous production readiness review. The quantity of engines shipped, for example, during the six-month time frame of September 1980-February 1981 (64 engines) is almost double the total shipped during the previous 10 months (37 from November 1979 to August 1980). The most recent delay in December 1980 and January 1981, again reflecting the broader problems noted above, was due to a bearing failure resulting from improper machining of related turbine blades. That problem has been resolved and the company has regained pro-

duction momentum. Overall, although trends are currently favorable, we cannot say that all causes of prior delays have been solved. We have also included $105 million in our Supplemental FY 1981 Budget request to improve our manufacturing capacity throughout the M1 production base; some of these funds will be expended to insure that our engine manufacturer has the capacity to meet the required production schedule. Until this capacity is firmly in place and the engine base is stable, outside, back-up vendors for critical parts have been established by the engine producer to sustain engine production. All in all, we believe our production problems have been addressed by competent management and that corrective actions are well underway. This belief is further strengthened by the fact that our engine manufacturer has met and is meeting their engine production in both February and March 1981.

FIGHTING VEHICLE SYSTEMS (FVS)

Senator Stennis. The GAO has recommended retaining the M113 rather than procurement of the Infantry Fighting Vehicle on the basis that the M113 is six times cheaper and will hold 50 percent more troops. What are your thoughts on this? Just what advantages does the IFV provide over the M113?

Secretary Marsh. Admittedly, the IFV does cost considerably more and does carry three fewer troops, 25 percent less than the M113. The M113 is primarily a troop carrier with limited protection, mobility, firepower and growth potential. Its mounted firepower includes a 50 Cal Machinegun with no antitank capbility. IFV, on the other hand, is considerably more than just a troop carrier. It is a superior fighting vehicle with capabilities which outstrip any other weapon system of its kind worldwide. It is heavily armed with a 25mm automatic cannon; 7.62mm coaxial machinegun; the TOW missile system, six 5.56mm firing port weapons and eight smoke grenades. It can be fought in a mounted or dismounted configuration. Its cross-country mobility is comparable to the M1 tank. It is a tank killer, night fighter and will effectively defeat the Soviet BMP.

The July 1978 Report of the Army Special Study Group on the IFV/CFV addressed force effectiveness to include an IFV and M113 mix. Although the utility of the M113 in the Mechanized Infantry and Armor Units is acknowledged in numerous support roles, it is no match against today's threat as a fighting vehicle. The study confirms that the IFV/CFV/ITV force mix is the most cost effective approach to meeting the current threat. The proposal to mix M113's on line with IFV's substantially reduces capability and does not enhance the dismounted capability sufficiently to be a viable alternative.

Senator Stennis. You have expressed concern in the past over the growing dependence of the United States on foreign procurement of strategic metals. This is probably going to be an even greater problem in the future than it is today unless we reverse the trend. Would you comment on this problem?

Secretary Marsh. The United States is becoming increasingly dependent on the import of minerals key to the economic well being of the nation. Unfortunately, in an era of economic complexities and global interdependence it is far too easy too ignore the vulnerabilities resulting from these dependencies.

Under the provisions of the 1979 "Strategic and Critical Materials Stockpiling Revision Act" the United States stockpiles 93 selected materiels. While all the materials are critical to the

defense industrial base, certain ones stand out as being especially critical and vulnerable. The United States imports more than 90% of its needs in manganese (98%), cobalt (97%), bauxite (91%), chromium (91%), platinum (92%), and titanium (100%). All are key industrial metals. All are strategically vulnerable. Titanium, while essential, is considered relatively secure, as the bulk of the raw minerals, rutile and ilmenate, come from Australia. Major sources of the remaining selected minerals are as shown:

Manganese -	Gabon 41%
	S. Africa 32%
Cobalt	Zaire 41%
	Zambia 10%
Chromite	S. Africa 44%
	Zimbabwe 8%
Platinum	S. Africa 50%
Bauxite	Surinam 14%

As this listing illustrates, the southern portion of Africa is the primary source for these minerals.

The United States is vulnerable to denial operations: political, economic, or military disruption of foreign sources or of the transport links to them would have a major impact on the American economy. The maintenance of the Strategic and Critical Materials Stockpile cannot eliminate the problem, but can help ameliorate the effects of a disruption. For these reasons, the Army supports efforts designed to up-grade the stockpile and improve American self-sufficiency in the area of critical raw materials.

Multi-Year Contracting

Senator Stennis. Mr. Secretary, DoD has estimated that upwards of $15 billion can be saved over a 5-year period if multi-year procurement is allowed. The prime reasons advanced are that multi-year procurement will provide for increased capital investment, improved planning and more efficient production. I understand a test of 18 typical weapon systems will be proposed. I would like your comments on this matter.

Secretary Marsh. Senator, as you may be aware, the Army already engages in multi-year contracting where it is authorized and economically advantageous to do so. We believe that extending this concept to more systems will produce savings (cost avoidance) of considerable magnitude - billions of dollars for the Army. We support the concept of HR 745 which removes the current cancellation ceiling for multi-year contracts. We also believe the multi-year funding approach (a Congressional authorization and appropriation covering more than one fiscal year) has sufficient merit to warrant consideration for implementation on a small number of Army programs as soon as practicable. At a time when equipping requirements for the Army are so massive, the revision of laws and regulations as I have described appears to be a significant opportunity to achieve greater economy for the defense dollar while simultaneously encouraging the industrial base to stabilize work forces and support its own vendor base. The Army will carefully select stable programs which can be executed under multi-year contracts (as a minimum) or under the multi-year funding concept. The essential part of either effort is relief from current restrictions which preclude the realization of savings (cost avoidance) through application of more efficient and effective multi-year procurement methods and techniques.

EROSION OF INDUSTRIAL BASE

Senator Stennis. There is a increasing concern over the erosion of our industrial base and the capability to mobilize in the event it is required. There have been many factors which have led to the current situation -- including uneconomical production rates and lack of capital investment. I would appreciate your candid comments on ways we can reverse the current trend.

Secretary Marsh. The Army/Defense industrial bases are subsets of the national industrial base. We depend upon the economic good health of industry in order to insure access to sufficient industrial capacity in the event of an emergency. We are concerned about erosion of our national industries as they appear hard pressed to compete with more modern and productive industries which are based abroad. In addition, we are concerned that those specialized production facilities which the government must own are also aging and incapable of producing the large quantities of the newer hardware items which would be required in a mobilization. The government owns facilities for which there are no commercial sources to manufacture such military unique items such as tanks and large caliber ammunition and large caliber guns/cannons.

Of special concern to us are the many subtier vendors and suppliers upon whom we rely for components and materials. These suppliers are key to achieving rapid response times for production of vital hardware the Armed Forces would need in an emergency.

Many solutions exist which would enhance over time the responsiveness of the industrial base as well as mobilization planning with industry. Many of these items were discussed by the industrialists the Army hosted in conjunction with the 1980 mobilization exercise. A few of the more significant points are discussed below.

Significant improvement in industrial preparedness is contingent upon a clear national policy citing the need for an industrial base responsive to national security interests - with the resources and top level leadership to support the policy.

War reserve stocks should be increased to a level compatible with the responsiveness of the base to meet sustaining requirements, the statement of national policy, and the postulated scenario. Associated with war reserve stocks is the requirement to identify production constraints and pacing items with the view of stockpiling those components/items which impact leadtimes.

Both the private and Army-owned industrial base must be modernized to assure a productive, responsive capability will exist for emergency production. State-of-the-art manufacturing technology, increased attention to product quality, and increased capital formation through such actions as tax incentives, improved contract and profit policies, and direct government investment will be necessary to modernize the industrial base. Failure to modernize and improve productivity will result in continued deterioration of our nation's manufacturing capability and responsiveness.

Stable Defense acquisition programs in conjunction with multiyear contracting should precipitate many of the needed improvements cited above.

Increased use of standard commercial components (particularly in those technologies which are advancing more quickly than others) will increase energency availability of military hardware and should also reduce the cost.

Finally, a nonfuels minerals policy is required. This includes improvements and modernization of the national strategic materials stockpile and the development of substitute materials for those materials for which we are dependent upon foreign sources.

Total Force Concept

Senator Stennis. You have long been an advocate of the total force concept. There appears to be increased emphasis by the Administration in this area. I would like your comments on the ways that better cooperation can be achieved between the three elements -- the Active Force, the Guard, and the Army Reserve.

Secretary Marsh. The cooperative spirit which you refer to is acknowledged as a vital aspect of the success of the total Army concept. As recent as January 1979 the Army was cited by the General Accounting Office (FPCD-78-82, 24 January 1979) as being less than serious about the total Army concept. That situation, if it did exist, is no longer evident. The significant contributions of the Reserve Components to the total Army are readily recognized and an open dialogue and cooperative spirit exists between the Active and Reserve Components. A subsequent General Accounting Office study entitled "Does the Army Decisionmaking Process Include Both Active and Reserve Components?" (FPCD-81-37, 18 March 1981) provides substantiation of this. To paraphrase, the report concludes that the critical importance, and interdependence, of each component has been recognized and each component has taken actions which foster the total Army concept.

Questions Submitted by Senator Huddleston

AH-64/HELLFIRE

Senator Huddleston. The General Accounting Office (GAO) has questioned whether the AH-64/HELLFIRE can function effectively in a high-threat environment and under adverse weather conditions such as might be encountered in a Central Europe scenario. Has the Army reviewed the GAO questions?

General Meyer. The Army has reviewed the GAO report in which it is recommended that the decision to produce Advanced Attack Helicopter (AAH) and HELLFIRE should await successful resolution of technical problems and assessment of operational effectiveness in the European environment. All the technical problems have been or are well on the way to being resolved prior to the production decision on 1 December 1981. The Operational Test II is planned for June-August 1981.

GAO also recommends that a review be made to identify funds to restore AAH and HELLFIRE to their original schedules. The FY 1982 Amended Budget and the FY 1983 Army POM provide this restoral.

Rapid Deployment Force

Senator Huddleston. Do you believe the Army must have a somewhat [deleted] staging area in order to operate in the Persian Gulf or can it depend on scattered support sites throughout the region?

General Meyer. In Southwest Asia the United States faces an initial strategic disadvantage because of the long lines of communications which force us to operate at the very limits of our

strategic reach. Consequently, the United States must develop a more [deleted] infrastructure which could support increased force presence as well as facilitate and accelerate reinforcement.

To achieve this objective the Army has focused on options that would, in the near term, reduce strategic mobility requirements for Army elements and, in the longer term, improve the overall [deleted] infrastructure in the region to support a rapid commitment of substantial ground forces of the Rapid Deployment Joint Task Force (RDJTF). This effort has resulted in the identification of Army requirements for [deleted] staging and materiel prepositioning facilities near the Persian Gulf.

Ras Banas, an Egyptian air and naval installation on the Red Sea, [deleted.]

[Deleted.]

This facility will enable us to achieve a deterrent presence early in a developing crisis, provide for use of intra-theater lift for movement of forces and materiel to an objective area and for regional exercises during peacetime.

To insure adequate strategic flexibility the Army requires [deleted] other staging/preposition facility, though location and size have yet to be determined. The key to rapid and effective deployment of United States forces is availability of forward facilities on the Arabian Peninsula (principally in [deleted] or Oman). We intend to continue our efforts to gain access to potential staging facilities in this area.

In summary, the existence of [deleted] staging facilities will substantially enhance our deployment capability, demonstrate our continued interest in the region and support deterrence as the fundamental objective of United States strategy in this region.

Rapid Deployment Force

Senator Huddleston. One criticism which has been made of the RDF is that it appears to be structured and equipped to respond only to situations where it would encounter no opposition. Do you agree with that appraisal and if so, do you plan efforts to expand its capabilities?

General Meyer. The primary geographic focus of the Rapid Deployment Force is the Southwest Asia area. The commitment of US forces to protect our vital interests in this region could occur in response to a great variety of scenarios.

For each scenario the US initially would attempt to deter hostilities. Quick-response forces structured and equipped for rapid deployment would be moved into the general area in an attempt to demonstrate our resolve and to establish a credible military presence.

The current RDF is organized, structured and equipped to provide the widest possible range of options and flexibility for the application of force in this region. There is significant forcible entry capability in the RDJTF in terms of amphibious forces, airborne forces, Rangers and Special Operations forces. As is apparent, I do not agree that the RDJTF is structured and equipped to respond only in a benign environment. On the contrary, we have deliberately included a full range of force capability.

Senator Huddleston. Is the RDF being trained for both collective and unilateral U.S. action or only unilateral?

General Meyer. As you know, the RDF is a four Service organization, but I will be glad to tell you what I know about previous training exercises and those that are being planned.

During the past year the Rapid Deployment Joint Task Force (RDJTF) has conducted both combined and unilateral training exercises. There have been two combined exercises in the Southwest Asia theater. The first, in November 1980, involved an Army battalion and eight U.S. Air Force tactical fighter aircraft. They deployed to Egypt and conducted combined individual training and a combined field training exercise with Egyptian forces. In February 1981 Headquarters elements of the RDJTF conducted a combined communications exercise in Oman with Omani forces. On the other hand, the RDJTF has conducted several training exercises in the United States during the past year in which only United States' forces participated.

Plans for the future reflect a similar pattern, with several unilateral exercises in the United States and one or more deployments overseas each year. My understanding is that when planning overseas exercises the RDJTF will encourage host nation participation.

NATO

Senator Huddleston. It has been suggested that the US posture in Europe forces the US to place increasing reliance upon theater nuclear weapons rather than conventional ones. Do you agree with that assessment?

General Meyer. The cornerstone of the US posture in Europe is NATO's deterrent strategy of flexible response. To be successful, this strategy requires a military structure with demonstrated conventional, theater nuclear, and strategic nuclear capabilities. Regrettably, the capabilities of each component of the force structure committed to NATO have been permitted to erode. Conventionally, NATO has always relied on technological superiority to offset numerical imbalances. The Warsaw Pact has achieved parity in strategic nuclear weapons thereby negating what once was a significant NATO advantage. The balance in theater nuclear forces remains in doubt. While some analysts feel that NATO retains a slight, though rapidly diminishing advantage, others feel that the Warsaw Pact has achieved parity, or even surpassed NATO in this component. With what I feel to be an overall net disadvantage, it is prudent for NATO to rely on the combined capabilities of the components rather than emphasize a particular one. Therefore, we must ensure that the capabilities of each component continue to be improved in a balanced manner.

Rapid Deployment Force

Senator Huddleston. Could you identify precisely what in the FY 81 supplemental and the FY 82 amendment are for the Rapid Deployment Force?

General Meyer. As you know, Senator, the Rapid Deployment Force-Army (RDF-A) is not a force in being. Rather, Army units performing other missions are assigned to the RDF-A troop list for contingency purposes. This list includes both active and reserve units. Also, we budget for goods and services, not for units or for management purposes such as "readiness" or "deployment". For these reasons, it is not possible to be precise about funding for the RDF. However, we have identified over $815 million in the FY 1981 Supplemental and FY 1982 Amendment which is directly or indirectly attributable to the RDF-A. This sum includes such items as $228 million for ammunition, $15 million for desert camouflage uniforms, $34 million

in Army Stock Fund war reserves of equipment and spare parts, and $73 million for aircraft survival equipment.

Senator Huddleston. In the past, the RDF program has envisioned no increases in either active or support troop levels. Is this still the case?

General Meyer. All enhancements to the RDF-A, whether Active or Reserve Component have been accomplished within the existing Total Army Structure. The Army Staff is currently studying the requirement for further increases in Combat and Support units for the RDF-A over the FY 84-88 time frame. Recently a number of Reserve Component Units were added to the RDF-A troop list to correct structure shortfalls which previously existed. This was necessary because support units normally required only during time of war, such as graves registration and water supply, were only available in the Reserve Components.

Senator Huddleston. If the U.S. is to operate in the Arabian Gulf area, it will either have to preposition sufficient supplies or develop lightweight vehicles which can be easily and quickly transported. Which do you consider the most feasible at the moment? What would give you the most flexibility and capability in the longer term?

General Meyer. Prepositioning of supplies and development of lightweight vehicles are both feasible but I believe the overriding limitation to projecting and sustaining forces in the region is inadequate strategic lift. Prepositioned supplies and lightweight vehicles could offset early airlift requirements; however, the most urgent problem is the shortage of airlift and fast sealift of the roll-on/roll-off configuration. Over the near to mid-term fast sealift provides the most flexibility and capability for deployment of forces. Fast sealift when combined with additional airlift over the long term provides better flexibility and capability for the Arabian Gulf and other contingencies.

Additional prepositioning of supplies may be required in the near term, but it is less flexible than either airlift or sealift and we must be selective so as not to be tied to one area or region that could later reduce our flexibility and capability to meet worldwide contingencies.

We are embarked on an urgent program to develop a lightweight combat vehicle which will reduce some of our strategic lift requirement. It is not an either-or matter, but a requirement that demands a balanced and flexible approach.

SUBCOMMITTEE RECESS

Senator GARN. Do you have any other comments you'd like to make before we close it down?

Secretary MARSH. It's been a pleasure being here today. We appreciate the interest of the committee and look forward to working with you individually and collectively.

Senator GARN. The subcommittee will stand in recess until 8 a.m., March 19 when we'll receive testimony concerning Army Manpower and Reserve Forces.

The subcommittee is recessed.

[Whereupon, at 11:05 a.m., Wednesday, March 18, the subcommittee was recessed, to reconvene at 8 a.m., March 19.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

MONDAY, APRIL 6, 1981

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

The subcommittee met at 8 a.m. in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Garn, Andrews, Rudman, and Hollings.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE NAVY

STATEMENT OF HON. JOHN F. LEHMAN, JR., SECRETARY OF THE NAVY

ACCOMPANIED BY:
ADM. THOMAS P. HAYWARD, CHIEF OF NAVAL OPERATIONS
GEN. ROBERT H. BARROW, COMMANDANT, MARINE CORPS
REAR ADM. RICHARD A. MILLER, DIRECTOR, BUDGET AND REPORTS, DEPARTMENT OF THE NAVY

INTRODUCTION OF WITNESSES

Senator STEVENS. The subcommittee will come to order.

We are here this morning to hear testimony on the fiscal year 1982 budget request for the Department of the Navy. We are pleased to have with us today Hon. John F. Lehman, Jr., the Secretary of the Navy; Adm. Thomas B. Hayward, Chief of Naval Operations; Gen. Robert H. Barrow, Commandant of the Marine Corps; and Rear Adm. Richard A. Miller, Director of Budget and Reports.

AMENDED BUDGET REQUEST

The amended fiscal year 1982 budget for the Navy and the Marine Corps is $70.8 billion, of which $64.8 billion is for the Navy and $6 billion is for the Marine Corps. This is an increase of $12.9 billion over fiscal year 1981.

It may be necessary to close the hearing today due to classification of materials to be covered. In that event, if the members of the subcommittee or witnesses will indicate their desire to close the hearing, I will set a time for going into closed session. Most likely this would be for the period of 9:30 to 10 a.m. when a majority of

members will be present. If this is the case, those individuals not cleared or having the need-to-know will be required to leave.

We would appreciate it if you would submit your detailed statements. I have read them and we would be happy to have you present your testimony in any way you see fit, Mr. Secretary.

AMERICA'S LOSS OF SEA SUPERIORITY

Secretary LEHMAN. Thank you, Mr. Chairman.

I will briefly state the principal concerns in my posture statement. The posture statement exhibits a concern shared by all three of us; that we have lost the margin of superiority that the United States as a maritime power, cannot accept as a long term state. We are an island Nation. We depend upon sealines and access to the seas for our resources, for our energy, for our allies and for our commerce. We have to regain superiority. Superiority is a clearly understandable situation that entails being able to defeat militarily any martial attempt to interdict our use of, and access to, the seas in those areas that are vital to our lifelines. This is not to say we are to be the world's policeman. This doesn't mean we have to be superior at all places and at all times, but rather in those clearly definable areas where, if we lost access, we would lose the ability to sustain our security as we know it today.

We have a clear-cut strategy, a coherent strategy, to reacquire superiority. It is one that involves maximizing our resources and reacquiring the ability to secure all areas vital to us in sufficient time to prevent disaster. We have submitted a budget that we believe is the first major step in a recovery program to get us to a 600 deployable ship Navy by the end of this decade, and to do it at an affordable increase in expenditures that, by no means, is out of line in the peacetime history of defense expenditures. This is not an arms race. It is not an unlimited attempt to acquire every thing we can think of by any means. It is a prudent strategy of procurement to recover our edge in an orderly, expeditious fashion and it is not really dependent on what the Soviet response may or may not be, except in the margins in the out-years.

SHIPBUILDING PROGRAM

We are putting our emphasis, in this first budget, in revisions to the Carter budget on personnel; on starting our shipbuilding program back toward approximately 30 ships a year in conversions, new construction and recommissionings; and on R. & D., with an emphasis on getting weapons into the field at an affordable price and timely fashion so that they can make a difference and apply the technological superiority that we have. There has been controversy, since we submitted this revision to naval and Marine Corps programs, about two issues principally.

IMPORTANCE OF PAY RECOVERY

On the one hand, we have asked for a 5.3-percent pay raise in July, and another cost-of-living adjustment of approximately 9 percent in October. There is nothing in this budget that has the priority, in my judgment, of that pay recovery and compensation package. The Congress really saved the day last year by getting

compensation short falls arrested, turned around, and headed back towards restoring a stable standard of living for our Navy and Marine Corps families. But the job is not yet finished. I believe it is essential we get that 5.3 percent, we get it before the end of this fiscal year, and we not wait until October. The retention statistics on our Navy and Marine Corps today indicate that our personnel problem is principally a retention problem, that is, retaining those skilled people that we have invested so much in who we have been losing at such alarming rates in the recent past years.

That trend has reversed dramatically. We have some very encouraging statistics now and I am sure many of you in this committee, who have had the opportunity to travel around to some of our installations and ships, sense the commitment, the enthusiasm and the optimism exists abroad in the fleet and in the Marine Corps. They have heard your message of last year. They have understood it. They believe that Congress really is aware of the sacrifices and the requirements that are placed on the military and is going to do something about addressing the pay problem and the livability of the families that spend so much time with one spouse deployed for more than half of the year.

They heard it and yet I am afraid of the consequences if there is a faltering at this point in finishing the task of closing the pay gap. We are not asking for a complete get-well package because the military realizes that it, like all Americans, has to bear a fair share of the burden of the ills that our economy has suffered in the past 10 years. No one is suggesting that we should restore every one to exactly the same standard of living they were at when inflation really began to take off. But the military, because of pay caps, has suffered inordinately compared to their counterparts in the private sector. That is what is causing us the greatest concern.

I want to make a personal plea that we get that 5.3 percent, that we get it before the end of this fiscal year, and that we also get, as early as possible, the special bonuses and allowances that have been submitted as part of the supplemental.

COST EFFECTIVENESS OF RECOMMISSIONING ORISKANY AND BBS

The last point I would like to make regards the comments that have arisen over the recommissioning elements of our Navy shipbuilding program. I believe that the recommissioning of the carrier *Oriskany,* and the recommissionings of the battleships are two of the most cost effective proposals that any military service has made in a great many years. Admiral Hayward will speak further, I am sure, of the operational requirement. Suffice it to say that we can deploy, in effect, the firepower available on a modern battle cruiser for about one-quarter to one-fifth of the price with the battleships.

In the case of the *Oriskany,* it will cost less than one-fifth of the price of a new 40,000-ton carrier. We can deploy a very powerful air wing composed of existing aircraft. We are not asking to buy one new airplane. For roughly a price of one half a billion dollars we can deploy a ship that has extremely capable attack and forward deployment utility. It could be a part of a Marine amphibious force, part of our forward peacetime deployments and a tremen-

dous augmentation of war fighting capability when serving in a battle group.

I am very disturbed at the possibility that these programs will not be supported in one or other of the Houses of Congress. The signal that this would send to the R. & D. community and to the operational community, I think, would be disastrous. For the first time we are becoming aware that we can't afford to "goldplate". We can't afford to misuse, or not use, any assets that we have, given the challenge we face and the gaps we have to close. The message, if these tremendously cost effective "non-goldplated" initiatives do not prevail, will be that the only thing you can get through Congress must be new and shiny. The whole effort to try to be more pragmatic in maximizing firepower, without new acquisitions, will be a dead issue.

I would urge you to give full attention to the operational arguments for deploying and recommissioning these 3 ships and urge you to give it favorable consideration.

PREPARED STATEMENT

Senator STEVENS. Thank you Secretary Lehman. We will insert your prepared statement in the record at this point.

[The statement follows:]

Prepared Statement of Hon. John F. Lehman, Jr.

Secretary of the Navy

Mr. Chairman, I am honored to appear before you today for the first time as Secretary of the Navy. Because I have been in that great office only a short time, I shall focus my testimony on philosophy, strategy, and priorities, rather than program details.

In my confirmation hearings, I expressed my excitement at the prospect of working with the Congress in an historic effort to restore American confidence, purpose and strength, and to re-establish a stable basis for peace.

I expressed then my optimism that we will succeed in this endeavor because, for the first time in many years, we have a foundation of bipartisan consensus in Congress and the Executive upon which to build. In Secretary Weinberger's words: "What we must do now is get on with the job of adding to our military strength as quickly and as efficiently as possible."

Let me explain to you how I view the Navy/Marine Corps role in that effort, and the objectives and priorities I have set to enable the Navy/Marine Corps team to fulfill that role.

First, it must be clearly understood by all members of the services, by all officials in the government, and by the American public that our national security demands maritime superiority and nothing less; no euphemisms, no fancy academic hedgewords. If we are to keep the peace and deter our enemies, we must be able to defeat them if deterrence fails. As Winston Churchill said of his country in another time: "Nothing in the world, nothing that you may think of, or anyone may tell you; no arguments, however specious; no appeals, however seductive, must lead you to abandon that naval supremacy on which the life of our country depends."

Maritime superiority means that we must be capable - and be seen to be capable - of keeping our sea lines of commerce and communications secure in those areas of the world where our vital interests depend on them. If we are to survive as a free nation, our access to our allies, our energy sources, and our trading partners cannot be hostage to the offensive power of any combination of adversaries. We must have the naval and Marine Corps power to militarily defeat any martial attempts to interface with such access.

In the coming months and years I shall be working with you to see that our efforts in personnel, in readiness, in research and development, and in procurement are brought into conformity with the pursuit of that single informing principle: maritime superiority.

Lest I sound too negative today, let me point out at this juncture that we still have areas of clear, even magnificently superior capability over our adversaries. Our strategic nuclear forces remain a vital, powerful, and increasingly important component of the deterrent triad. While we will experience some draw-down of launching platforms and tubes over the next five years, by every other measure - megatons, RVs, equivalent megatons, targeting capability or effectiveness, and so on - the SLBM force capability will show steady improvement. In addition, our Navy/Marine Corps team today is a ready fighting force able to apply power directly and swiftly in the most volatile area of the Middle East and Persian Gulf.

With the identity crisis of "why it is we have a Navy" thus resolved, priorities of our naval forces become apparent: first will be restoration of the prestige, compensation, and livability

of our naval and Marine Corps personnel; second will be establishment and management of a shipbuilding and modernization program to regain maritime superiority; third will be reform of the research, development and procurement cycle for parts, weapons and aircraft that will greatly shorten the time from concept to the fleet, reduce gold plating, and chase fewer rainbows.

Those, Mr. Chairman, will be my priorities, and now let me return briefly to each of them.

For a dozen years or so, I have heard annual official references to narrow margins of U. S. maritime superiority, always threatened by ominous or adverse trends. Yesterday's trends have a way of becoming today's reality. One observer of this process described it as, "We debate. They build." In the last few years, while we endlessly rebalanced our cost effectiveness equations, the Soviet Union has built almost three times as many major warships as we. During this period, they have constructed at least 18 classes of surface warships and submarines. In comparison, we are presently building seven, three of which derive from a single design. So after more than a decade of these adverse trends, I believe that our former narrow margin of superiority is gone. I believe that in some circumstances the Soviets can militarily interfere with our access to vital requirements simultaneously and can reasonably be judged able to prevail in at least some of those areas. Such a condition is not acceptable if peace is to survive.

Maritime superiority must first be re-established, and then strengthened. Our position as the richest nation on earth, an island nation with vital, permanent, and growing dependence on the seas, and some 40 worldwide alliances, dictates that we must be able to control the seas. We must regain the naval and Marine power to support, worldwide, every aspect of our national policy, strategy, and self interest, reliably, responsively, and with high confidence. The American people want no less, and the United States can afford nothing less.

By all reasonable accounts, we must possess sea power.

- Sea power to sustain a peacetime forward deployment posture at levels and locations appropriate to our need without undue stress and demand on our people or equipment.

- Sea power to meet crisis control or contingency requirements flexibily and effectively.

- Sea power which, mobilized for world-wide conflict, can engage any adversary at times and places of our choosing with a high probability of success, while denying that adversary a like opportunity.

That kind of sea power entails numbers of forces, modernity of forces, and readiness of forces all in excess of those existing today. It entails also an increased offensive capability of sufficient quality to keep ahead of a sophisticated and advancing threat. Such sea power is achievable by the United States, though certainly not easily nor without a prolonged and dedicated effort.

Problems, ignored, grow. Deterioration, unchecked, becomes collapse. Adverse trends, perpetuated, create ever-widening disparities. The trend in U.S.-Soviet sea power balance has been running strongly the wrong way for over 15 years. Reversing that trend, and restoring U.S. naval forces to their necessary dominance, will require a sustained national commitment of considerable magnitude.

On the priority of naval and Marine Corps personnel, I commend this Committee and Congress for the Nunn-Warner and other

pay raise and compensation items enacted last year in spite of Executive Branch opposition. Nevertheless, I am concerned that there may be the perception that this package has "fixed" the manpower problem. I would hasten to caution that such is not the case. Neither pay comparability, established in support of the All-Volunteer Force, nor seven years of accumulated lost buying power, have been restored. Despite the beneficial selective re-enlistment and specialty bonuses, it is hard to see how our youth will be attracted to military careers, particularly in the sea services, when neither the personal sacrifice and demand, nor the assured pay, are comparable to those of civilian employment. I assure you that during my tenure as Secretary, the Department of the Navy will never stop its efforts to improve the quality of life and career satisfaction of Navy and Marine men and women. Your continued and vigorous support will be essential. You have turned the deterioration into recovery and our men and women have responded to you. Let us now seize the opportunity to complete the task.

On the priority of our shipbuilding program, I believe we should move swiftly to build and modernize a balanced mix of approximately thirty ships per year to achieve a truly capable fleet of about 600 ships and 15 battle groups. Such a program may require maximizing the use of existing assets by modernization programs, including the recommissioning of one or more retired battleships and 27C-class aircraft carriers.

I do not think we should be wed irrevocably to a fixed number or set of numbers. Things, including defense requirements, change, and what is right and reasonable now may not be equally so, in the future. Even so, I have no trouble supporting a benchmark of 600 ships for the following reasons: Given present world conditions, Soviet naval capabilities, and the apparent dynamics of both, I believe a prudent regard for our national security requires an active fleet about one third larger than the one we now have. I further believe that we should move immediately, vigorously, and resolutely towards this achievement. That turns out to be about a 600-ship active force with a minimum of 15 battle groups. It does not mean exactly four of everything we now have three of. Neither does it propose nor foreclose substitute technological advances. I intend to keep an open mind as to the potential payoff of new concepts as they develop. But even before we embark on those programs, we must first sustain, stabilize, and underpin what we have.

Such a program will require maximum efficiency from our private and naval shipyards and expansion of both categories of yard capacity. It will require firmness and discipline in the writing, and the execution, of shipbuilding contracts by both government and industry. In that regard, I believe there is clearly room for considerable improvement on both sides.

On the priority of research, development and procurement, I see a number of immediate objectives:

- To procure parts, ammunition and weapons at the most economical rate to restore readiness and war reserve stocks to minimum acceptable levels.

- To reform the "concept-to-fleet" cycle with the objective of halving the current twelve-year standard period.

- To emphasize application and high production rates over redundancy and "pressing the state of the art."

I am prepared to sacrifice pursuit of that extra margin of performance, or that breakthrough just over the horizon, in order to start cutting metal and getting weapons to the fleet in high volume, lower cost, production runs.

Those, gentleman, are my priorities. It will come as no surprise to you that I view the 1982 Navy/Marine Corps budget, as submitted by President Carter, as fundamentally inadequate. I do not propose to comment in detail on specific programs until my next appearance before this Committee.

Each year there are those who deplore and decry our "bloated" and "record" military expenditures. In these days of a one-dollar loaf of bread, a three-dollar pound of coffee, and an $8,000 sub-compact economy car, everything is "bloated" and "record." The effects of inflation upon programs deferred must be kept in perspective. It is our responsibility to establish now, and to sustain for the indefinite future, a new high in the real growth rate of our maritime security funding. Such growth, together with a degree of hopefully declining inflation, will no doubt drive us to successive "record" budgets which will be irresistible targets to anti-defense interests. We must not falter. If we do, that immutable tide of history, to which our adversaries so frequently refer, may indeed sweep us away.

Mr. Chairman, again I thank you and your colleagues for this opportunity to offer my support and assistance to you in the discharge of your great responsibilities. In closing, I would offer one short quotation which could have come from Admiral Gorshkov: "Whosoever commands the sea commands the trade; whosoever commands the trade of the world commands the riches of the world, and consequently the world itself." It was said, in fact, not by Admiral Gorshkov, but by Sir Walter Raleigh 365 years ago. It is equally true today.

MARCH 1981

BIOGRAPHY
JOHN F. LEHMAN, JR.
SECRETARY OF THE NAVY

On January 23, 1981, President Reagan announced the selection of John F. Lehman, Jr., to be Secretary of the Navy. He was confirmed by the Senate on January 29 and took the oath of office on February 5, becoming the 65th Secretary of the Navy.

Mr. Lehman is a businessman, a scholar, an author, a Naval Reserve Lieutenant Commander and Flight Officer and is one of the youngest men to be appointed Secretary of the Navy.

Prior to this appointment, Mr. Lehman was President of Abington Corp., a Washington, D. C.-based management firm that specializes in defense matters.

Mr. Lehman has been involved intimately in defense and foreign affairs since the late 1960's, when he was a staff member of the Foreign Policy Research Institute from 1967 to 1969 at the University of Pennsylvania. From 1969 to 1974 he served as Special Counsel and Senior Staff Member to Dr. Henry Kissinger on the National Security Council, and from 1974 to 1975 was a Delegate to the Mutual Balanced Force Reduction Negotiations in Vienna. He became Deputy Director of the U. S. Arms Control and Disarmament Agency in 1975, holding that position until 1977. Since 1977 he has also served as Chairman of the Republican National Committee's Defense Advisory Committee.

Upon graduating from the La Salle College High School, Mr. Lehman enrolled in St Joseph's College, where he earned a B.S. in International Relations in 1964. That same year, Mr. Lehman enlisted in the Pennsylvania National Guard. In November 1966 he transferred to the Air Force Reserve. He continued his education at Cambridge University in England as an Earhart Fellow and graduated in 1967, receiving a B.A. with Honours Law and an M.A.

in International Law and Diplomacy. He left the Air Force Reserve and accepted a direct appointment in the rank of Ensign in the Naval Reserve in January 1968. He since has been promoted to Lieutenant Commander and designated a Naval Flight Officer (bombardier-navigator) with the Naval Air Reserve Unit, assigned to Medium Attack Wing One, Naval Air Station, Oceana, Virginia. In 1974 he earned his Ph.D in International Relations from the University of Pennsylvania and was a Visiting Fellow at Johns Hopkins School of Advanced International Studies in Washington, D. C.

Mr. Lehman has authored or co-authored several publications on national and international defense and foreign affairs subjects. They include: The Prospects for Arms Control, ed. by J. E. Dougherty and J. F. Lehman, Jr. (McFadden: New York, 1965); Arms Control for the Late Sixties, ed. by J. E. Dougherty and J. F. Lehman, Jr. (Van Nostrand: Princeton, 1967); The Executive, Congress and Foreign Policy, by John Lehman, Praeger (New York, 1976); and Aircraft Carriers: The Real Choices, by John Lehman (Sage, 1978).

He was born on September 14, 1942, in Philadelphia, Pennsylvania, and is married to the former Barbara Wieland. They have two children, John F., III, 1 1/2, and Alexandra, 3 1/2. They reside in McLean, Virginia.

OFFICE OF CHIEF OF NAVAL OPERATIONS

STATEMENT OF ADMIRAL THOMAS P. HAYWARD

NAVAL BALANCE

Admiral HAYWARD. I would like to just make three points to reinforce what the Secretary said, and in summation of what my much longer statement has in it.

First I would like to stress the importance of this particular budget, as amended, to the U.S. Navy. We have discussed in prior years the very dangerous trends in the naval balance between ourselves and the Soviets, trends that have continued and have been reinforced through the activities of the Soviets this past year and the relative building capabilities between ourselves and the Russians. This budget before you, for the first time, reverses those trends. It addresses forthrightly the issue of maritime superiority. The Secretary has made reference to that. It is encouraging to me to have an administration that has made a point of declaring that we are going to regain our maritime superiority and they have in fact backed up that claim with a budget submission that suggests or has the intent, or signals the intent, to restore the naval balance. I do wish to caution, as I have for the last 2 years, particularly last year, that we still must have a commitment to the future, that this is a 1-year budget and we must maintain this kind of pace for several years in the future if we are going to see to it that the trends are in fact reversed.

But I have tremendous confidence, based on the actions of this administration and its stated policy and the evidence of that policy in this particular budget, that they intend to support building a 600-ship Navy and building the right kind of Navy. That is my first point, Mr. Chairman.

Second, this budget is prioritized as it effects the Navy into three major fields. It is restoring near-term readiness as rapidly as possible, building up our combat sustainability, and then getting on with the procurement and modernization of existing forces. I have just a thought on the readiness to reinforce what Secretary Lehman has addressed, the readiness of our people. The most significant degrading factor facing the Navy today resides in the area of having insufficient skilled trained personnel. We were in very serious shape a year ago, and even though there has been a significant turnaround in retention in the last several months as a result of the action of the Congress to support compensation and benefits, nevertheless it is going to take several years to climb out of the personnel shortfall hole we are in.

IMPORTANCE OF 5.3 PERCENT PAY RAISE

The Navy happens to be in the enviable position of being a growing Navy today as a result of prior authorizations and appropriations. Your Navy will be 40 to 50 ships larger in 1984 than it is

today. If we proceed to a 600-ship Navy, that will further increase the requirement for personnel. We can meet these objectives and meet them easily if we will maintain the momentum of pay and compensation. The proposal that is in the supplemental, the 5.3-percent pay raise in July is the right thing to do in this fiscal year. Then we will need to continue to address other compensation issues to ensure that we maintain this positive attitude that clearly is evident in the fleet today.

NAVY STRETCHED TO LIMIT

The last point I would like to stress with you has to do with quality of the Navy today. While I stress the deficiencies in our personnel numbers, I want to stress likewise the capability of the Navy today. You have a very good Navy, a high-quality force. We have the right kind of ships and the right kind of airplanes and we are building the right kind of weapons and modernizing at the right pace. I have mentioned the balance we have attained between the expensive highly capable things and the less expensive limited capability things. That has been the right procurement strategy. We should maintain that kind of balance as we construct a Navy of the future, and our plans are to do just that. The people are doing a magnificient job. I don't know of a time when I have been any prouder of the job that the U.S. Navy is doing for our country in peacetime. We are stretching our Navy to the limit.

We are demanding an enormous contribution of our people and they are performing. They are performing well, and they are proud of that. I certainly am proud of it. I know this committee shares in that.

The only shortcoming that we really face today is that we don't have enough ships, and we don't have enough aircraft, and we don't have enough people to do the task that we are asked to do in meeting the global demands that are confronting this country today in support of our national objectives. So we need to get on with this budget. We need to support this budget. It is a good one. It puts the emphasis in the right areas and it provides encouragement and confidence that the Navy is going to meet the challenge the Soviets are putting before us, and I support it wholeheartedly, Mr. Chairman.

Thank you.

PREPARED STATEMENT

Senator STEVENS. Thank you, Admiral Hayward. Your prepared statement will be inserted in the record at this point.

[The statement follows:]

PREPARED STATEMENT OF ADMIRAL P. HAYWARD

CHIEF OF NAVAL OPERATIONS

I. INTRODUCTION

MR. CHAIRMAN, I AM PLEASED TO BE HERE TODAY TO TESTIFY ON THE FY-82 BUDGET, AS AMENDED. IT IS A STRONG BUDGET, CAREFULLY ASSEMBLED TO MAKE A MAJOR START ON REVERSING THE ADVERSE TRENDS IN THE MARITIME BALANCE ABOUT WHICH MY PREDECESSORS AND I HAVE TESTIFIED FOR THE PAST DECADE. IT IS A THOUGHTFUL, TIGHTLY CONSTRUCTED BUDGET WHICH HAS MY WHOLEHEARTED ENDORSEMENT AND STRONG SUPPORT.

TO PUT ITS PRINCIPAL PROCUREMENT FEATURES INTO PERSPECTIVE, I WOULD LIKE TO PREFACE MY DISCUSSION WITH A BRIEF REVIEW OF TODAY'S DEMANDS ON THE NAVY, FOLLOWED BY A SUMMARY OF THE STATE OF THE NAVAL BALANCE.

II. MEETING TODAY'S DEMANDS

LAST YEAR I TALKED ABOUT TRYING TO MEET A THREE OCEAN REQUIREMENT WITH A ONE-AND-A-HALF OCEAN NAVY. OUR FORCES -- ALREADY HEAVILY TAXED -- HAVE CONTINUED TO BE SPREAD THIN IN AN EFFORT TO MEET A VARIETY OF EXPANDING COMMITMENTS. IN ADDITION TO OUR LONGSTANDING PRESENCE IN THE MEDITERRANEAN AND THE WESTERN PACIFIC, WE HAVE HAD ADDED REQUIREMENTS TO MAINTAIN A MAJOR FORCE IN THE INDIAN OCEAN AND TO INCREASE OUR PRESENCE IN THE CARIBBEAN, WHILE CONTINUING OUR LARGE NATO FORCE CONTRIBUTIONS IN THE NORTH ATLANTIC AND NORWEGIAN SEA, MAINTAINING OUR PERIODIC PRESENCE ALONG THE AFRICAN AND SOUTH AMERICAN LITTORALS, AND INCREASING THE FREQUENCY OF OUR VISITS TO THE SOUTH PACIFIC -- AN AREA OF GROWING SOVIET INTEREST AND INVOLVEMENT. THE RESULT IS THAT A NAVY HALF THE SIZE IT WAS TEN YEARS AGO IS REQUIRED TO COVER MORE THAN TWICE THE OCEAN AREA IT GUARDED A DECADE EARLIER. I HAVE NO QUARREL WITH THAT. THAT'S WHAT YOU HAVE A NAVY FOR. ALL OF THE COMMITMENTS ARE IMPORTANT AND SERVE VITAL AMERICAN INTERESTS. BUT THE NET RESULT IS THAT OUR LIMITED FORCES ARE SERIOUSLY OVEREXTENDED. THAT IS WHY I HAVE BEEN COMPELLED TO SAY THAT TODAY, FOR THE FIRST TIME IN ANYONE'S RECOLLECTION, THE U.S. NAVY IS UNABLE FULLY TO MEET ITS PEACETIME COMMITMENTS.

IN THE NAVAL AREA TODAY YOUR COUNTRY IS OVEREXPOSED AND UNDERINSURED. OUR MARGIN OF COMFORT IS GONE. WE ARE OPERATING AT THE RAGGED EDGE OF ADEQUACY WHEN IT COMES TO OUR GLOBALLY DISPOSED NAVAL FORCES. WE HAVE BEEN ABLE TO MANAGE ONLY BECAUSE OUR FORCES HAVE NOT BEEN SUBJECTED TO THE ADDED STRESS OF COMBAT ANYWHERE IN THE WORLD.

ON THE POSITIVE SIDE OF THE STORY, I AM PLEASED TO REPORT THAT DESPITE THE GREAT PRESSURES ON OUR FORCES, NAVY PEOPLE TODAY ARE RISING TO THE CHALLENGE AND PERFORMING IN A MAGNIFICIENT WAY TO PROVIDE THE COUNTRY THE KIND OF FLEXIBLE, VERSATILE MILITARY POWER IT REQUIRES IN THESE FAR-FLUNG PARTS OF THE GLOBE. THE INDIAN OCEAN OFFERS A PRIME EXAMPLE OF THE WAY YOUR NAVY MEN AND WOMEN ARE PERFORMING TODAY -- WITH GREAT DISTINCTION, UNDER THE MOST DEMANDING OF OPERATING CONDITIONS, AND FOR UNPRECEDENTED PERIODS AT SEA WITHOUT THE RELIEF OF PORT VISITS. THE RECORDS FOR CONTINUOUS UNDERWAY TIME ESTABLISHED BY OUR RECENT INDIAN OCEAN DEPLOYERS HAVE EXCEEDED THOSE EXPERIENCED DURING ANY CONFLICT INVOLVING U.S. NAVAL FORCES IN THIS CENTURY. THE FACT IS THAT THE NAVY HAS BEEN AT VIRTUALLY A WARTIME OPERATING TEMPO SINCE THE BEGINNING OF THE VIETNAM CONFLICT, AND HAS NEVER STOOD DOWN. TODAY THE AVERAGE SHIP'S OPERATING TEMPO ACTUALLY EXCEEDS VIETNAM LEVELS BY ABOUT FIFTEEN PERCENT.

III. THE U.S.-SOVIET NAVAL BALANCE

NOW FOR A FEW WORDS ABOUT THE CURRENT STATE OF THE U.S.-SOVIET NAVAL BALANCE.

A YEAR AGO I REPORTED TO THE CONGRESS THAT OUR CAPABILITIES WERE IMPROVING ACROSS THE FULL SPECTRUM OF NAVAL WARFARE. THIS TREND HAS CONTINUED THROUGHOUT THE PAST YEAR, WITH THE ADDITION OF NEW SHIPS AND AIRCRAFT. FIVE ADDITIONAL SPRUANCE CLASS DESTROYERS JOINED THE FLEET IN 1980, ADDING SIGNIFICANTLY TO OUR SURFACE ASW CAPABILITY. THE PERRY CLASS FRIGATE PROGRAM MOVED INTO HIGH GEAR, WITH THE COMMISSIONING OF SIX NEW SHIPS. ONE LOS ANGELES CLASS NUCLEAR ATTACK SUBMARINE WAS ADDED TO THE FLEET; AND THE FIFTH AND FINAL AMPHIBIOUS ASSAULT SHIP, PELILEU -- ORDERED IN 1971 -- ENTERED SERVICE AT MIDYEAR. THE MOBILE LOGISTIC SUPPORT FORCE WAS STRENGTHENED BY THE ADDITION OF CIMARRON, THE FIRST OF A NEW CLASS OF FLEET OILERS DESIGNED FOR MINIMUM MANNING BY AN ALL-NAVY CREW HALF THE SIZE OF THAT ON OLDER OILERS.

WE PRESENTLY HAVE A TOTAL OF 105 SHIPS AUTHORIZED OR UNDER CONSTRUCTION, REFLECTING THE SUPPORT OF THE CONGRESS IN YEARS PAST. AS THESE UNITS ENTER THE FLEET, WE WILL GROW STEADILY OVER THE NEXT FEW YEARS TO A STRENGTH OF ABOUT 510 ACTIVE SHIPS, OR ABOUT 90 LESS THAN THE 600 SHIP NAVY ABOUT WHICH OTHERS HAVE RECENTLY SPOKEN. IF WE INCLUDE NAVAL RESERVE FORCE AND MILITARY SEALIFT COMMAND VESSELS, THIS NUMBER INCREASES TO MORE THAN 580 BY THE END OF FISCAL YEAR 1984, AFTER WHICH THE NUMBERS WILL BEGIN TO DECLINE, REFLECTING THE LOWER SHIPBUILDING AUTHORIZATIONS OF MORE RECENT YEARS.

CONTINUED DELIVERIES OF F-14 FIGHTERS, THE E-2C EARLY WARNING AIRCRAFT, AND THE EA-6B ELECTRONIC WARFARE AIRCRAFT HAVE UPGRADED OUR ANTI-AIR WARFARE CAPABILITIES; WHILE P-3C DELIVERIES CONTINUE TO IMPROVE OUR ASW POSTURE. THE INSTALLATION OF THE HARPOON MISSILE IN OUR SURFACE COMBATANTS, ATTACK SUBMARINES, AND P-3'S HAS IMPROVED OUR ABILITY TO ATTACK ENEMY SURFACE SHIPS BY AN ORDER OF MAGNITUDE. A TOTAL OF 131 SHIPS AND 27 AIRCRAFT WERE CONFIGURED FOR HARPOON EMPLOYMENT THROUGH THE END OF 1980.

IN THE STRATEGIC AREA THE SEA-BASED LEG OF THE TRIAD REMAINS STRONG AND INVULNERABLE. THE TRIDENT I MISSILE IS NOW DEPLOYED IN FIVE SUBMARINES WITH AN ADDITIONAL SIX SCHEDULED TO RECEIVE IT THIS YEAR. OHIO, THE FIRST OF THE TRIDENT SUBMARINES WILL GO TO SEA IN 1981; AND, LOOKING DOWNSTREAM, DEVELOPMENT AND EVENTUAL DEPLOYMENT OF THE TRIDENT II MISSILE IS AN INCREASINGLY IMPORTANT AND ATTRACTIVE OPTION IF WE ARE TO KEEP THE SLBM FORCE FULLY EFFECTIVE INTO THE NEXT CENTURY.

WHILE I AM PLEASED WITH THE HIGH QUALITY OF SHIPS, AIRCRAFT AND WEAPONS ENTERING THE FLEET, MY ENTHUSIASM IS STRONGLY TEMPERED BY THE PACE OF MODERNIZATION DISPLAYED BY THE SOVIETS. ON A COMPARATIVE BASIS I WOULD HAVE TO SAY THAT WHILE WE HAD A VERY GOOD YEAR IN 1980, THE RUSSIANS HAD A SPECTACULAR ONE.

MEASURED AGAINST THE ONE NUCLEAR ATTACK SUBMARINE WE COMMISSIONED LAST YEAR, FOR EXAMPLE, THE SOVIETS PRODUCED TWELVE NEW UNITS, OF WHICH EIGHT WERE NUCLEAR POWERED, GRAPHICALLY ILLUSTRATING THE PAYOFF FROM THEIR LARGE AND CONTINUING INVESTMENT IN THE EXPANSION OF SHIPBUILDING CAPACITY.

BUT BEYOND THE SHEER NUMBERS INVOLVED, THE SOVIETS INTRODUCED SOME VERY IMPORTANT QUALITATIVE CHANGES IN 1980, EXEMPLIFIED BY THE LEAD SHIPS OF TWO NEW SUBMARINE CLASSES -- THE OSCAR AND THE TYPHOON. THE NUCLEAR POWERED OSCAR CRUISE MISSILE SUBMARINE DISPLACES SOME THIRTEEN THOUSAND TONS SUBMERGED -- A GIANT BY ANY STANDARD -- AND CARRIES TWENTY-FOUR CRUISE MISSILES WITH AN

OPERATIONAL RANGE IN EXCESS OF 250 NAUTICAL MILES. AN EMERGENT THREAT WHICH REEMPHASIZES THE IMPORTANCE OF OUR OWN ASW AND AAW IMPROVEMENT PROGRAMS.

THE LONG AWAITED SUCCESSOR TO THE DELTA CLASS BALLISTIC MISSILE SUBMARINE, THE TYPHOON, WAS FIRST SEEN LATE LAST YEAR. TYPHOON IS THE LARGEST SUBMARINE EVER CONSTRUCTED, DISPLACING ABOUT TWENTY-FIVE THOUSAND TONS SUBMERGED -- ALMOST 50 PERCENT MORE THAN OUR OHIO CLASS BALLISTIC MISSILE SUBMARINES -- AND CAPABLE OF CARRYING TWENTY BALLISTIC MISSILES OF THE NEW SS-NX-20 TYPE, WITH A RANGE GREATER THAN FOUR THOUSAND MILES.

THE REMAINDER OF THE NUCLEAR SUBMARINES BUILT LAST YEAR ARE OF THE VICTOR, CHARLIE AND ALFA CLASSES. ALFA HAS SET NEW STANDARDS FOR SPEED AND DIVING ABILITY, AND PROVIDED REINFORCING EVIDENCE OF SOVIET TECHNOLOGICAL PROWESS IN TITANIUM METALLURGY. THE VICTOR IS A FIRST LINE, MODERN ATTACK SUBMARINE BY ANYONE'S STANDARD.

AS A COMPANION TO THEIR TWO NEW UNDERWATER COLOSSI, THE SOVIETS LAST YEAR SENT ON SEA TRIALS THEIR TWENTY-TWO THOUSAND TON NUCLEAR POWERED MISSILE CRUISER KIROV, LEAVING A SECOND ONE UNDER CONSTRUCTION IN LENINGRAD. WE POSSESS NOTHING COMPARABLE TO KIROV IN OUR ACTIVE INVENTORY. OUR NEWEST NUCLEAR CRUISERS WEIGH IN AT 11,000 TONS, AND WHILE HIGHLY CAPABLE, LACK AN AAW SYSTEM OF KIROV'S SOPHISTICATION, WHICH IS MOST NEARLY ANALOGOUS TO OUR AEGIS SYSTEM THAT WILL NOT JOIN THE FLEET FOR ANOTHER TWO YEARS. THE SOVIETS HAVE THREE ADDITIONAL CLASSES OF NEW SURFACE COMBATANT TYPES UNDER CONSTRUCTION, REFLECTING THEIR CONTINUING CONCERN FOR THE DEVELOPMENT OF A BALANCED FLEET WITH APPROPRIATE ATTENTION TO ITS AIR, SURFACE AND SUBSURFACE COMPONENTS.

THE DEVELOPMENT OF SOVIET NAVAL AVIATION PROCEEDS APACE, WITH THE CONTINUED DELIVERY OF BACKFIRE BOMBERS TO THE NAVY, AND THE ESTABLISHMENT IN 1980 OF THE FIRST BACKFIRE REGIMENT IN THE PACIFIC FLEET. THE SOVIETS NOW HAVE OPERATIONAL BACKFIRE UNITS IN THREE OF THEIR FOUR FLEETS, WITH THE CAPABILITY TO MOUNT SIZEABLE ATTACKS IN THE NORTH ATLANTIC, THE MEDITERRANEAN, THE INDIAN OCEAN, AND THE WESTERN PACIFIC. AT THE SAME TIME THE RUSSIANS CONTINUE TO GAIN OPERATIONAL EXPERIENCE WITH THEIR KIEV CLASS VSTOL CARRIERS, NOW ROUTINELY DEPLOYED TO THE ATLANTIC, THE MEDITERRANEAN AND THE PACIFIC. TWO ARE AT SEA, WITH A THIRD APPROACHING OPERATIONAL STATUS. THE FOURTH SHIP OF THE CLASS IS WELL ON ITS WAY TO COMPLETION.

IN TOTAL, THE SOVIETS PRODUCED ABOUT FORTY NEW SHIPS LAST YEAR, COMPARED TO OUR EIGHTEEN. IN ADDITION, THE RUSSIANS ADDED APPROXIMATELY THIRTY MODERN UNITS TO THEIR MERCHANT MARINE -- A HIGHLY MILITARIZED AUXILIARY OF THE NAVY, WHOSE SHIPS ARE CAREFULLY DESIGNED FOR READY CONVERSION TO MILITARY ROLES IN WAR, AND ARE LARGELY MANNED BY NAVAL RESERVISTS IN PEACE TO FACILITATE RAPID TRANSITION TO NAVY CONTROL.

FINALLY, IT IS IMPORTANT TO NOTE THAT THE SOVIET NAVY IN 1980 CONTINUED TO EXPAND ITS WORLDWIDE DEPLOYMENTS. THEIR OPERATIONAL SKILLS HAVE STEADILY INCREASED AS THEY HAVE ACQUIRED MORE EXPERIENCE IN EMPLOYING NAVAL FORCES IN AREAS REMOTE FROM THE USSR. AT THE SAME TIME THE SOVIETS HAVE IMPROVED THEIR ABILITY TO SUSTAIN DISTANT OPERATIONS BY DEPLOYMENT OF MODERN, HIGHLY CAPABLE MOBILE LOGISTIC SUPPORT SHIPS, AND THROUGH THE INCREASED USE OF SHORE SUPPORT COMPLEXES IN FRIENDLY AND CLIENT STATES. THEY HAVE STEADILY EXPANDED THEIR USE OF AIR AND NAVAL FACILILTIES IN VIETNAM AND, WITH THE DRAWDOWN OF OUR SEVENTH FLEET IN THE WESTERN PACIFIC, NOW OFTEN DEPLOY THE STRONGEST NAVAL FORCE IN THE SOUTH CHINA SEA, AN AREA OF FORMERLY UNQUESTIONED U.S. PREDOMINANCE. ON THE ETHIOPIAN ISLAND OF DEHALAK IN THE RED SEA, THE SOVIETS HAVE BEGUN TO ACQUIRE THE CAPABILITY TO SUPPORT SHIP REPAIR OPERATIONS, WITH THE DEPLOYMENT OF A FLOATING DRY DOCK AND SHIP REPAIR PERSONNEL. THEY CONTINUE

THEIR USE OF AIR AND NAVAL FACILITIES AT ADEN, AS WELL AS AIR FACILITIES IN ETHIOPIA. CLOSER TO HOME, THE SOVIETS HAVE COMPLETE ACCESS TO THE GROWING NAVAL SUPPORT COMPLEX AT CIENFUEGOS IN CUBA; AND TO AIRFIELDS IN BOTH CUBA AND LUANDA, ANGOLA, WHICH SUPPORT THEIR FREQUENT NAVAL RECONNAISSANCE FLIGHTS OVER THE NORTH ATLANTIC, THE CARIBBEAN, AND ALONG THE EAST COAST OF THE UNITED STATES.

THE CRITICAL QUESTIONS, OF COURSE, ARE HOW THESE TWO EVOLVING NAVIES STACK UP TODAY, AND WHERE THE TRENDS ARE TAKING US. FOR THE PAST TWO YEARS I HAVE INFORMED THE CONGRESS THAT I JUDGED OUR NAVY TO HAVE A SLIM EDGE OVER THE SOVIETS AND THAT I WAS VERY UNCOMFORTABLE WITH THE MARGIN OF INSURANCE WE WERE BUYING IN A TIME OF MANY UNCERTAINTIES.

THIS YEAR I HAVE VERY CAREFULLY REASSESSED THE STATE OF THE NAVAL BALANCE, IN CONSULTATION WITH MY SENIOR OPERATIONAL COMMANDERS. THE JUDGMENTS THAT EMERGED FROM THAT PROCESS HAVE LED ME TO CONCLUDE THAT IT WOULD BE MISLEADING TO CONTINUE SPEAKING OF A "NARROW MARGIN" WHEN, IN FACT, WE HAVE ENTERED A PERIOD IN WHICH ANY REASONABLE ESTIMATE OF THE BALANCE FALLS WITHIN THE RANGE OF UNCERTAINTY. IN OTHER WORDS, THE SITUATION TODAY IS SO MURKY ONE CANNOT, WITH CONFIDENCE, STATE THAT THE U.S. POSSESSES A MARGIN OF SUPERIORITY. THAT IS NOT TO SAY, HOWEVER, THAT THE SOVIETS HAVE ACQUIRED A SIGNIFICANT MARGIN OF MARITIME SUPERIORITY. I DO NOT BELIEVE THEY HAVE; BUT I DO BELIEVE THAT THEY ARE WELL ON THE ROAD TO THAT STATUS, AND THAT THEY WILL ACHIEVE IT IN THE MIDDLE YEARS OF THIS DECADE UNLESS THE TRENDS I HAVE OFTEN TESTIFIED TO ARE MODERATED BY A SIGNIFICANT INCREASE IN NAVAL INVESTMENT BY THIS COUNTRY.

THAT SUGGESTS THAT WE SHOULD EXAMINE CAREFULLY THE IMPACT ON THE STATE OF THE NAVAL BALANCE BY THE PROPOSED FY-82 BUDGET, AS AMENDED BY THE CURRENT ADMINISTRATION.

IV. WHAT THIS BUDGET DOES

BY WAY OF PREFACE I SHOULD STATE THAT THE FY-82 BUDGET, AS SUBMITTED IN JANUARY, WAS WHOLLY UNSATISFACTORY IN TERMS OF ITS IMPACT ON THE NAVAL BALANCE. IN FEBRUARY I TESTIFIED BEFORE THE ARMED SERVICES COMMITTEE THAT, IN THE ABSENCE OF AN AMENDMENT WHICH RECTIFIED ITS SERIOUS SHORTCOMINGS, I COULD NOT SUPPORT THE FY-82 BUDGET SUBMISSION. THAT BUDGET, I STATED, WOULD SIMPLY PERPETUATE THE DOWNWARD SPIRAL TOWARD MARITIME INFERIORITY AND LEAVE US TO CONFRONT AN ADVERSARY WHOSE AMBITION TO SUPPLANT THE UNITED STATES AS THE WORLD'S PARAMOUNT NAVAL POWER IS BACKED BY INVESTMENTS WHOLLY APPROPRIATE TO THAT GOAL. I AM PLEASED TO BE ABLE TO STATE THAT THE AMENDED FY-82 BUDGET CORRECTS MANY OF THE SERIOUS DEFICIENCIES OF THE JANUARY BUDGET AND LAYS THE FOUNDATION FOR A RESURGENCE OF AMERICAN NAVAL POWER WHICH --WITH ADEQUATE FOLLOW-THROUGH IN FUTURE YEARS -- WILL ENSURE THAT THE UNITED STATES NAVY REMAINS CAPABLE OF EXECUTING ALL ITS ESSENTIAL MISSIONS, IN PEACE AND IN WAR. THE AMENDED BUDGET HAS MY STRONG SUPPORT.

IN THE FOLLOWING DISCUSSION OF THE AMENDED FY-82 BUDGET, I WILL MAKE REFERENCE TO THE FY-81 SUPPLEMENTAL AS WELL. TOGETHER THEY CONSTITUTE A COMPLEMENTARY PACKAGE DESIGNED TO CORRECT A NUMBER OF MAJOR DEFICIENCIES IN OUR FORCE POSTURE AND READINESS.

DEPARTMENT OF THE NAVY TOA REQUESTED FOR FY-82 IS $70.8 BILLION, WHICH INCLUDES A BUDGET AMENDMENT OF $8.7 BILLION.

BECAUSE THE COMMANDANT IS HERE TODAY TO DISCUSS MARINE CORPS PROGRAMS, I WILL CONFINE MY TESTIMONY TO THE NAVY'S SHARE OF THE DEPARTMENT'S AMENDED BUDGET REQUEST. WHEN MARINE CORPS PROGRAMS AND NAVY PROGRAMS IN SUPPORT OF THE MARINE CORPS ARE DEDUCTED,

THE NAVY'S TOA FOR FY-82 IS $61.8 BILLION, REFLECTING 14.1 PERCENT GROWTH (IN CONSTANT DOLLARS) OVER FY-81, OR SLIGHTLY LESS THAN THE OVERALL DEPARTMENT OF DEFENSE GROWTH OF 14.6 PERCENT.

THE FY-82 BUDGET PROVIDES SIGNIFICANTLY INCREASED EMPHASIS ON FUNDING FOR READINESS-RELATED ITEMS -- OVERALL, AN INCREASE OF ALMOST EIGHT BILLION DOLLARS TOWARD THE THINGS THAT ENHANCE READINESS, COMPARED TO THE FY-82 COLUMN OF THE FY-81 BUDGET WHICH YOU LOOKED AT LAST YEAR.

ON THE MATERIAL READINESS SIDE, THE NAVY TODAY IS IN GENERALLY GOOD SHAPE -- THE RESULT OF INCREASED FUNDING FOR OVERHAULS, RE-WORKS, AND SPARE PARTS IN RECENT YEARS. THE AMENDED BUDGET WILL CONTINUE THE UPWARD TRENDS IN THOSE AREAS BY ELIMINATING DEPOT MAINTENANCE BACKLOGS FOR AIRCRAFT ENGINES, INCREASING COMPONENT REPAIR AND SPARE PART FUNDING, AND PROVIDING THE NECESSARY CIVILIAN PERSONNEL TO SUPPORT ESSENTIAL MAINTENANCE EFFORTS.

IN THE SUSTAINABILITY AREA -- A CRITICAL ELEMENT OF OUR READINESS TO CONDUCT PROTRACTED COMBAT OPERATIONS IN AREAS DISTANT FROM THE UNITED STATES -- THE BUDGET TAKES SOME MAJOR STEPS FORWARD. AS WE CAREFULLY EXAMINED THE SUSTAINABILITY ISSUE OVER THE PAST YEAR IT BECAME EVIDENT THAT PERSISTENT UNDERFUNDING IN THIS AREA -- OVER A 10-YEAR PERIOD OF ESSENTIALLY NO-GROWTH OR DECLINING BUDGETS -- HAD LEFT US WITH EXTRAORDINARY SHORTFALLS REQUIRING URGENT ACTION. THE AMENDED BUDGET TRIES TO COME TO GRIPS WITH THIS SERIOUS WARFIGHTING DEFICIENCY THROUGH PROCUREMENT OF LARGER QUANTITIES OF WEAPONS AND OTHER WAR MATERIEL. IT PROPOSES, FOR EXAMPLE, FUNDING FOR A TOTAL OF 144 MK-48 TORPEDOES, 134 HARM MISSILES, AND 88 TOMAHAWK CRUISE MISSILES; WHILE REQUESTING $555 MILLION FOR LEVEL OF EFFORT ORDNANCE PROCUREMENT AND $1.8 BILLION FOR THREAT ORDNANCE, INCLUDING AIR-TO-AIR, SURFACE-TO-AIR, AND ASW WEAPONS. IN ADDITION, THE BUDGET ENHANCES OUR LOGISTIC SUPPORT AND SEALIFT CAPABILITIES BY RETURNING TWO AMMUNITION SHIPS TO THE ACTIVE FORCE, PROCURING A SECOND LYNESS CLASS STORES SHIP FROM THE U.K., PROCURING AN AUXILIARY LIGHTER SHIP, AND PROVIDING FOR THE CHARTER OF ADDITIONAL SHIPS TO INCREASE PREPOSITIONED AMMUNITION AFLOAT AND TO ENHANCE U. S. SEALIFT CAPABILITY. FURTHER, THE SUPPLEMENTAL AND AMENDED BUDGET ADD SUBSTANTIAL FUNDS TO THE ADDRESSAL OF FACT-OF-LIFE REQUIREMENTS -- SUCH AS FUEL PRICE INCREASES, INDIAN OCEAN OPERATIONS, AND CIVILIAN PAY RAISES -- BILLS WHICH MUST AND WILL BE PAID WHEN DUE, BUT WHICH PAST BUDGETS HAVE OFTEN FAILED TO FULLY FUND, INEVITABLY LEADING TO THE FORCED DIVERSION OF MONEY FROM OTHER ACCOUNTS, WITH FLEET READINESS MOST TYPICALLY THE LOSER IN THE FORM OF CURTAILED TRAINING OR DEFERRED MAINTENANCE. REALISTIC ADDRESSAL OF THESE PREDICTABLE REQUIREMENTS IS A DISTINCT PLUS FOR THE AMENDED BUDGET.

FINALLY, IN THE CRITICAL AREA OF PERSONNEL READINESS -- THE MANNING OF OUR SHIPS AND AIRCRAFT SQUADRONS -- THE NAVY CONTINUES TO EXPERIENCE VERY SERIOUS DIFFICULTIES WHICH, IN THE AGGREGRATE, ARE DRIVING OVERALL FLEET READINESS TO THE LOWEST LEVELS I HAVE SEEN DURING MY NAVAL CAREER, THE EXCELLENT READINESS WE HAVE ATTAINED ON THE MATERIAL SIDE NOTWITHSTANDING. THESE FLEET-WIDE READINESS DEGRADATIONS ARE DUE ALMOST ENTIRELY TO OUR SERIOUS AND CONTINUING SHORTAGES OF MID-GRADE OFFICERS AND PETTY OFFICERS. THOSE SHORTAGES UNDERLINE THE IMPORTANCE OF THE WORK DONE BY THE CONGRESS LAST YEAR IN THE MILITARY COMPENSATION AREA. AGAIN THIS YEAR MY FIRST PRIORITY AS CHIEF OF NAVAL OPERATIONS IS TO CONTINUE THE PROGRESS MADE ON THAT CRITICAL FRONT. IT IS TOO EARLY TO GAUGE THE LONG-TERM IMPACT WHICH RECENT COMPENSATION IMPROVEMENTS WILL HAVE ON RETENTION. THE INITIAL INDICATIONS SUGGEST AN OVERALL UPTURN WHICH WILL CLEARLY HELP ALLEVIATE IMMEDIATE SHORTAGES, BUT WHICH HAS NOT REACHED THE SUSTAINED LEVELS NECESSARY TO ASSURE A HEALTHY CAREER FORCE OVER THE LONG RUN. MORE NEEDS TO BE DONE. IN COMBINATION, THE SUPPLEMENTAL

AND AMENDED BUDGET FUND A 5.3 PERCENT PAY RAISE TO BE EFFECTIVE JULY 1; THEY FULLY-FUND REENLISTMENT BONUSES AND THE AVIATION CONTINUATION BONUS; AND THEY ADD FUNDING TO CORRECT PCS TRAVEL DEFICIENCIES. THE 5.3 PERCENT INCREMENT -- A VISIBLE STEP TOWARD THE RESTORAL OF TRULY COMPETITIVE MILITARY PAY SCALES -- REPRESENTS A PARTICULARLY IMPORTANT SIGNAL OF CONTINUING CONGRESSIONAL COMMITMENT TO THE FINAL CORRECTION OF THE MILITARY PAY PROBLEM. IT HAS MY STRONGEST SUPPORT.

YOU WILL RECALL, MR. CHAIRMAN, THAT A YEAR AGO I TOLD THE CONGRESS THAT MY SUPPORT OF THE FY-81 BUDGET'S INADEQUATE INVESTMENT LEVELS WAS WHOLLY CONTINGENT UPON EVENTUAL ACHIEVEMENT OF THE OUTYEAR PROJECTIONS OF SHIP AND AIRCRAFT PROCUREMENTS CONTAINED IN THAT BUDGET'S FIVE-YEAR PLANS. AT THAT TIME I OBSERVED THAT "COMMITMENT" WAS THE KEY TO THE BUDGET'S ADEQUACY -- "THE OUTYEARS MUST COME TO PASS," I SAID, OR THE BUDGET WOULD ONLY PERPETUATE AND ACCELERATE PRIOR YEARS' ADVERSE TRENDS.

I AM PLEASED TO SAY THAT THE FY-82 BUDGET MAKES AN EXCELLENT START TOWARD REVERSING THOSE TRENDS WHICH SO CONCERNED ME A YEAR AGO. THE NEW BUDGET ASKS FOR 18 NEW SHIPS, AND 15 ACQUISITIONS/CONVERSIONS, INCLUDING REACTIVATION OF USS ORISKANY AND USS NEW JERSEY, AS WELL AS THE MODIFICATION OF EIGHT FAST SEALIFT VESSELS AND TWO MARITIME PREPOSITIONING SHIPS. IN ADDITION IT REQUESTS ADVANCE PROCUREMENT FUNDS FOR A NEW NUCLEAR-POWERED AIRCRAFT CARRIER (CVN-72), FOR REACTIVATION OF A SECOND BATTLESHIP -- USS IOWA, AND FOR LONG-LEAD ITEMS IN THE LSD-41 PROGRAM.

THE REACTIVATIONS ARE A PARTICULARLY IMPORTANT INITIATIVE, IN MY JUDGMENT, REPRESENTING AN OPPORTUNITY TO ACHIEVE PROMPT IMPROVEMENTS IN OUR WARFIGHTING CAPABILITY AT A REASONABLE PRICE. REACTIVATION OF ORISKANY WILL HELP BRIDGE THE GAP IN BADLY NEEDED CARRIER ASSETS UNTIL NEW CONSTRUCTION PROGRAMS CAN COME TO FRUITION IN THE LATE 1980S. THE BATTLESHIPS ARE VERY DURABLE PLATFORMS, WITH MANY YEARS OF LIFE REMAINING, WHICH CAN BE GIVEN MODERN OFFENSIVE CAPABILITIES FOR ABOUT THE COST OF ONE NEW DESTROYER EACH.

THE SEALIFT INITIATIVES ADDRESS A SERIOUS SHORTFALL IN OUR STRATEGIC MOBILITY. WITHOUT ADEQUATE AND RELIABLE SEALIFT, LITERALLY NONE OF OUR MILITARY PLANS IS EXECUTABLE. THE BUDGET AMENDMENT STRENGTHENS OUR EFFORTS IN THIS REGARD BY EXPEDITING THE CONVERSION OF FAST SEALIFT SHIPS FROM A THREE YEAR TO A ONE YEAR SCHEDULE. THESE 30-PLUS KNOT CONTAINER SHIPS, COMBINED WITH SLOWER T-AKX'S ALREADY POSITIONED CLOSE TO A CRISIS AREA, COULD DELIVER APPROXIMATELY TWO DIVISION SETS OF EQUIPMENT NEARLY HALFWAY AROUND THE GLOBE IN ABOUT TWO WEEKS.

IN THE APN ACCOUNT, THE AMENDED FY-82 BUDGET WOULD EFFECT A SIGNIFICANT INCREASE IN AIRCRAFT PROCUREMENT IN COMPARISON WITH RECENT YEARS' BUDGETS. THE FY-82 BUDGET ASKS FOR A TOTAL OF 283 AIRCRAFT, INCLUDING 30 F-14S, 63 F/A-18S, 12 A-6ES, 6 EA-6BS AND 6 E-2CS FOR OUR CARRIER AIR WINGS; 18 SH-60BS AND 18 SH-2FS TO AUGMENT OUR SEA-BASED ASW FORCE; 12 P-3CS; AND 90 TRAINING AIRCRAFT TO REMEDY A GROWING DEFICIENCY IN THE AIR TRAINING COMMAND AND EXECUTE THE CONGRESSIONAL MANDATE THAT THE NAVY CONTINUE TO CONDUCT UNDERGRADUATE HELICOPTER PILOT TRAINING.

THESE INCREASES IN THE INVESTMENT ACCOUNTS ARE AIMED AT CREATING A NAVY CAPABLE OF MEETING OUR NATIONAL NEEDS WITHOUT STRETCHING OUR FORCES BEYOND THEIR ELASTIC LIMITS IN PEACE, AND WITHOUT THE EXCESSIVELY HIGH RISKS ENTAILED IN A STRATEGY DEPENDENT UPON SEQUENTIAL CAMPAIGNS TO GAIN AND MAINTAIN CONTROL OF KEY SEA AREAS IN WAR.

THE NAVY TO WHICH THAT DESCRIPTION APPLIES, AND TOWARD WHICH THIS AMENDED BUDGET BUILDS, CONSISTS OF AT LEAST FIFTEEN CARRIER BATTLE GROUPS, THE CAPABILITY TO LIFT ONE AND A HALF MARINE

AMPHIBIOUS FORCES, A FORCE OF ONE HUNDRED MODERN ATTACK SUBMARINES, AND ALL THE AUXILIARY AND SUPPORT FORCES NECESSARY TO SUSTAIN SUCH A LARGER FLEET.

WHILE THEY ARE NOT AFFECTED IN MAJOR WAYS BY EITHER THE JANUARY BUDGET OR THE AMENDMENT, THERE ARE TWO OTHER AREAS WHICH VITALLY AFFECT OUR OVERALL MARITIME POSTURE ON WHICH I WOULD LIKE TO TOUCH.

THE FIRST IS THE U.S. MERCHANT MARINE -- A FORCE THAT REPRESENTS AN INTEGRAL PART OF THE SEALIFT BASE I REFERRED TO EARLIER, AND WHICH FORMS A MAJOR ELEMENT OF OUR ABILITY TO DEPLOY AND SUPPORT DISTANT FORCES IN BOTH LIMITED CONTINGENCIES AND MAJOR WAR. LIKE MILITARY SEALIFT, THE MERCHANT MARINE HAS BEEN A VICTIM OF PROTRACTED NEGLECT. ITS HEALTH AND VITALITY SHOULD BE OF KEEN CONCERN TO ANYONE INTERESTED IN THE STATE OF OUR NATIONAL DEFENSE. I STRONGLY SUPPORT THE REVITALIZATION AND EXPANSION OF THE U.S. FLAG FLEET -- AN ESSENTIAL ADJUNCT OF OUR MARITIME POWER IN PEACE, AND AN IMPORTANT AUXILIARY OF OUR FIGHTING FORCES IN WAR.

THE SECOND ELEMENT I WANT TO TOUCH ON IS THE NAVAL RESERVE. WE WILL BE MOVING IN FY-82 TO REINVIGORATE THE SURFACE NAVAL RESERVE FORCE (NRF) BY ASSIGNING TO IT KNOX CLASS (FF -1052) FRIGATES TO REPLACE THE WORLD WAR II FRAM DESTROYERS WHICH HAVE BEEN RETIRED. THESE NRF FRIGATES WILL HAVE AN IMPORTANT WARTIME ANTI-SUBMARINE MISSION, AND THEIR PEACETIME EMPLOYMENT WILL BE CAREFULLY STRUCTURED TO MAXIMIZE THEIR READINESS FOR THAT ROLE. AS THE NEW FFX CLASS FRIGATES COME ON LINE LATER IN THE EIGHTIES, THESE SHIPS -- SPECIFICALLY DESIGNED FOR NRF MANNING AND OPERATION -- WILL AUGMENT THE FORCE.

HAVING OUTLINED OUR MAJOR PROCUREMENT GOALS, MR. CHAIRMAN, I BELIEVE IT IS APPROPRIATE TO DEAL BRIEFLY WITH A FACTOR WHICH WILL STRONGLY INFLUENCE OUR SUCCESS IN ATTAINING THEM. IN MY JUDGMENT OUR DEFENSE PROGRAMS HAVE BEEN ILL-SERVED IN RECENT YEARS BY ACQUISITION PROCEDURES THAT, HOWEVER WELL INTENDED, HAVE IN FACT INDUCED DELAYS IN THE INTRODUCTION OF BADLY NEEDED WEAPONS SYSTEMS, INCREASED PROGRAM COSTS, AND WEAKENED OUR DEFENSE INDUSTRIAL BASE THROUGH FLUCTUATIONS AND UNCERTAINTY. IF WE ARE TO SUCCEED IN OUR EFFORTS TO REBUILD THE NAVY IN AN AFFORDABLE WAY, PROCUREMENT STRATEGIES MUST BE OVERHAULED IN SHIPBUILDING, AIRCRAFT AND MAJOR WEAPONS PROGRAMS. FOR EXAMPLE, WE BADLY NEED LONG-TERM BUILDING PLANS BASED ON DEPENDABLE COST ESTIMATES AND COMMITTED FUNDING. I THEREFORE WELCOME THE INITIATIVES THAT HAVE BEEN PROPOSED BY BOTH THE CONGRESS AND THE SECRETARY OF DEFENSE TO STREAMLINE OUR ACQUISITION PROCESS, PRESS FOR EFFICIENT RATES OF PRODUCTION, AND REDUCE THE UNCERTAINTIES OF THE MARKET PLACE WHICH RESULT IN HIGHER PROGRAM COSTS AND A LESS CAPABLE AND RESPONSIVE INDUSTRIAL BASE. I BELIEVE THAT WE IN DEFENSE, WORKING WITH THE CONGRESS AND INDUSTRY, CAN ATTAIN REAL EFFICIENCIES AND IMPROVEMENTS IN PROCUREMENT THAT WILL BOTH STRENGTHEN OUR INDUSTRIAL BASE AND BRING ABOUT WELCOME COST SAVINGS. IN THAT REGARD I SUGGEST THAT LEGISLATION TO FURTHER OUR COMMON EFFORT IN THIS CRITICAL AREA MERITS VERY CAREFUL CONSIDERATION.

FINALLY, I WOULD LIKE TO RETURN TO A SUBJECT WHICH VITALLY AFFECTS THE SUCCESS OF ALL OUR PROGRAMS -- THAT IS OUR NAVY PEOPLE. LAST YEAR I DISCUSSED OUR PERSONNEL CONDITION IN DETAIL WITH COMMITTEES IN BOTH THE HOUSE AND THE SENATE. I STRESSED THAT THE IMMEDIATE REMEDY TO THE NAVY'S EXTRAORDINARY "HEMORRHAGE OF TALENT" LAY IN TWO DIRECTIONS: FIRST, THE ENHANCEMENT OF MEANINGFUL SEA PAY; AND SECOND, THE RESTORATION OF REASONABLY COMPETITIVE MILITARY WAGE SCALES. THE RESPONSE OF THE CONGRESS WAS OVERWHELMINGLY POSITIVE. THE NUNN-WARNER AMENDMENT, THE FY-81 DEFENSE AUTHORIZATION BILL, AND THE MILITARY PAY AND ALLOWANCES BENEFIT ACT OF 1980 COLLECTIVELY REPRESENT THE MOST

SIGNIFICANT IMPROVEMENTS IN MILITARY COMPENSATION SINCE THE MID-SIXTIES. AND, I SHOULD ADD, THEY CAME JUST IN TIME FOR THE NAVY, WHICH WAS TEETERING ON THE BRINK OF MANPOWER DISASTER UNTIL THE 96TH CONGRESS SENT A STRONG AND CREDIBLE SIGNAL TO ALL OUR PEOPLE THAT THE COUNTRY RECOGNIZES THEIR VITAL CONTRIBUTION, AND INTENDS TO COMPENSATE THEM FAIRLY FOR IT. THAT STIMULUS WAS PRECISELY WHAT WAS NEEDED TO SLOW THE OUTFLOW OF TALENT AND STABILIZE THE SITUATION BEFORE IT ASSUMED CRITICAL PROPORTIONS. WHAT THE SUSTAINED EFFECT OF THE 1980 IMPROVEMENTS WILL BE IS DIFFICULT TO ESTIMATE AT THIS POINT. WHAT IS CLEAR, HOWEVER, IS THAT A GOOD PART OF THEIR POSITIVE IMPACT HAS BEEN ATTRIBUTABLE TO THE SAILOR'S PERCEPTION THAT CONGRESS IS FIRMLY COMMITTED TO THE PRINCIPLE OF COMPETITIVE COMPENSATION FOR MILITARY PEOPLE, AND WILL TAKE WHATEVER FURTHER STEPS ARE NECESSARY TO FINISH THE JOB. WITH THIS IN PROSPECT, I BELIEVE 1981 HAS THE POTENTIAL TO BE A VERY SUCCESSFUL RETENTION YEAR. LET ME CAUTION, HOWEVER, THAT ONE OR EVEN TWO GOOD YEARS WILL NOT SOLVE THE NAVY'S CRITICAL MANPOWER SHORTFALLS. WE ARE STARTING FROM A SERIOUS DEFICIT POSITION, AND IT WILL TAKE MANY YEARS OF EXCEPTIONAL RETENTION TO FILL EXISTING SHORTAGES AND LAY THE BASIS FOR WHAT MUST BE AN EXPANDING NAVY OF THE FUTURE. OUR STEADY-STATE GOALS OF SIXTY PERCENT AND NINETY-FIVE PERCENT FOR SECOND-AND THIRD-TERM REENLISTMENTS RESPECTIVELY ASSUME THAT WE ARE STARTING WITH A FULL COMPLEMENT OF PETTY OFFICERS. WE REMAIN OVER 22,000 SHORT TODAY, HOWEVER, AND WILL REQUIRE SOME 20,000 ADDITIONAL OVER THE NEXT FIVE YEARS, AS WE GROW THE NAVY BY MORE THAN FORTY SHIPS. THIS IS A FORMIDABLE CHALLENGE BUT ONE WHICH I FIRMLY BELIEVE THE NAVY, WITH YOUR SUPPORT, CAN SUCCESSFULLY MEET. IT WILL REQUIRE THAT WE CARRY THROUGH TO COMPLETION THE COMPENSATION REFORMS SO WELL ADVANCED BY THE LAST CONGRESS, AND PERMANENTLY ELIMINATE INADEQUATE PAY AS A PRIMARY DISINCENTIVE TO A MILITARY CAREER.

IN CONCLUSION, MR. CHAIRMAN, I WOULD LIKE TO ASSURE YOU AGAIN THAT YOU HAVE AN OUTSTANDING NAVY OUT THERE ON THE OCEANS OF THE WORLD, COMPOSED OF FIRST CLASS SHIPS AND AIRCRAFT, MANNED BY DEDICATED AND COMPETENT MEN AND WOMEN. I HOPE YOU SHARE MY PRIDE IN THE JOB THE NAVY IS DOING TODAY, AS WELL AS MY CONCERN ABOUT THE FUTURE OF AMERICAN NAVAL POWER UNLESS THE CLEARLY IDENTIFIED TRENDS ARE RAPIDLY REVERSED THAT PORTEND THE ADVENT OF SOVIET MARITIME SUPERIORITY IN THIS DECADE. I BELIEVE THERE IS A STRONG CONSENSUS IN THE COUNTRY TODAY -- AND SURELY IN THIS CONGRESS -- THAT THE UNITED STATES MUST HAVE A NAVY SECOND TO NONE. THERE CAN BE NO QUESTION THAT THIS ADMINISTRATION IS WHOLLY DEDICATED TO THAT GOAL; AND I BELIEVE THE AMENDED FY-82 BUDGET WHICH YOU HAVE BEFORE YOU REPRESENTS A VERY STRONG AND IMPORTANT STEP TOWARD THAT END. I PLEDGE YOU THE U. S. NAVY'S UNRELENTING EFFORTS TO BRING IT ABOUT.

U.S. Marine Corps

STATEMENT OF GENERAL ROBERT H. BARROW

STATUS OF MARINE CORPS

Senator Stevens. General Barrow.

General Barrow. Good morning, Mr. Chairman. I will attempt to be brief this morning. I welcome the opportunity to talk about your Marine Corps because it is a pleasant thing to talk about both in terms of how we are doing presently and how we appear in the amended budget before you.

To draw on something that the Secretary said earlier in which he spoke of maritime superiority to insure access to allies and resources and commerce overseas, clearly this kind of maritime superiority includes a Marine Corps role. Seapower includes the application of it to the distant shore and we believe strongly that this balanced Navy and Marine Corps team must be one of America's most valuable assets in the years ahead when we consider all of the global responsibilities we have related to the kind of things that the Secretary talked about.

These are not mere words. At present we are engaged worldwide in forward deployments and exercises in an almost unprecedented way. Each of them, in a sense, while somewhat significant in size, is really a microcosm of what we could do if called upon. As I sit here today, for example, and talk to you, we have a 2,000-man force in the Mediterranean, a long-term commitment. They entered the Mediterranean in February and replaced a similar unit. In the few weeks that they have been there, they have had exercises in Spain, in Sardinia, and in Greece. We have just completed a 2,000-man commitment well north of the Arctic Circle in Norway where we spent almost 1 month working with the Norwegian Army. We have just completed an exercise in South Korea involving about 10,000 marines and this is just an example of the kind of things we do in terms of the various geographic areas and of the allies we work with.

As I have said so often, this not only improves our readiness but in a very real sense proves our readiness because these kinds of things are not easy to do. So I am speaking of a Marine Corps, but more specifically of the amphibious forces, which are both Navy and Marines. The Navy and Marine Corps presently have, and need to have, a strengthened capability to do a wide variety of tasks and in a wide variety of places, ranging from the evacuation of Americans to the seizure of facilities and advanced naval bases which may include large elements of follow-on forces and the involvement of many of our allies—just about anything that one can think of.

Having said that let me say that this amended budget will improve your Marine Corps in that it will provide the modernization

that we have needed for some time, and, in that sense, it will enhance our readiness, which I have already spoken of. The most important element in all of the things we considered which has already been alluded to by both the Secretary and the CNO, has to do with people. I would like to reassure this committee that this is one area that I am especially proud of. Due to a concerted effort on the part of a great many people, and by having good policies and procedures, we have brought into the Marine Corps in the last several years what I would describe as a high-quality prospect. Of the many things I could talk about with respect to the Marine Corps, the one area that I am perhaps proudest of is what we have done in the people business particularly in terms of recruiting, initial training, and integration into the operating forces.

I would be glad to entertain any questions in that area because it is really a good story to tell.

In summary, I am simply saying this; I want to reassure this committee that you have a good Marine Corps, an active Marine Corps, and a Marine Corps that maintains itself in a high state of readiness. This budget would simply put the shine to it and make it what I trust you want it to be.

PREPARED STATEMENT

Senator STEVENS. Thank you, General Barrow. We will insert your prepared statement in the record at this point.

[The statement follows:]

PREPARED STATEMENT OF GENERAL ROBERT H. BARROW

COMMANDANT, U.S. MARINE CORPS

Mr. Chairman, distinguished members of the Committee:

It is a privilege to appear before this committee to present my second annual report on the posture, plans, and programs of the Marine Corps.

My statement will contain my views as to where we are today and where, with your help, we are going.

I must first take this opportunity to thank the members of the committee and the entire Congress for the support given to the military Services, particularly to the Marine Corps, during the past year. Combat readiness has improved this past year, as have manpower quality and quantity, and the recently signed budget will enable us to continue our modernization efforts. The President's supplemental and amendment to the fiscal year 1981 and 1982 budgets will further enhance our capabilities.

Continuing global threats require that our readiness, flexibility, and mobility - the hallmarks of the Marine Corps - be enhanced. My greatest concern centers on our nation's inadequate amphibious capability and our limited means of strategic mobility.

OPERATIONAL CAPABILITIES

As a maritime nation, the United States is and will continue to be highly dependent on free use of the seas to protect access to scarce strategic resources, to participate in world trade, and to support our alliances abroad. Guaranteeing continued freedom of the seas requires naval forces with the capability to keep sea lines of communication open and to project power ashore when and where it is required. The Marine Corps plays a vital and unique role in providing these two crucial capabilities.

Amphibious task forces provide a means for controlling choke points and narrow sea passages adjacent to our sea lines of communications. They have the capability to seize, occupy, and defend these critical areas, as well as to deny their use to an enemy.

Our Marine landing forces offer a wide range of employment capabilities. Foremost is our ability to conduct a forcible entry on a hostile shore against formidable opposition, a capability unique in our country's military arsenal. Inherent in this capability is the ability to seize ports, airfields, critical facilities, advanced naval bases, and lodgements. Next, amphibious task forces can provide support and reinforcement for other U.S. forces and those of our allies.

The presence of an amphibious task force near an area faced with crisis sends a strong signal of U.S. resolve to friend and foe alike and displays vividly a strong and versatile capability to deal quickly and effectively with a variety of challenges. Personally, I place a very high value on conventional deterrence. However, if it is to succeed, it must be credible - the kind of credibility found in an amphibious task force poised for action near the crisis area.

Using our forward deployed units as the spearhead, we Marines have capitalized on our unique organization and expeditionary nature in order to provide the nation with a rapid and credible response to crises. Our combined arms, air-ground teams are well-suited to such roles because we take only what we need from our full range of capabilities, task organizing to accomplish the assigned mission, thereby economizing strategic lift assets.

All of our active forces, three Marine Amphibious Forces (MAFs), are rapid deployment forces. For example, for contingencies in Southwest Asia we can quickly bring to bear a combined arms

division/wing team, a MAF, with an amphibious forcible entry capability. Separately or in concert, a brigade can rapidly close the area by a combination of airlift and the sealift of the brigade's equipment, weapons and supplies prepositioned on ships in the area.

The key to rapid response in any situation is timely or early decision making. With an early decision, amphibious forces can be positioned in a timely fashion near any potential crisis. While deployment is not commitment, it does provide the nation with flexible response from a force that, by virtue of being positioned afloat, conserves other vital strategic mobilility assets and avoids the numerous problems associated with basing in the area or the airlift option. Most importantly, an amphibious task force possesses more combat power than comparable airlifted forces. Marine landing forces provide this nation with its only credible and sustainable forcible entry capability against substantial opposition.

Maritime and Land Pre-positioning Programs contribute significantly to our rapid deployment ability.

The Maritime Pre-positioning Ships (MPS) Program is a mobility enhancement initiative specifically intended to increase the U.S. capability to respond rapidly to a crisis situation with a force having considerable firepower, mobility, and anti-armor capability. Under this program, commercial multi-purpose ships will be used for the pre-positioning of equipment and supplies for three Marine Amphibious Brigades (MAB). When required, the MAB personnel will be airlifted to an area to link-up with its equipment prior to the execution of the assigned mission. The MPS Program complements existing strategic mobility capability and offers potential for rapid reinforcement of established forces ashore, thereby reducing reliance on strategic airlift.

The TAKX, an integral part of Maritime Pre-positioning, is a multi-purpose ship designed expressly for the Maritime Pre-positioning Concept. TAKX provides not only lift capacity but space for essential organizational level maintenance, an environmental preservation capability, and a tactical loading/selective off-load capability. The major advantage is its capability for on-load/off-load without port facilities. The TAKX is superior in this regard to any merchant ship type currently being built in the U.S.

Until the MPS Program is established, there are seven Near Term Pre-positioning Ships (NTPS) positioned at Diego Garcia with equipment for the 7th MAB to assist in responding to a threat in Southwest Asia.

The Marine Corps is also programming for the land pre-positioning of equipment, supplies, and ammunition for a Marine Amphibious Brigade in Norway. This will enhance flexibility and responsiveness to NATO by reducing strategic lift requirements/force closure times, and will, in some measure contribute to the sustainability of forces should they be required to deploy there.

Having just mentioned sustainability, sustaining units in combat presents other problems. The Marine Corps' supply inventory objective, to support the active and reserve forces, has not been achieved as a result of restrictions levied by the Department of Defense Consolidated Guidance. For example, the Marine Corps has serious deficiencies in its total ammunition requirement for pre-positioned war reserves on hand. These deficiencies, when compared to the total requirements, may vary considerably when considering specific types of munitions. The funds reflected in the fiscal year 81-86 period will not increase our ammunition stocks sufficiently. With assets on hand and projected funding through fiscal year 86, we still have a serious shortfall.

Exercising the full range of our capabilities this year, Navy and Marine Corps forces have conducted operations and exercises in Australia, the Caribbean, Denmark, France, Japan, Korea, Norway, the Philippines, the Trust Territory of the Pacific Islands, Tunisia, and Turkey. Versatility of Marine Corps units also has been demonstrated in amphibious and airlift training operations and exercises

in jungle, desert, and mountain environments. Additionally, Marines have participated in a variety of humanitarian assistance projects including providing relief from natural disasters in the Caribbean and security for refugee camps in the U.S.

Readiness remains my top priority. As I anticipated, the change to the new JCS reporting system (UNITREP) led to a drop in some unit readiness ratings. This was due largely to the requirement to report against wartime tables of organization and equipment. Our capabilities have not been diminished. UNITREP highlights our personnel and materiel deficiencies, and we are using it to improve the balance of resources among our units. We are now better able to determine where we can help ourselves, and also where we must ask for help. As a result, it has become apparent that personnel shortages in certain units is a major readiness problem in the Marine Corps. Nonetheless, I remain confident that our units and individual Marines would acquit themselves well if committed to combat today.

Our training programs are effective and enable us to field a well-trained Marine. However, we continually seek improvements through our training.

Programmed improvements at the Marine Corps Mountain Warfare Training Center (MCMWTC) and at the Marine Corps Air Ground Combat Center (MCAGCC) are expected to pay large dividends. Expanded capabilities at both Centers will provide the necessary facilities to support increased training requirements resulting from Rapid Deployment Force (RDF) commitments. The live fire, combined arms exercises at MCAGCC and the introduction of the Multiple Integrated Laser Engagement System (MILES) will provide yet another dimension which will enhance our ability to train Marines for combat.

We continue to incorporate training in nuclear, biological, chemical (NBC) warfare in unit training and exercises. Similarly, electronic warfare is realistically played in our training exercises.

While we are certain that current programs provide a solid foundation for future growth, any optimism must be tempered by the realities of restrictions and encroachment on training areas. These are particularly evidenced by the lack of adequate areas for amphibious, and fire and maneuver exercises. To overcome these deficiencies, we have initiated a Corps-wide training area analysis to study our current and future requirements. Concomitantly, we are pursuing a program designed to standardize targets and target systems and to validate training ammunition requirements.

Success in any of our training efforts is directly related to the effectiveness of recruit training. Although continuous review has resulted in some minor refinements, the male recruit program has remained essentially unchanged during the past two years. Marine recruit training is our most precious asset. It has my personal attention in all respects.

Training initiatives and progress will ensure continued growth and improvement in the operational readiness of today's Marine Corps; however, the capability and spirit of the individual Marine is the foundation of a capable, ready force.

MANPOWER

Our biggest manpower challenge now and in the years ahead is both to recruit and to retain the number of qualified individuals we need to man the force structure. I am convinced that our society continues to produce many able, spirited individuals who can endure rigorous training, accept firm discipline, respond to sound leadership, and perform in a capable manner. Those individuals can be Marines. We cannot and will not compromise on quality.

Our dedication to quality over the past several years has resulted in fewer losses of individuals prior to completion of their enlistments. This success has been accompanied by reduced rates of unauthorized absence, desertion, and unacceptable behavior. Clearly, a quality recruit produces a quality Marine.

Despite our improved performance in fiscal year 80, it is becoming increasingly difficult and expensive to recruit qualified manpower from a declining eligible male population. We plan to maintain our goal of 75 percent high school graduates for new recruits. High school graduation continues to be the best predictor of success as a Marine, measured by responsiveness to training, discipline, and conscientious performance of duty. For fiscal year 80 we exceeded our goal by recruiting 78 percent high school graduates.

Our ability to continue this performance will depend on three principal factors. First, we must continue to apply the necessary resources to the recruiting effort in terms of sufficient talented recruiters, adequate reenlistment bonuses, effective advertising, and necessary supporting capabilities. Second, we must have the authority to conduct routine checks of local police records and high school senior lists. This effort should not be limited by state and local laws denying access to juvenile records and by regulations that prevent effective contact with high school seniors. For several years now, considerable time and money has been spent dealing with numerous fraudulent enlistments which could have been avoided if routine record checks were possible. Legislation to remove these state and local constraints would greatly benefit the military Services. Third, we must continue to emphasize entrance tests that provide accurate estimates of mental ability and literacy. Because of Congressional interest, we now have a good screening test, after suffering through four years with a poor one. In sum, recruiting in the All-Volunteer Force (AVF) environment remains both competitive and expensive, and I urgently seek your continued support for the necessary resources and programs to attract qualified individuals to join the Corps.

The biggest challenge facing the AVF is retention. Legislation passed last year expanding the Selective Reenlistment Bonus program was a major step forward. We expect the expanded bonus program and improvements in compensation will have a positive impact on retention, particularly in the case of career Marines. However, we are still suffering shortages in several technical fields where the training investment is high. I urge your continued support for adequate levels of compensation and reenlistment bonuses that will be necessary to influence these highly skilled career Marines to reenlist.

While fiscal year 80 saw measured improvements in military compensation, I believe several additional things should be done if adequate force levels and capabilities are to be maintained under the current AVF environment. High priority items include the additional compensation necessary to achieve parity with the civilian sector, travel reimbursements equal to what other Federal employees are receiving, and improvements in the military health care system. Additionally, increased funding is required to strengthen long neglected morale, welfare, recreation, and family assistance support programs. While modest, this increase is necessary to provide minimal community standards in which our Marines and their families can take pride in both their lives and their work.

We continue to achieve our annual officer procurement requirements with little difficulty. The Platoon Leaders Class program, which you supported so strongly during the last session of Congress, remains the largest single source for Marine officer accessions. Overall, officer retention is satisfactory. Although the long-term trend of increasing attrition of company grade pilots seems to have arrested somewhat.

In sum, the future of the AVF remains uncertain because of the declining service-eligible population and the turbulent economy at a time when our requirements for skilled people are increasing. I endorse peacetime draft registration and continued close attention to the effectiveness and efficiency of manning the armed Services entirely with volunteers.

For fiscal year 82, I am now requesting an increase in military end strength to 192,100--4,000 above the 188,100 level originally requested and 1,500 above a revised fiscal year 1981 level of 190,600. This increase to Marine Corps end strength reflects recent trends in retention that are largely the result of reduced attrition

and improved reenlistments as well as the projected impacts from continued and additional compensation and incentive program improvements. As you are aware, I informed the Congress of these encouraging retention and recruiting trends in August of last year. Your actions and support for fiscal years 1980 and 1981 are resulting in higher manning levels and a greater capability for the Marine Corps. Our expanding commitment to world-wide rapid response requires the highest strength achievable. The revised request for fiscal years 1981 and 1982 continues to provide much needed improvements to combat service support, tactical aviation, air defense, aviation maintenance and training units, as well as greater active duty support to the selected Marine Corps Reserve.

Our civilian manpower end strength request is 19,517 - a level that I consider austere. It represents a small, vital, and highly productive part of the Marine Corps workforce. I strongly urge support of initiatives to maintain civilian strength at no less than that currently authorized.

MARINE CORPS RESERVE

A responsive, ready Marine Corps Reserve is essential if the Marine Corps is to meet wartime requirements. The 109,200 members of the Reserve represent 37 percent of the total available Marine Corps manpower.

The Selected Marine Corps Reserve (SMCR) has continued to show steady improvement over the past year. End strength climbed to 35,499 in fiscal year 80, 5 percent above the figure forecast in the budget. Quality has so improved that 76 percent of the non-prior service accessions in 1980 were high school graduates as compared to 50 percent in 1975. These trends are expected to continue in fiscal year 81. The principal negative trend, low prior service recruiting, will be countered by a new comprehensive prior service recruiting program.

In fiscal year 80, of 13 Marine Corps Combat Readiness Evaluation System tests conducted on Reserve units, 9 resulted in an evaluation of fully combat ready. All aviation units tested were combat ready. The majority of the 4th Division/Wing Team (DWT) units were reported marginally combat ready or better under UNITREP, the major deficiencies being personnel and equipment shortages. Mission readiness was demonstrated through participation in 13 training exercises conducted throughout the US and at locations overseas, involving 14,382 reservists. Unit drill participation improved this year. Drill participation rates for fiscal year 80 were 99 percent for officers and 87 percent for enlisted.

While manpower and unit readiness are improving, the equipment status has not changed significantly from my last report. The most critical areas are in communication/electronic, NBC, engineer, and motor transport equipment. I anticipate these major deficiencies will persist in fiscal year 83, but I am optimistic that they will be improved by fiscal year 86. We must continue to be conscious of an aging inventory of aviation assets which further detract from the capability of the reserve forces.

While unit readiness remains of primary importance, individual readiness is receiving greater attention. Steps are being taken to ensure the Individual Ready Reserve is trained and categorized to meet known mobilization requirements. A management structure is being established to effectively receive, administer, assign, train and discharge our individual reservists. Finally, mobilization readiness will be increased through expanded Reserve counterpart and skill refresher training.

FORCE MODERNIZATION

I realize that our future readiness is directly related to the actions we take now to modernize our forces. This means significant investment in new but proven systems that will keep us ready for tomorrow's battlefield.

Emphasis in our ground forces will be to increase and improve tactical mobility and firepower. A prime example of tactical

mobility is our LVT7A1. As the result of a service life extension program, the utility of our current LVT7 as the principal vehicle for amphibious assault and ground tactical mobility will be prolonged through the 1980s. The LVT7A1, to be fielded in 1983, will incorporate improvements in operational capabilities to include an all electric weapon station as well as enhanced reliability, availability, and maintainability.

As many of you already know, we are also looking to complement the firepower and mobility of our assault elements by acquisition of a Light Armored Vehicle (LAV). "Off-the-Shelf" procurement will commence next fiscal year with the first version of this family of helicopter-transportable vehicles scheduled to reach the field in 1983. It is intended that the LAV will be introduced in battalion-sized organizations which integrate the several variants of the vehicle into a fully capable maneuver unit. In addition to the basic light assault vehicle, these variants may include an assault gun version, an anti-tank version and an air-defense version among other possibilities. The battalion will be highly mobile, both strategically and tactically. We are currently planning to introduce three of these battalions into the Fleet Marine Forces.

We have an R&D program underway that will provide our Marines with a mobile protected weapons system (MPWS) which will give them organic direct fire support capabilities. The helicopter transportable MPWS will be capable of defeating enemy armor, materiel, and personnel targets. We expect to introduce it into the Fleet Marine Force by 1988.

While the Marine Corps continues to make steady improvement in NBC defense, our capability in this area is marginal. We begin this year to add sorely needed NBC defense units to our structure at the Division, Wing, and Force Service Support Group levels. Much equipment modernization remains and I urge you to be especially attentive to this requirement. As a nation we must establish a credible retaliatory capability to deter enemy use of chemical weapons. I fully support the Army as the executive agent for NBC efforts in all phases of research and development of needed equipment, particularly in the development of the binary program as a means of achieving a chemical retaliatory capability.

The requirement to modernize the aviation component of our Marine air-ground team remains one of the Marine Corps' high priorities. Our Aviation Combat Element must be at least technologically equal, if not superior, to the enemy threat. As I stressed last year, the AV-8B remains Marine aviation's highest priority modernization program. Because of the continued strong support of the Congress, this important modernization program is proceeding to a 1985 Initial Operating Capability (IOC). The very successful YAV-8B test program has so positively demonstrated the capabilities of the AV-8B that the technical excellence of this aircraft is no longer a question. The AV-8B's V/STOL performance and range characteristics make this aircraft particularly well suited for rapid deployment. The AV-8B has also been designed to take advantage of state-of-the-art technology that should allow our Marine light attack force to meet the projected threat through the year 2000 and beyond.

There has been some concern expressed over the relatively small numbers of AV-8Bs to be procured for the Marine Corps. I am confident that the program will grow in size beyond the 336 aircraft currently projected for Marine acquisition. Other countries are impressed by the aircraft and its unique V/STOL capabilities, and foreign military sales opportunities could result in substantial program growth in the future.

The fiscal year 81 funding appropriated by the Congress will produce four full scale development aircraft and provides long lead funding for 12 pilot production aircraft. Requested funding in the amended fiscal year 82 budget provides for continued Research & Development and procures the twelve pilot production aircraft, thus allowing us to proceed in an orderly fashion toward an AV-8B IOC of 1985.

The Marine Corps strongly supports the F/A-18 program and we look forward to the F/A-18 as a replacement for the capable but aging F-4s in our 12 active Marine fighter/attack squadrons. I view the AV-8B and F/A-18 not as competitive programs, but rather as mutually supportive weapon systems, possessing separate characteristics and performing different missions. An analysis of our fighter/attack modernization requirements indicates that a mix of aircraft, including AV-8Bs for the close air support mission and F/A-18s to meet our air-to-air defense requirement and provide an additional air-to-ground capability, is the best force available today.

The A-6E Intruder aircraft provides our Marine Air Ground Task Forces with the preponderant share of close air support and interdiction during inclement weather and periods of decreased visibility. With the continuing shortage of naval gunfire assets, all-weather close air support becomes even more important to successful Marine combat operations. The 12 A-6Es provided by the Congress in fiscal year 81 along with the 12 A-6Es requested in the amended fiscal year 82 budget will assist in maintaining our current Marine A-6E force level at 50 aircraft in five tactical squadrons, and I fully support this procurement.

With the recent delivery of our fifteenth aircraft, the EA-6B aircraft is now fully integrated into Marine aviation. This outstanding electronic counter measures aircraft acts as a force multiplier by providing increased aircraft survivability against enemy air defenses during close air and other offensive air operations. The six EA-6Bs provided by the Congress in fiscal year 81 will assist in maintaining our current fiscally constrained Department of Navy (DON) EA-6B structure at 36 Navy and 15 Marine aircraft. This structure is insufficient, and we have an objective of building to a 48 Navy and 18 Marine EA-6B force, which, though short of full wartime requirements, will more closely match our current needs. The 6 EA-6Bs requested in the amended fiscal year 1982 budget will allow the current DON EA-6B structure to be maintained.

The 49 CH-53E heavy lift helicopters funded by the Congress through fiscal year 81 will provide 33 aircraft to the Marine Corps. These aircraft will be operated in two 15-plane squadrons. Because our current heavy lift requirement is for three 16-aircraft squadrons with appropriate pipeline, training, and advanced attrition aircraft, the amended fiscal year 1982 budget request of 14 aircraft provides an orderly progression toward this objective. Ultimate CH-53E force levels will be sized to provide transport for the Light Armor Vehicle (LAV) and the Mobile Protected Weapons System (MPWS), both important weapons systems for the Marine Corps.

Within the DON's medium helicopter force, we are experiencing both inventory and performance deficiencies. DON procured its last medium helicopter in 1973, and these aircraft are approaching block obsolescence. The Marine Corps is now severely constrained in the support of the ship-to-shore movement and subsequent operations ashore requiring vertical lift capability for tactical mobility. In an effort to correct the Navy and Marine Corps medium helicopters deficiencies with a single aircraft, we are pursuing a program called the HXM designed to replace three medium helicopters (H-3, H-46, CH-53 A/D). The $5.3 million RDT&E funding requested for the HXM in fiscal year 82 will allow us to begin this program. The requested fiscal year 82 start will permit source selection in fiscal year 83 and an IOC in the early 1990s. We will face an unacceptable mission risk if this program is delayed past a fiscal year 82 start and the IOC for the HXM is pushed into the mid-1990s, when our medium helicopter inventory will be below minimum risk requirements.

The procurement of air deliverable anti-armor weapons has not kept pace with the capabilities of our delivery aircraft. We need an array of air delivered weapons to meet the armored threat on the modern battlefield including stand-off precision guided munitions, area/area denial weapons, and a multi-mission aircraft gun. We are evaluating the Imaging Infrared Maverick and Wide Area Anti-Armor Munitions as mid-range solutions to the armor threat problem, but we need a near-term solution. I recommend that we procure state-of-the-art anti-armor weapons now completing development, such as Laser Maverick, the 25MM multi-purpose gun, Gator, and the Hellfire

missile, as a near term solution to improve our anti-armor inventory.

Just as our Marine Air-Ground Task Forces will meet a formidable armored threat on the modern battlefield, they will also have to contend with a formidable enemy air threat over the battlefield. To assist in successfully combatting this air threat, we plan to increase by one- third the strength of our Light Anti-aircraft Missile (LAAM) Battalions, equipped with Improved Hawk (IHAWK) missiles which will engage low to medium altitude enemy aircraft. We also plan on increasing existing structure with additional Forward Area Air Defense (FAAD) Platoons, equipped with Stinger missiles, to improve our ground air defense capability against low-flying enemy aircraft.

For our Marine Aviation Combat Element to sustain itself in any combat scenario, an increase in the inventory quantities of conventional air-to-ground ordnance, air-to-air munitions, and aircraft spare parts is required. I support fully the efforts in this budget request to increase the funding levels for the programs that provide our air delivered munitions and increase the on-hand aircraft spares.

As part of force modernization, we are developing tactical command and control systems capable of providing the commander with accurate information faster to assist in making combat decisions. The Position Location Reporting System (PLRS), in joint development with the Army for introduction in 1984, will provide the infantryman with his real-time exact location and the location of friendly units. Position information will be provided to the Marine Integrated Fire and Air Support System (MIFASS) which will then automate the coordination of supporting arms (mortars, artillery, naval gunfire, and direct air support). MIFASS, in full scale engineering development for introduction in 1986, provides the commander with a system which will graphically display in real-time the unit's tactical area of responsibility. It will also facilitate support planning and receive, store, and display target intelligence. MIFASS, in conjunction with PLRS, will provide the Marine Corps with a responsive, accurate, and safe means of providing fire support for combat units.

In order to provide the commander more time for decision making and battle management, the Tactical Combat Operations (TCO) System is being developed. TCO will assist the commander and his staff in carrying out the functions of operations and intelligence, including the production and dissemination of intelligence and the planning and directing of combat operations. TCO is presently undergoing engineering study.

In order to support these emerging tactical command and control systems, enhancements and new capabilities are required in communications. The modernization of communications systems, converting from analog systems to digital systems, will provide rapid, reliable, and flexible service. Our new communications systems will be more secure and compatible with other systems. For world-wide communications, the Marine Corps utilizes both satellites and high frequency radios. For tactical communications, the Marine Corps is developing new families of man-pack radios which will be lighter, more reliable, more secure, and Service interoperable. In addition, the digital communication terminal to be introduced in 1984 will offer quantum improvements in the speed and reliability of communications.

The Marine Corps has studied the feasibility of using smaller numbers of higher capacity vehicles as part of the Field Logistics System. The goal is to meet our requirements while obtaining a reduction in the variety and total number of vehicles. Those reductions will provide the opportunity for associated reductions in operators, maintenance personnel, and training effort.

Our Motor Transport Fleet is currently in a transition/ modernization period. The current 5-ton and 2 1/2-ton vehicle fleets have reached the end of their service life and are being replaced by the product improved 5-ton M939 series of vehicles. This new series of vehicles offers greater transport capacity. Fielding of these vehicles is anticipated in the 3d quarter fiscal

year 82. Modernization of our tactical vehicle fleet is one of my top priorities.

During the past two years we have made notable progress in bringing our Field Logistics System from conception to fruition. This family of new equipment, designed to give the Marine Corps an increased logistical capability that will meet our support requirements, is scheduled for introduction in fiscal year 82. Our initial procurements of shelters, water purification equipment, container handlers, and utilities distribution equipment which began last fiscal year, will be delivered early next year. I am pleased with our progress in introducing this system and believe it represents a quantum, and much needed, increase in our logistics support capability.

During the past year the Marine Corps, in conjunction with the Navy's Bureau of Medicine and the Naval Medical Material Command, has developed new Authorized Medical Allowance Lists which are reflective of current medical technological advances, the consolidated combat service support concept, and the anticipated casualty rate on a high intensity modern battlefield. However, it is significant to point out that these new allowance lists will provide the minimum medical care required to sustain life and stabilize Marines prior to evacuation to Navy provided medical facilities.

SAVINGS THROUGH EFFICIENCY

Although the Marine Corps budget could always have been described as austere, we will continue intensifying our efforts to increase savings through efficiency. Reductions are planned in all appropriations in such areas as travel, consultant fees, and as a result of productivity improvements.

The Marine Corps is reorganizing its data processing support structure by consolidating its twenty-four computer centers into seven. Supporting this reorganization and redesign of key automated information systems is the acquisition of more modern, capable, and reliable equipment. Existing 12 to 15 year old computers do not provide satisfactory reliability or processing capability. Redesigned automated information systems for supply, financial, and personnel management will utilize computer terminals located worldwide.

To enhance managerial efficiency of our automated information systems, unit commanders within the FMF are now being provided a source data automation device. This DOD pilot project will analyze the benefits of providing readily deployable automatic data processing equipment to battalion/squadron levels to enhance the timeliness and accuracy of data input.

RESEARCH AND DEVELOPMENT

One of our principal research and development efforts is the Modular Universal Laser Equipment (MULE). The MULE is a manpacked, precision ground laser designator that will accurately determine the direction and range to targets, thereby enhancing the accuracy of conventional fire support weapons. The MULE also provides laser designation compatible with precision laser guided munitions. It is functionally modular and can be employed in the hand held mode by small units. Procurement of MULE commences in fiscal year 82 with IOC by fiscal year 84.

A collateral R&D project is the 155mm Cannon Launched Guided Projectile (COPPERHEAD). COPPERHEAD is a fin-stabilized, semi-active, laser guided projectile employed in the indirect fire mode, designed to destroy or neutralize moving and stationary hard point targets. COPPERHEAD will enhance our anti-armor capability. Procurement is to begin in fiscal year 82 with IOC in fiscal year 83.

The Marine Corps has a long standing requirement for a semi-automated tactical intelligence system. Intelligence staffs have a requirement to process large quantities of information into timely and accurate intelligence, to quickly disseminate intelligence, and to more effectively manage the intelligence effort. The Intelligence Analysis Center provides for these requirements.

The Team Portable Direction Finding and Airborne Radio Direction Finding systems will replace antiquated, expensive to maintain equipment and provide the landing force commander with radio direction finding capability during the amphibious assault phase and subsequent operations ashore.

The requirement remains for tactical signals intelligence direct support at the battalion and higher headquarters level. The Integrated Signals Intelligence System (ISIS) provides the battlefield commander with the signals intelligence support required on the electronic battlefield.

Another one of our most important aviation programs is the Tactical Air Operation Central-85 (TAOC-85) Program with production planned in 1983-1986. The TAOC-85 will replace aging air defense command and control equipment in the 1985 through 1988 period. The Air Force and the Army have also expressed interest in this program.

AMPHIBIOUS LIFT

Earlier I touched on our major concern for the future of amphibious lift. Power projection from the sea requires substantial increases in amphibious lift capability to carry out national strategy. Depending on Amphibious Task Force configuration, the lift requirement is about twenty ships to carry a Marine Amphibious Brigade. Approximately fifty ships are required to carry the assault echelon (AE) of the Marine Amphibious Force (MAF(AE)). The MAF is the minimum force size necessary for sustained combat operations against determined opposition.

To provide a reasonable assurance of success in the event of a general war of global proportions, we must have the capability to conduct two simultaneous MAF amphibious assaults. In the present inventory there are only 67 amphibious ships, active and reserve. Because 15 percent of the ships will always be in maintenance, only enough lift for one MAF(AE) is available and ships must swing from one ocean to another to provide this capability.

The current Five-Year Defense Program provides for 1.15 MAF(AE) lift. Our national objectives have been fixed on maintaining our current lift capability for the foreseeable future through replacement and modernization only. The current inventory of amphibious ships was, for the most part, acquired during the 60s to replace World War II vintage ships. Because they were built in the same period, they will become obsolete at about the same time. All but six of the current inventory of active amphibious ships will leave the fleet by 2002, beginning with the loss of the first ship of the LSD-28 class beginning in 1984. We need to begin now to alleviate this "block obsolescence" problem through a reasonable and affordable program of replacements and service life extensions during the period fiscal year 1981-2002. The longer the delay, the less time available and the higher will be the build-rate, the cost, and consequently, the military risk. To simply maintain the status quo with respect to the currently inadequate level of amphibious lift capability, will require building amphibious ships at a level above that currently programmed.

In reality, the fiscally constrained budget does not provide the amphibious lift required to support national strategy. As an interim goal, we need enough ships to lift the assault echelon of a MAF and a MAB simultaneously. To reach this objective we must build ships at a substantially higher level than that currently programmed.

Achievement of a two-MAF lift capability will require a substantial increase in build rate, over that currently programmed, for the next twenty years. Time is of the essence and I entrust the Congress to treat the matter of amphibious lift with the urgency it so clearly merits.

A program I would like to emphasize again this year, is the Navy's revolutionary Landing Craft Air Cushion (LCAC) program. This improvement in landing craft technology is the most significant advance in amphibious warfare since introduction of the helicopter. The LCAC travels at speeds up to 50 knots and can land on 70

percent of the world's littoral - a 4:1 improvement over today's capability. It provides flexibility in the ship-to-shore movement by virtue of its across-the-beach capability and longer range. The LCAC will provide us with speed and will contribute to surprise through greater stand-off distances, thereby reducing the vulnerability of our amphibious ships to enemy fire. The LCAC offers an opportunity we as a maritime nation must seize.

The increasing shortfall of naval gunfire support continues to be a serious problem. Although not an equal replacement for a major caliber gun, the 5-inch Guided Projectile program provides the capability to carry out the naval gunfire support mission. The Marine Corps vigorously supports Navy efforts to develop, procure, and install improved guns on designated ships. Additionally, reactivation of the four Iowa Class Battleships would provide, within two or three years, a dramatic increase in our major caliber gun capability. The battleships are highly survivable, multi-purpose, offensive weapons systems with an impressive array of guns to provide fire support during and subsequent to amphibious operations.

We must develop our mine countermeasures technology and improve our capabilities against the increasing Soviet mine threat. Although the LCAC will be less vulnerable, the magnitude of the Soviet threat demands intensive research in this area. I support Navy efforts in the development of critical anti-mine technology.

The serious shortage of adequate in-theater medical support capability continues to be a concern to both the Navy and Marine Corps. Recently, I initiated steps to activate three Medical Companies and a Hospital Company in the combat service support elements of our Marine Amphibious Forces. When fully activated, these companies will increase the organic medical support capability.

With regard to medical support beyond the limited, organic Marine Corps elements, a serious shortfall exists in Navy furnished hospital beds and facilities. This shortfall amounts to 7,000 hospital beds and 56 operating rooms required to support an amphibious operation involving two MAFs. The critical aspect of this shortfall is the lack of surgical and acute care capability which is necessary to provide minimal stabilization care prior to evacuation from the theater. If these requirements are not met, we risk increased mortality and the loss of personnel who otherwise might be returned to duty. The program under development by the Navy to correct this problem is the Fleet Hospital Program. Fleet Hospitals are large, self-contained, transportable units designed to provide emergency life-saving care and recuperative care to Fleet and Fleet Marine Force combat unit personnel. The Navy's five-year procurement strategy includes a mix of medical care units and ancillary support systems to support Marine Corps operations in either industrialized theaters or in areas where host nation support is unavailable.

Equally important is the feasibility study concerning the conversion of the SS UNITED STATES to a hospital ship and activating the Hospital Ship USS Sanctuary. The overall goal is a 2000-bed, 24-operating room definitive care facility capable of providing full medical support as a self-sufficient hospital in combat areas worldwide in support of an amphibious assault.

I fully welcome and support these Navy initiatives.

QUALITY OF LIFE PROGRAMS

The quality of life of the individual Marine remains one of my highest priorities. Of immediate concern is the Marine Corps Military Construction Program for the next five years. I believe that improved living accommodations for both accompanied and unaccompanied personnel provide immediate and long-range benefits. During the next five years the Marine Corps intends to devote approximately $250,000,000 to construction and modernization of unaccompanied personnel housing, 95 percent of which will be spent to improve the living conditions of our enlisted Marines to DOD standards. In addition, an unprogrammed deficiency of $105,000,000 will remain in bachelor housing.

Besides improving living conditions for our Marines, adequate support facilities must also be provided. Accordingly, the Marine Corps intends to spend approximately $18,000,000 for modernization, expansion, and construction of dining facilities. Ancillary projects include new and improved facilities for recreation and physical fitness over the next five years. This program represents an unprogrammed deficiency of $10,000,000. With your assistance, I intend to increase the quality of Marine life by enhancing living conditions and improving the support facilities.

FUNDING BY MAJOR CATEGORY

For comparison, our fiscal year 1981 budget and the fiscal year 1982 request are displayed by appropriation in Table I.

TABLE I

($ in million)

APPROPRIATION	FY 1981	FY 1982
Military Personnel, Marine Corps	2670.9	2,807.9
Reserve Personnel, Marine Corps	120.4	138.9
Operation & Maintenance, Marine Corps	1,091.4	1,195.4
Operation & Maintenance, Marine Corps Reserve	28.9	40.3
Procurement, Marine Corps	506.0	1,828.2
Marine Corps Stock Fund	4.1	13.3
Total	4,421.5	6,024.2

(All figures are rounded)

The funding requested for fiscal year 1982 will support an end strength of 192,100 active duty Marines and provide funds for an increase in the average strength of the SMCR. Likewise, it will improve the readiness of our force by funding additional training exercises and operations, by replacing obsolete equipment, and by modernizing our weapons systems.

A significant increase in the operations budget is attributable to price growth. Program growth is necessary for funding Phase V of the six-month unit deployment program, for exercising and training our units assigned to the Rapid Deployment Force, and for funding transportation costs for the movement of cargo and equipment of the Maritime Pre-positioning Ships Program.

The requested increases in our procurement appropriation will improve readiness and sustainability for combat. A significant portion of this growth is related to the Maritime Pre-positioning Ships Program. Major new programs include the Position Location and Reporting System, the Light Armored Vehicle, and modernization of our aging battlefield mobility assets and engineering capabilities. The sustainability of our force will be improved by the acquisition of ammunition, a service life extension program for our amphibious combat vehicle, and by increasing the capability of our support forces to provide water, fuel, and electrical power to the combat units.

Requests for the stock fund will improve supplies of cold weather and chemical protective clothing for increased operation and training requirements.

1982/1983/AUTHORIZATION REQUEST

The Marine Corps fiscal years 1982 and 1983 authorization requests are highlighted in Table II.

TABLE II

(Manpower-actuals; $ in millions)

CATEGORY	FY 1982	FY 1983
Active Duty End Strength	192,100	192,100
Selected Reserve Average Strength	37,600	38,300
Civilian Personnel End-Strength a/ (USMC Portion of DON Request)	19,517	19,517
Average Military Student Training Load, Active	18,311	17,656
Average Military Student Training Load, Reserve	2,835	2,835
Procurement Requiring Authorization	$641.1	$425.0
Operation and Maintenance Marine Corps b/	$1,195.4	$1,258.4
Operation and Maintenance Marine Corps Reserve b/	$40.3	$32.0

a/ Includes 17,998 O&MMC: 201 O&MMCR and 1,318 MCIF.

b/ Includes funds to support the number of training days for the combat arms battalions and number of vehicle overhauls.

CONCLUSION

Mr. Chairman, the purpose of this report has been to convey to you and the members of this committee my assessment on the state of the Marine Corps. In my report, I have outlined our salient capabilities, highlighted our achievements within the past year, and identified those programs which I deem essential for the performance of our statutory mission. Much has been accomplished within the past year; however, I want to emphasize that while gains have been made, much more remains to be accomplished. I am dedicated to maintaining a strong and ready Marine Corps and can assure the members of this committee that the funding we have requested represents a sound investment in the nation's future.

The commitment I made here last year - to be unwavering in my dedication to having a Marine Corps that is without peer in performance, training, and quality of people - remains steady. During the past year, combat readiness has been my top priority, and the Marine Corps is prepared to demonstrate our readiness to deploy and ability to fight. Combat readiness, which has been the benchmark of Marine Corps' history, will remain the focal point of all our future efforts. And readiness is a function of training. From recruit training to advanced combined arms air-ground team instruction, our training is tough and demanding. That too, will remain. I am committed to providing training that is challenging and realistic, and I can assure you that Marines will continue to be exposed to conditions which approximate those existing on the modern battlefield.

Manpower quality is a major concern to me, because it, too, directly affects our readiness. The individual Marine is the essential element of our Corps, and the quality of that Marine is the key to the successful accomplishment of our mission. For this reason, I am determined to maintain the high standards we have established and will continue to emphasize the recruitment and retention of personnel of the highest caliber.

The modernization programs that I have identified in my report are austere and represent only our most urgently needed requirements. These programs are directed primarily toward improving our tactical mobility and increasing our firepower. Your support of these programs will permit us to strengthen our current capablities and make a modest investment in future systems.

The drama now unfolding in the Persian Gulf region is, in my judgement, only a precursor of the momentous events that could occur during the 1980s. We live in a time of unprecedented political instability; the potential for conflict in the world today is great. I see nothing on the horizon to suggest that the tensions that now exist among nations are going to dissipate. The indication is that they will grow in intensity in the coming years and may well place in jeopardy our national interests and our very survival. Should that happen, we must be in a position to act. We must be capable of placing in close proximity to any crisis area a combat ready force which can support our diplomatic efforts. The Marine Corps is a force-in-readiness. Marines have been ready and are prepared today, should the call come, to demonstrate that we are indeed the Nation's force-in-readiness.

Finally, Mr. Chairman, I would like to share with you and the members of this committee a few personal thoughts about today's Marine. Earlier in my report, I mentioned that readiness is a function of training and manpower. I submit, however, that combat readiness is more than the mere preparation of equipment and personnel. The readiness of an organization also depends a great deal on the spirit, sense of purpose, courage, enthusiasm, and resolve of the individuals who make up that organization. Today's Marines possess those qualities. I see it daily in their performance. They are proud of what they are doing; they are eager to serve their country. I reject the notion advanced by some that this young generation does not measure up to the traditional standards. I assure you that they do. In general, it is my judgement that they are smarter, better trained, more physically fit, and more capable than their predecessors. If called upon, they will respond - they will fight - they will give a good account of themselves. They only require that we support them. I am committed to do so.

That completes my statement. I am prepared to respond to your questions.

Biographical Sketch

General Barrow was born and reared in Louisiana. He attended L.S.U., the University of Maryland and graduate school at Tulane University.

He was commissioned in May 1943 and served during the latter part of World War II with a Chinese querrilla force which operated extensively in enemy occupied territory in Central China. After the war, he remained in China for another year.

During the Korean conflict, he participated in the Inchon-Seoul operation and the Chosin Reservoir campaign as a rifle company commander.

During the Vietnam War, from 1964 to 1967, he served as the Plans Officer, Fleet Marine Force, Pacific, and later, as an Infantry Regiment Commander whose regiment participated in numerous combat actions in the vicinity of the DMZ, Khe Sanh and A Shau Valley.

General Barrow has served seven tours of duty in the Far East. He has attended two Marine Corps schools and the National War College.

He was Commanding General for three years at the Marine Corps Base, Okinawa, and then served as Commanding General, Marine Corps Recruit Depot, Parris Island, S.C., for 32 months. He was assigned as Deputy Chief of Staff for Manpower, Headquarters Marine Corps, in July 1975, and served in that capacity until October 1976 when he became Commanding General, Fleet Marine Force, Atlantic, Norfolk, Va.

General Barrow was the Assistant Commandant of the Marine Corps from July 1978 until he assumed his present office on July 1, 1979.

His personal United States decorations include the Navy Cross, the Army Distinguished Service Cross, the Defense Distinguished Service Medal, the Silver Star, three Legions of Merit, two Bronze Stars and the Joint Service Commendation Medal.

General and Mrs. Barrow are the parents of five children.

Office of Budget and Reports

PREPARED STATEMENT

Senator Stevens. Admiral Miller.

Admiral Miller. I don't have any oral statement, sir. I will submit a formal statement for the record.

[The statement follows:]

PREPARED STATEMENT OF REAR ADM. RICHARD A. MILLER, DIRECTOR

OFFICE OF BUDGET AND REPORTS AND FISCAL MANAGEMENT DIVISION

BUDGET OFFICER'S STATEMENT

Mr. Chairman and Members of the Committee:

It is my pleasure to appear before you today to present an overview of the Department of the Navy's proposed budget for Fiscal Year 1982. The Reagan Administration's FY 1981 supplemental and FY 1982 amendment are included as part of this budget proposal; these revisions are designed to increase readiness, to improve our ability to recruit and retain personnel, and to modernize the forces.

The FY 1982 Department of the Navy budget is $70.8 billion, of which $64.8 billion is for the Navy and $6.0 billion is for the Marine Corps. This represents a total increase of $12.9 billion over FY 1981. The budget request is summarized in Table 1, in terms of Total Obligational Authority (TOA), Budget Authority (BA), and Outlays.

TABLE 1
DEPARTMENT OF THE NAVY
FY 1982 BUDGET
SUMMARY
(In Millions of Dollars)

	FY 1980	FY 1981	FY 1982
TOTAL OBLIGATIONAL AUTHORITY (TOA)	47,083.8	57,833.6	70,759.8
BUDGET AUTHORITY (BA)	47,225.1	57,590.0	70,721.7
OUTLAYS	42,709.6	50,168.0	56,258.2

In developing this revised submission, the following priorities of our naval forces were considered: first was restoration of the prestige, compensation, and quality of life of our Navy and Marine Corps personnel; second was the establishment and management of a shipbuilding and modernization program to regain maritime superiority; third was the need to achieve savings in our procurement practices through economic order quantities. Further improvements in this latter process will be sought to greatly shorten the time from concept development to fleet introduction.

The Reagan amendment increases Department of the Navy programs in the general areas depicted in Table 2. Additional funding under the categories "Fact of Life," Quality of Life," "Readiness," "Modernization," and "Shipbuilding" reflect program increases of $1.6 billion in FY 1981 and $10.0 billion in FY 1982. At the same time, a number of cost saving measures are implemented resulting in savings of $87 million in FY 1981 and $356 million in FY 1982. The table also displays the adjustments in inflation indices reflecting the economic assumptions of the Reagan Administration.

TABLE 2
SUMMARY OF REVISED DIRECT BUDGET PLAN (TOA)
FY 1981-FY 1982
(In Millions of Dollars)

	FY 1981	FY 1982
Jan. 1981	56,726.6	62,042.3
Inflation Adjustment	-413.0	-890.0
Savings	-87.0	-356.4
Additions:	1,607.0	9,963.9
Fact-of-Life	(481.0)	(389.0)
Quality-of-Life	(73.0)	(85.0)
Readiness	(276.0)	(2,561.0)
Modernization	(410.0)	(3,095.9)
Shipbuilding	(367.0)	(3,833.0)
Net Change	+1,107.0	+8,717.5
Revised Mar. 1981	57,833.6	70,759.8

A summary of TOA by appropriation title is provided in Table 3, which includes a comparison of the FY 1982 request with the FY 1981 budget as currently planned.

TABLE 3
DEPARTMENT OF THE NAVY
TOA SUMMARY
(IN MILLIONS OF DOLLARS)

APPROPRIATION	FY 1981	FY 1982	
MILPERS	$12,073.6	$12,615.9	$ +542.3
O&M	19,540.2	21,918.0	+2,377.8
PROC	20,337.4	28,607.6	+8,270.2
RDT&EN	5,042.0	6,083.3	+1,041.3
STOCK FUND	4.4	30.7	+26.3
MILCON	836.1	1,504.2	+668.1
TOTAL DON	$57,833.6	$70,759.8	$+12,926.2

Of the increases shown, approximately $.5 billion is in the Military Personnel appropriations, $2.4 billion is in Operation and Maintenance, $8.3 billion is in Procurement, $1.0 billion is in Research, Development, Test, and Evaluation, and $.7 billion is in Military Construction. We see in Table 3 a total TOA increase of $12.9 billion in FY 1982.

A more meaningful way of comparing the FY 1982 budget with FY 1981 is to make an adjustment for inflation by comparing the two years in constant FY 1982 dollars. This provides a more representative picture of the real program values for each year and, therefore, a better assessment of the real program growth contained in the FY 1982 budget. Real program growth is summarized by appropriation title in Table 4, where we see that the change of $12.9 billion in FY 1982 translates to $9.5 billion in constant dollars.

TABLE 4
DEPARTMENT OF THE NAVY
REAL PROGRAM GROWTH BY APPROPRIATION 1/
(IN MILLIONS OF CONSTANT FY 82 DOLLARS)

APPROPRIATION	FY 1981 CONSTANT DOLLARS*	FY 1982 CONSTANT DOLLARS*	81-82 CHANGE CONSTANT DOLLARS	81-82 % REAL PROGRAM GROWTH
MILPERS	14,136	14,179	+43	+.3%
O&M	20,990	22,147	+1,157	+5.5%
PROCUREMENT	21,596	28,608	+7,012	+32.5%
RDT&E	5,425	6,109	+684	+12.6%
CONSTRUCTION	891	1,507	+616	+69.1%
STOCK FUNDS	5	31	+26	+520.0%
TOTAL DON	$63,043	$72,581	$+9,538	+15.1%

1/ May not add due to rounding. *Includes contingencies

This equates to an overall real program growth in the Department of the Navy budget of 15.1%. The real program growth for FY 1982 can be put into context when compared with the recent history of real program growth, which is displayed in Table 5.

TABLE 5
DEPARTMENT OF THE NAVY
REAL PROGRAM GROWTH
(IN MILLIONS OF CONSTANT FY 1982 DOLLARS)

	FY 1978	FY 1979	FY 1980	FY 1981	FY 1982
CURRENT DOLLARS	39,560	41,733	47,084	57,834	70,760
INFLATION	16,860	13,805	9,667	5,209*	1,821*
CONSTANT DOLLARS	56,420	55,538	56,751	63,043	72,581
ANNUAL INCREASE		-882	+1,213	+6,292	+9,538
PERCENT INCREASE	+.3	-1.6	+2.2	+11.1	+15.1

* Includes contingencies

Here we see that the 15.1% growth in the FY 1982 budget compares to real program growth of 11.1% in the current FY 1981 budget over FY 1980. Note that the FY 1981 growth figure is significantly greater than the growth rate of 1.3% which appeared in the FY 1981 budget a year ago. The increased growth for FY 1981 results from Congressional action on the authorization and appropriation requests as well as additional program proposals being submitted by the new administration. The combined effect of the current FY 1981 budget growth and the growth in the FY 1982 budget represents a significant change from the relatively flat or negative trends of earlier years.

The financial summary in Table 6 displays the Fiscal Year 1981 appropriations totals as they now appear in our FY 1982 budget proposal including supplemental appropriation requests in President Carter's budget submission of January 1981. This is the budget base program for FY 1981, which is used to make comparisons with our FY 1982 budget request.

TABLE 6
DEPARTMENT OF THE NAVY
FY 1981 COLUMN OF FY 1982 BUDGET
(In Millions of Dollars)

	1/				2/	
	Previously	Supplementals		Revised	Reductions	
	Appropriated	Pay	Program	Total	Inflation	Savings
MPN	7,857.4	755.3	351.3	8,964.0	(-1.5)	(-)
MPMC	2,350.1	238.4	82.4	2,670.9	(-.4)	(-)
RPN	302.0	16.3	-	318.3	(-.1)	(-)
RPMC	102.8	9.3	8.3	120.4	(*)	(-.1)
O&MN	16,893.3	431.8	542.3	17,867.4	(-69.8)	(-52.0)
O&MMC	1,016.5	21.1	53.8	1,091.4	(-4.6)	(-7.4)
O&MNR	531.4	5.0	16.1	552.5	(-2.4)	(-.7)
O&MMCR	28.9	-	-	28.9	(-)	(-.2)
APN	6,110.7	-	143.6	6,254.3	(-87.6)	(-.8)
WPN	2,738.1	-	-	2,738.1	(-23.8)	(-.2)
SCN	7,483.6	-	317.7	7,801.3	(-136.9)	(-1.4)
OPN	3,037.7	-	-	3,037.7	(-28.5)	(-.5)
PMC	486.8	-	19.2	506.0	(-6.8)	(-)
RDT&EN	4,895.1	-	146.9	5,042.0	(-42.0)	(-23.1)
NSF	.3	-	-	.3	(-)	(-)
MCSF	4.1	-	-	4.1	(-)	(-)
SUB TOTAL DOD APPN ACT	53,838.8	1,477.2	1,681.5	56,997.5	(-404.5)	(-86.4)
MCON	775.3	-	27.9	803.1	(-8.5)	(-.6)
MCNR	33.0	-	-	33.0	-	-
TOTAL DON	54,647.1	1,477.2	1,709.4	57,833.6	(-413.0)	(-87.0)

NOTE: May not add due to rounding.
1/ Includes transfers and reappropriations.
2/ Reductions already applied to offset supplemental requirements.
* Less than $50 thousand.

Table 7 provides an overview of the composition of the Navy and Marine Corps forces and personnel, including the manning and force levels that underlie our budget estimates. This budget will support a total force of 560 ships, composed of 491 ships in the active fleet, 26 ships in the auxillary fleet, and a reserve fleet of 43. The military end strength for the active force is 746,800, of which 192,100 are U.S. Marine Corps personnel. The Selected Reserve average strength is 125,200 including both Navy and Marine Corps reserve. Civilian personnel end strength, which includes U.S. and foreign nationals, is 312,989.

TABLE 7
DEPARTMENT OF THE NAVY
COMPOSITION OF THE NAVY AND MARINE CORPS

	FY 1968	FY 1979	FY 1980	FY 1981	FY 1982
Active Military Manpower					
End Strength	1,072,484	706,868	715,622	731,056	746,800
Navy 1/	765,232	521,681	527,153	540,456	554,700
Marine Corps 2/	307,252	185,187	188,469	190,600	192,100
Reserve Military Manpower 3/					
Average Strength	172,097	116,550	120,515	123,249	125,200
Navy	123,904	84,132	86,874	87,400	87,600
Marine Corps	48,193	32,418	33,641	35,849	37,600
Civilian Personnel End Strength	433,360	310,176	308,711	317,509	312,989
Navy	407,253	290,437	289,181	297,903	293,472
Marine Corps	26,107	19,739	19,530	19,606	19,517
Total Ship Operating Forces	1,055	533	531	541	560
Active Fleet Ships (End Year)	976	458	456	468	491
Naval Reserve Ships (End Year)	75	53	49	45	43
Naval Fleet Auxiliary force (End Year)	4	22	26	28	26
Active Aircraft Inv. (End Year)	8,491	5,432	5,360	5,507	5,550
Marine Corps Division (Active)	4	3	3	3	3
Marine Corps Air Wings (Active	3	3	3	3	3
Marine Corps Reserve Division/ Air Wings	1/1	1/1	1/1	1/1	1/1

1/ The Navy end strength increase of 14,244 over the FY 1981 level stems primarily from adjustments in the General Purpose Force Program due to the need for crews (regular and precommissioning) for a number of ships including a Carrier, Destroyers, Frigates, Submarines and support Vessels coming on line in 1982, an increase to the manning levels of current ships, and adjustments in the training program to ensure that training keeps pace with demands of new weapon systems and high level of Fleet Readiness.

2/ The Marine Corps end strength for Fiscal Year 1982 reflects a continued improved retention with the resulting increase in readiness of the Fleet Marine Force.

3/ Average Navy and Marine Selected Reserve strength for 1982 is 125,200. The Selected Reserve strength increase over FY 1981 reflects the planned growth of the Selected Marine Corps Reserve to achieve wartime strength levels.

Having discussed the composition of the forces, I would now like to address the highlights of each of the appropriation requests. A summary by appropriation is contained in the next table, which is followed by a series of separate displays of data for each appropriation.

TABLE 8
DEPARTMENT OF THE NAVY
(TOA COMPARISON) 1/
(In Millions of Dollars)

Appropriation	FY 1981	FY 1982	Difference
MPN	8,964.0	9,340.1	+376.1
MPMC	2,670.9	2,807.9	+137.0
RPN	318.3	329.0	+ 10.7
RPMC	120.4	138.9	+ 18.5
TOTAL MILPERS	12,073.6	12,615.9	+542.3
O&MN	17,867.4	20,096.3	+2,228.9
O&MMC	1,091.4	1,195.5	+104.1
O&MNR	552.5	585.9	+33.4
O&MMCR	28.9	40.3	+11.4
TOTAL O&M	19,540.2	21,918.0	+2,377.8
APN	6,254.3	9,352.5	+3,098.2
WPN	2,738.1	3,271.8	+533.7
SCN	7,801.3	10,290.1	+2,488.8
OPN	3,037.7	3,865.0	+827.3
PMC	506.0	1,828.2	+1,322.2
TOTAL PROCUREMENT	20,337.4	28,607.6	+8,270.2
RDT&EN	5,042.0	6,083.3	+1,041.3
MCON	803.1	1,477.8	+674.7
MCNR	33.0	26.4	-6.6
TOTAL MILCON	836.1	1,504.2	+668.1
NSF	.3	17.4	+17.1
MCSF	4.1	13.3	+9.2
TOTAL STOCK FUNDS	4.4	30.7	+26.3
TOTAL DON	57,833.6	70,759.8	+12,926.2
Navy	53,412.0	64,735.6	+11,323.6
Marine Corps	4,421.7	6,024.1	+1,602.4

1/ May not add due to rounding.

Military Personnel, Navy

Table 9 contains details of the Military Personnel, Navy appropriation. The increase in FY 1981 provides for an end strength increase of 3,000; funding to provide for 4,000 additional moves that were bow-waved from the 1980 program into 1981; accelerating the MALT plus per diem concept; and fully funding the previously approved bonus program, including the aviation continuation bonus. The amended FY 1982 budget request of $9,340.1 million represents an increase of $376.1 million over the amended FY 1981 level of $8,964 million The increases in FY 1982, since the submission of the initial budget, will provide for an additional 5,000 end strength; fund bachelor COLA; provide for fully funding the previously approved bonus program, including the aviation continuation bonus; and provide for the strength necessary to continue the operation of Reserve helicopter squadrons.

TABLE 9
DEPARTMENT OF THE NAVY
MILITARY PERSONNEL, NAVY (MPN)
(In Millions of Dollars)

	FY 1980		FY 1981		FY 1982	
FUNDING	$7,349.0		$8,964.0		$9,340.1	
END STRENGTH	527,153	100%	540,456	100%	554,700	100%
COMBAT	258,236	49.0%	277,494	51.3%	288,579	52.0%
SUPPORT	167,755	31.8%	170,653	31.6%	172,597	31.1%
INDIVIDUALS	101,162	19.2%	92,309	17.1%	93,524	16.9%
NON-PRIOR SERVICE ENLISTED ACCESSIONS	87,966		93,441		89,134	
TOP FIVE						
REQUIRED	210,261	46.2%	213,040	45.5%	217,525	45.4%
BUDGETED	189,486	41.2%	194,425	41.3%	196,671	40.1%
OFFICER ENLISTED RATIO	1:7.28		1:7.23		1:7.31	
PCS MOVES	307,798		341,823		332,763	
ACCESSIONS	101,808		119,406		112,687	
SEPARATIONS	97,006		97,235		91,046	
TRAINING	25,008		26,296		28,527	
OPERATIONAL	43,227		48,093		48,723	
ROTATIONAL	32,929		39,691		41,679	
ORGANIZED UNITS	7,820		11,102		10,101	

Military Personnel, Marine Corps

In the case of Military Personnel, Marine Corps, addressed in the next table, the funding request for the FY 1982 budget is $2,807.9 million, an increase of $137.0 million over FY 1981.

TABLE 10
DEPARTMENT OF THE NAVY
MILITARY PERSONNEL, MARINE CORPS
(In Millions of Dollars)

	FY 1980		FY 1981		FY 1982	
FUNDING	$2,235.3		$2,670.9		$2,807.9	
END STRENGTH	188,469	100%	190,600	100%	192,100	100%
COMBAT	119,310	63%	124,936	66%	125,987	66%
SUPPORT	32,138	17%	31,376	16%	32,191	17%
INDIVIDUALS	37,021	20%	34,288	18%	33,922	17%
NON-PRIOR SERVICE ENLISTED ACCESSIONS	41,676		40,384		39,984	
TOP FIVE						
REQUIRED	51,337	27.2%	55,669	29.3%	55,669	29.3%
BUDGETED	47,665	25.3%	48,548	28.2%	51,341	29.5%
OFFICER ENLISTED RATIO	1:9.36		1:9.50		1:9.50	
PCS MOVES	151,976		147,329		145,042	
ACCESSIONS	46,627		45,334		45,077	
SEPARATIONS	45,510		42,184		42,330	
TRAINING	5,315		5,315		4,550	
OPERATIONAL	10,408		10,659		10,473	
ROTATIONAL	42,184		41,905		40,680	
ORGANIZED UNITS	1,932		1,932		1,932	

Reserve Personnel, Navy

Data relating to Navy Reserve Personnel is displayed next. It should be noted that the primary objective of the initiative to transfer 3,426 Pay Group B officers to Pay Group A (48 drills/year) is to revitalize and strengthen the readiness posture of the Naval Reserve. An all category A officer reserve program would provide the maximum training available to maintain proficiency and to attain optimum mission and team training.

TABLE 11
DEPARTMENT OF THE NAVY
RESERVE PERSONNEL, NAVY
(In Millions of Dollars)

	FY 1980	FY 1981	FY 1982
MANPOWER LEVELS			
PAY GROUP A	82,675	82,762	86,096
PAY GROUP B	3,183	3,426	-
PAY GROUP F	807	904	904
PAY GROUP D (IMA)	-	-	305
FULL TIME ACTIVE DUTY	209	308	295
SELECTED RESERVE STRENGTH (AVERAGE)	86,874	87,400	87,600
SCHOOL AND SPECIAL TOURS (PARTICIPANTS)	9,848	8,596	9,208
NROTC SENIOR AND SCHOLARSHIP PROGRAMS (STUDENTS)	7,162	8,160	8,160
FUNDING:	$ 267.7	$ 318.3	$329.0

Reserve Personnel, Marine Corps

For Marine Corps Reserve Personnel, addressed in Table 12, a sum of $138.9 million is requested to fund a Selected Reserve program of 37,600 manyears in FY 1982. The funding increase is primarily due to the manyear increase and, to a lesser degree, to higher rates for clothing, subsistence and travel.

TABLE 12
DEPARTMENT OF THE NAVY
RESERVE PERSONNEL, MARINE CORPS
(In Millions of Dollars)

	FY 1980	FY 1981	FY 1982
MANPOWER LEVELS			
PAY GROUP A	29,876	31,765	32,525
PAY GROUP F	3,305	3,600	3,600
PAY GROUP P	394	400	328
PAY GROUP D (IMA)	-	-	700
SECTION 265 OFFICER (AVG)	66	67	67
SECTION 672 (AVG)	-	17	380
AVERAGE SELECTED RESERVE- TOTAL	33,641	35,849	37,600
SCHOOL AND SPECIAL TOURS (PARTICIPANTS)	3,959	5,170	5,250
PLC* SUBSIDY PROGRAM (STUDENTS)	689	900	900
FUNDING:	$ 96.1	$120.4	$138.9

*PLATOON LEADERS CLASS (RESERVE OFFICER CANDIDATES)

Operation and Maintenance, Navy

The Operation and Maintenance, Navy funding request for the FY 1982 budget is $20,096.3 million, an increase of $2,228.9 million over FY 1981. This appropriation finances those operations that have the most direct and immediate impact on the current readiness of the Navy. The FY 1982 budget request reflects continuing emphasis on operational readiness at all levels. Details as to how the resources related to readiness are divided between direct readiness and support items are presented in Table 13.

TABLE 13
DEPARTMENT OF THE NAVY
OPERATION AND MAINTENANCE, NAVY
(In Millions of Dollars)

DIRECT READINESS	FY 1980	FY 1981	FY 1982	FY 1981-82 CHANGE
AIR OPERATIONS	1,125.3	1,328.0	1,495.3	+167.3
AIRCRAFT REWORK	994.8	1,387.7	1,495.4	+107.7
SHIP OPERATIONS	1,518.9	1,943.6	2,346.9	+403.3
SHIP CHARTER	280.3	404.4	451.9	+ 47.5
SHIP MAINTENANCE/ALTERATIONS	3,244.4	3,949.4	4,492.0	+542.6
FLEET SUPPORT	310.5	368.0	459.8	+ 91.8
TRIDENT SUPPORT	91.3	130.2	231.8	+101.6
STRATEGIC WEAPON SYSTEMS	398.9	455.2	478.4	+ 23.2
COMMUNICATIONS/INTELLIGENCE	494.5	584.5	666.6	+82.1
ASW MAINTENANCE SUPPORT	172.8	187.7	264.3	+76.6
AIR/SURFACE MISSILE REWORK	98.8	129.4	189.8	+60.4
AIRCRAFT SUPPORT	127.9	172.0	161.2	-10.8
SURFACE ORDNANCE REWORK	23.6	34.2	58.1	+23.9
CALIBRATION	57.3	77.5	104.6	+27.1
GSE REWORK	36.2	50.4	76.1	+25.7
SUBTOTAL	8,975.5	$11,202.2	$12,972.2	$+1,770.0
SUPPORT ITEMS				
BASE OPERATIONS	1,994.0	2,354.4	2,556.6	+202.2
TRAINING AND EDUCATION	352.2	452.8	540.8	+ 88.0
MEDICAL	274.0	315.0	354.8	+ 39.8
RECRUITING AND ADVERTISING	72.3	82.7	91.5	+ 8.8
SOSUS	64.3	79.7	92.5	+12.8
ICP	135.3	154.6	169.5	+14.9
SUPPLY DEPOT	129.5	162.8	182.4	+19.6
TRANSPORTATION	334.8	396.9	424.5	+27.6
ALL OTHER	2,654.7	2,666.3	2,711.5	+45.2
SUBTOTAL	6,011.1	$6,665.2	$7,124.1	$+458.9
TOTAL: OPERATION AND MAINTENANCE, NAVY	$14,986.6	$17,867.4	$20,096.3	+2,228.9

Looking first at the aviation programs, the effect of the increased budget during both FY 1981 and FY 1982 for aircraft rework is expected to result in the average mission capable rate for operating aircraft improving from 58.8% at the end of FY 1980 to 61% in FY 1981 and 64% in FY 1982. The budgeted program will reduce the number of aircraft operating beyond scheduled maintenance intervals to approximately 6% of the primary active aircraft inventory and also eliminate the backlog of unrepaired aircraft engines and components.

The FY 1982 overhaul schedule includes 65 ships, consisting of 3 strategic submarines, 1 attack carrier, 7 nuclear attack and 4 diesel submarines, 27 cruiser-destroyer-frigate types and 23 other ships. The modernization program continues emphasis on upgrading defensive and offensive capabilities, combat systems, detection sonars and weapon systems to improve combat readiness. The

ship operations program supports an increase in FY 1982 of 28 new ships. Increased sophistication for the conventionally powered fleet includes 2 DDG 993 (Iranian class) destroyers, 9 Perry class guided missile frigates, 5 hydrofoil patrol missile combatants, 2 fleet oilers and a destroyer tender. The nuclear powered fleet increases by 2 TRIDENT strategic submarines, 6 attack submarines (688 class) and a "NIMITZ" class carrier. The operations tempo (OPTEMPO) of 42.6 steaming days per quarter in FY 1982 reflects 2 carrier battle groups (CVBG) operating in Indian Ocean areas and an increase of 2 steaming days per quarter for the Sixth Fleet force.

Operation and Maintenance, Marine Corps

The FY 1982 Operation and Maintenance, Marine Corps budget request for $1,195.5 million will support Fleet Marine Forces of three active divisions, three active aircraft wings and their normal combat service support units; the operation and maintenance of training bases; the Marine Corps supply system; Marine detachments and security forces; and administration and associated activities. Details are contained in this next table.

TABLE 14
DEPARTMENT OF THE NAVY
OPERATION AND MAINTENANCE, MARINE CORPS
(In Millions of Dollars)

	FY 1980	FY 1981	FY 1982	FY 1981-82 CHANGE
DEPOT MAINTENANCE	$ 48.0	56.7	60.8	+ 4.1
6 MONTH UNIT DEPLOYMENT	11.8	17.8	26.5	+ 8.7
FMF SUPPORT	134.8	245.2	237.1	- 8.1
FMF LOGISTICS SUPPORT	118.5	101.6	121.6	+20.0
REAL PROPERTY MAINTENANCE	258.0	314.5	362.6	+48.1
OTHER BASE OPERATIONS	196.5	227.9	247.9	+20.0
TRAINING & EDUCATION	23.6	26.8	28.2	+ 1.4
RECRUIT ADVERTISING	15.0	13.6	14.9	+ 1.3
OTHER	74.0	87.3	95.9	+ 8.6
TOTAL: OPERATION AND MAINTENANCE MARINE CORPS	$880.2	$1,091.4	$1,195.5	$+104.1

This request contains programs that will improve the overall readiness of the Fleet Marine Forces as well as provide for the upgrading of principal end item readiness and the improving of supply provisioning, procurement and technical support. Support to various functional areas of base operations is provided to adequately support the Fleet Marine Forces as well as to slow the growth in the maintenance and repair of real property backlog. The tempo of individual and unit training will be increased with continued emphasis being placed on combined arms training.

Operation and Maintenance, Navy Reserve

The FY 1982 Operation and Maintenance, Navy Reserve budget, addressed in the below table, totals $585.9 million, an increase of approximately $33.4 million over FY 1981. Much of this increase is the result of fuel price escalation and inflation.

TABLE 15
DEPARTMENT OF THE NAVY
OPERATION AND MAINTENANCE, NAVY RESERVE
(IN MILLIONS OF DOLLARS)

	FY 1980	FY 1981	FY 1982	FY 1981-82 CHANGE
AIR RESERVE FORCE	$152.1	$190.9	$209.7	+18.8
SURFACE SUPPORT FORCE	2.3	2.5	3.7	+1.2
SHIP OPERATIONS	36.8	47.8	57.1	+9.3
AIRCRAFT REWORKS	69.1	103.6	86.1	-17.5
CONTRACTOR TECHNICAL ENGINEERING SERVICE	7.3	8.0	9.0	+1.0
BASE OPERATIONS	93.2	113.6	136.2	+22.6
OTHER	9.6	9.3	8.1	-1.2
TOTAL: OPERATION & MAINTENANCE, NAVY RESERVE	$431.4	$552.5	$585.9	+33.4

This request also provides for the transfer of four FF-1052 class frigates to the Naval Reserve Force (NRF) as replacements for aging FRAM I destroyers. It includes an increase in Maintenance and Repair of Real Property (MRP) funding, which will improve the condition of Reserve facilities. The appropriation supports an inventory of 43 ships and an average of 621 operating aircraft (including the 4th Marine Air Wing). The funds will provide for 14 underway training days per quarter for NRF ships and the flight hours necessary to support currently programmed naval aviation reserve requirements.

Operation and Maintenance, Marine Corps Reserve

The FY 1982 Operation and Maintenance, Marine Corps Reserve budget of $40.3 million will provide operating funds for training of the 4th Marine Division/4th Marine Air Wing, including maintenance and replacement of equipment and operation of training centers, and for administrative support of the Marine Corps Reserve. Most of the increase of $11.4 million in FY 1982, displayed in Table 16, is attributable to increased training and mobilization readiness.

TABLE 16
DEPARTMENT OF THE NAVY
OPERATION AND MAINTENANCE, MARINE CORPS RESERVE (O&MMCR)
(In Millions of Dollars)

Items/Programs	FY 1980	FY 1981	FY 1982	FY 1981-82 Difference
Total O&MMCR	$21.2	$28.9	$40.3	$+11.4

Fleet Readiness

Before we move on to the procurement appropriations, I would like to say a few more words about fleet readiness. As observed many times, relating resources to readiness has always been, and continues to be this year, a difficult and uncertain proposition. Fleet operations readiness indicators, which are supported by the FY 1982 budget request, are portrayed in the following table, and compared with those of Fiscal Years 1980 and 1981.

TABLE 17
DEPARTMENT OF THE NAVY
NAVY OPERATIONAL READINESS

FLYING HOURS

	FY 1980	FY 1981	FY 1982
% of PMR 1/ (INCLUDES 3% SIMULATOR USE)	89	88	88
% of FRS 2/	91	100	100
% FLEET SUPPORT	81	84	84
RESERVE (HR PER PILOT PER YR)	110	125	125

STEAMING (OPERATING DAYS PER QUARTER)

	FY 1980		FY 1981		FY 1982	
	3/	4/				
ACTIVE FLEET	LANT	PAC	LANT	PAC	LANT	PAC
6TH AND 7TH 5/	57.1	56.0	53.5	56.0	55.5	57.0
2ND AND 3RD 6/	30.2	27.0	31.0	26.0	31.0	26.7
RESERVE FLEET	14.	0	14.0		14.0	

1/ PMR: Primary Mission Readiness - TACAIR/ASW is the number of flying hours required to maintain the crew qualified and current to perform the primary mission of the assigned aircraft.
2/ FRS: Fleet Replacement Squadrons (formerly RAG) - Provides training to prepare pilots for specific operational assignments.
3/ LANT: Atlantic Fleet
4/ PAC: Pacific Fleet
5/ 6th Fleet - Deployed to the Mediterranean (and Indian Ocean in response to national tasking).
7th Fleet - Deployed to Western Pacific and Indian Ocean in response to national tasking.
6/ 2nd and 3rd Fleets - Used principally for training and other fleet requirements such as test and evaluation support.

With respect to aviation programs, the flying hour program budgeted in FY 1982 will allow tactical aircrew qualifications to be maintained at a Primary Mission Rediness (PMR) level of 88 percent, which includes three percent achieved by using flight simulators. In FY 1982, the Navy will transform two additional squadrons from F-4 to F-14 aircraft. This will increase the number of F-14 squadrons to 18 at the end of FY 1982. Also, one pilot has been added to each A-7 squadron, which will increase light attack squadron capability/readiness. To maintain fleet reconnaissance capability, older RF-8 aircraft are being phased out of the active fleets and are being replaced by F-14 aircraft equipped with reconnaissance pods.

The FY 1982 ship steaming profile supports a continuation of the peacetime readiness operations tempo (OPTEMPO) required by Navy to maintain a combat-ready posture. Included in the FY 1982 program is a continued naval force coverage in the Indian Ocean of two carrier battle groups. We will also improve the training level in the Mediterranean area by a programmed OPTEMPO increase of two steaming days per quarter for the Sixth Fleet. In support of this OPTEMPO, increased funds are being allocated to tugs, tankers, and oilers. The FY 1981 and FY 1982 programs also include funds to support a thirteen merchant ship near-term prepositioned force in support of strategic sealift and the afloat prepositioning of equipment and supplies.

It is apparent that readiness is a complex issue...an issue made up of manpower, materials, operations, training, facilities, and industrial effort.

Quite often, operations and maintenance are focused upon as a proxy for readiness. That is misleading, in my opinion, because many other factors, including aircraft procurement, weapons procurement, procurement of spare parts and components, military construction, and people are absolutely vital to the attaining of readiness. Keeping this in mind, let us now move on to the remaining appropriations.

Aircraft Procurement, Navy

The FY 1982 Aircraft Procurement, Navy budget request for $9,352.5 million is $3,098.2 million more than the revised FY 1981 budget. This will provide for modernization of the current aircraft while building up new aircraft procurement programs. Details are contained in Table 18.

TABLE 18
AIRCRAFT PROCUREMENT, NAVY (APN)
(In Millions of Dollars)

Items/Programs	FY 1980 Qty	FY 1980 $	FY 1981 Qty	FY 1981 $	FY 1982 Qty	FY 1982 $
Combat Aircraft						
A-6E	6	$146.1	12	$243.7	12	$269.9
EA-6B	6	157.8	6	188.4	6	229.5
A-7E	-	13.7	-	8.7	-	-
AV-8B	-	-	-	-	12	575.2
F-14A	30	573.5	30	719.6	30	888.7
F/A-18A	25	892.2	60	1686.0	63	1890.1
CH-53E	15	174.9	14	200.7	14	250.3
SH-60B	-	-	-	-	18	585.6
P-3C	12	245.4	12	250.1	12	380.2
E-2C	6	177.2	6	210.3	6	226.3
SH-2F	-	-	-	-	18	212.6
Advance Procurement	-	338.3	-	569.4	-	771.5
Other Aircraft						
C-9	-	-	2	36.5	-	-
UC-12B	22	25.9	-	.4	-	.2
T-34C	-	.9	60	41.6	60	53.2
T-44	-	.5	-	-	-	-
TH-57	-	-	32	13.5	30	15.8
EC-130Q	3	90.5	1	44.8	2	74.9
Advance Procurement	-	-	-	-	-	32.0
Modification of Aircraft		617.6		701.4		977.3
Aircraft Spares and Repair Parts		701.2		1095.8		1546.9
Aircraft Support Equipment and Facilities		176.0		243.4		372.3
TOTAL APN	125	$4331.7	235	$6254.3	283	$9352.5

The request for FY 1982 includes funding for 18 SH-60Bs, 18 SH-2Fs, 30 F-14As, 63 F-18s, 12 A-6Es, 6 EA-6Bs, 14 CH-53Es, 12 P-3Cs, and continues procurement of the E-2C, and EC-130Q. Naval Flight Training is supported by the procurement of 90 trainer aircraft, which will provide the capability to sustain projected pilot training rates. We are in a period of high capital investment to support the production build up of the F/A-18 HORNET and initial procurement of the SH-60B SEAHAWK (LAMPS MK III) and AV-8B Harrier V/STOL aircraft. The F/A-18 Naval Strike Fighter is a twin engine, mid-wing, multi-mission airplane designed primarily to perform fighter escort and interdiction tasks, but with secondary capability as a fleet air defense intercepter and close air support airplane. The SH-60B is the helicopter portion of the Light Airborne Multi-Purpose System MK III. This system is a computer integrated ship/helicopter system that increases the effectiveness of

surface combatants and is optimized for anti-submarine warfare. The V/STOL AV-8B will fill the Marine Corps light attack role with Fleet introduction commencing in the mid-1980's. The AV-8B is a vectored-thrust air vehicle, based on the AV-8A concept that incorporates aerodynamic improvements, an angle rate bombing system, and improved stability augmentation.

Advance procurement funds totaling $771.5 million are budgeted to continue the aforementioned programs. Additionally, it should be noted that the FY 1982 program includes $32 million advance procurement for C-2 carrier on-board delivery aircraft, which is a vital element in support of Navy's increasingly dispersed operations throughout the world.

The increase in the modification, spare parts, and support equipment areas reflect the Navy's continued concerns regarding modernization and improving levels of readiness. Highlights in these areas include:

- Initial funding for a new ejection seat for the A-4M;
- Initial modification funding for the F-14A engine improvement program;
- Increased spare part funding both to support new procurement aircraft and to improve overall readiness of existing aircraft;
- Initial funding for aviation special support equipment needed for the Rapid Deployment Force.

Weapons Procurement, Navy

The Fiscal Year 1982 Weapons Procurement, Navy budget request of $3,271.8 million represents an increase of $533.7 million from the $2,738.1 million level in FY 1981. It provides for procurement of strategic and tactical missiles, torpedoes, guns and related support equipment. The request, displayed by budget activity in Table 19, reflects the Navy's requirement to continue the procurement of operational weapons, the introduction of new weapons, and the necessity to incorporate weapon modifications to meet emerging threats.

The main features of the request are:

- production of TRIDENT I ballistic missiles and support of the operational Poseidon ballistic missile program;
- emphasis on TOMAHAWK antiship and land-attack cruise missiles; continuing production and support for HARPOON to meet fleet operational and training requirements;
- procurement of MK 48 submarine launched torpedoes;
- procurement of MK 46 NEARTIP torpedoes and torpedo modification kits;
- continuation of the CAPTOR Mine procurement;
- procurement of the Close-in Weapons System (CIWS);
- a tactical missile and aerial target procurement program to support surface ship and aircraft training and operational requirements.

Shipbuilding and Conversion, Navy

The FY 1982 Shipbuilding and Conversion, Navy budget request of $10,290.1 million is for 18 new construction ships, acquisition of two fleet auxiliaries, which will be utilized as combat stores ships (TAFS), conversion of eight ships as Fast Logistic Ships, conversion of two commercial cargo ships as Maritime Prepositioning Ships, and acquisition of a barge carrier (TALS). In addition, funds are provided for reactivation of the NEW JERSEY and the ORISKANY. Total number of acquisitions/conversions is 15 ships. Advance procurement funding is also included for future ships. The total request is $2,488.8 million more than the current FY 1981 budget level.

The new construction ships include the following:

- one TRIDENT, which will be the 10th of the class;
- two SSN-688s, which include provisions for TOMAHAWK Vertical Launch;
- three CG-47s, which are the 5th, 6th, and 7th of the class;
- three FFG-7's, which will make 48 ships through FY 1982;
- initial procurement of a new Mine Countermeasure Ship;
- initial procurement of a TAKX class Maritime Prepositioning ship;

TABLE 19
DEPARTMENT OF THE NAVY
WEAPONS PROCUREMENT, NAVY (WPN)
(In Millions of Dollars)

Items/Programs	FY 1980 Qty	FY 1980 $	FY 1981 Qty	FY 1981 $	FY 1982 Qty	FY 1982 $
Budget Activity 1: Ballistic Missiles						
TRIDENT I	82	$764.5	72	$828.8	72	$909.9
Modification of Missiles		9.5		8.0		10.1
All Other		31.4		39.1		38.9
Subtotal		$805.4		$875.9		$958.9
Budget Activity 2: Other Missiles						
TOMAHAWK	6	$ 30.2	50	$175.5	88	$224.9
SPARROW	240	61.2	770	138.5	905	144.7
SIDEWINDER	320	21.2	220	38.6	910	49.5
PHOENIX	60	107.3	210	157.2	72	167.0
HARPOON	240	145.7	240	175.7	340	300.7
HARM			80	123.5	134	107.6
STANDARD MR (SM-1)	480	105.5	500	119.4	600	164.8
STANDARD MR (SM-2)	30	23.5	70	39.5	120	61.6
STANDARD ER	55	49.3	275	142.5	375	215.0
LASER MAVERICK						5.0
Modification of Missiles		11.7		14.7		39.7
All Others		139.4		220.8		115.6
Subtotal		$695.0		$1345.9		$1596.1
Budget Activity 3: Torpedoes and Related Equipment						
TORPEDO MK-48	144	$117.0	100	$100.8	144	$133.5
TORPEDO MK-46	261	62.5	245	61.5	288	65.0
MK-60 CAPTOR	240	61.3	280	83.6	400	116.9
Mobile Target MK-30		6.5	6	18.5	7	18.7
MK-38 Mini Mobile Target	1100	1.7	1200	2.2		.7
Modification of Torpedoes and Related Equipment		46.0		22.7		141.4
All Other		45.3		33.6		40.4
Subtotal		$340.3		$322.9		$516.6
Budget Activity 4: Other Weapons						
MK-15 CIWS (PHALANX)	51	$112.6	54	$133.1	50	$134.7
MK-75 76MM Gun Mount	3	11.2	4	16.2	1	4.5
Modification of Guns and Gun Mounts		9.5		20.3		26.7
All Other		18.5		23.9		34.3
Subtotal		$151.8		$193.5		$200.2
Total WPN		$1992.6		$2738.1		$3271.8

- initial procurement of a new class of fleet oiler, which will be manned by MSC crews;
- four more TAGOS ships;
- two salvage ships.

Further information is included in the following display.

TABLE 20
SHIPBUILDING AND CONVERSION, NAVY (SCN)
(In Millions of Dollars)

Items/Programs	FY 1980 Qty	FY 1980 $	FY 1981 Qty	FY 1981 $	FY 1982 Qty	FY 1982 $
TRIDENT (Nuclear)	1	$1037.8	1	$1025.7	1	$1060.8
TAK (Conv)	-	-	1	45.3	-	-
CVN-71/72 Aircraft Carrier (Nuclear)	1	2094.0	-	-	-	658.0
SSN-688 Attack Submarine (Nuclear)	2	726.6	2	798.5	2	1013.1
CV-SLEP	-	-	1	420.4	-	-
CV-SLEP Advance Procurement	-	44.0	-	81.0	-	100.8
CG-47 AEGIS Cruiser	1	820.2	2	1789.6	3	2925.6
LSD-41 Landing Ship Dock	-	-	1	340.7	-	-
FFG-7 Guided Missile Frigate	5	1017.3	6	1506.7	3	971.9
MCM Mine Counter Measures Ship	-	-	-	-	1	99.7
NEW JERSEY (Reactivation)	-	-	-	-	1	158.0
ORISKANY (Reactivation)	-	-	-	-	1	364.0
TALS Barge Carrier (Acquisition)	-	-	-	-	1	54.0
TAKX Maritime Prepositioning Ship	-	-	-	285.0	1	195.0
TAKX MPS Advance Procurement	-	-	-	33.0	-	-
TAKX (Conversion) MPS	-	-	-	-	2	197.0
TAKRX (Conversion) Fast Logistics Ship	-	-	-	-	8	668.4
TAO-187 Class Fleet Oiler	-	-	-	-	1	200.0
TAGOS Ocean Surveillance Ship	1	34.8	5	178.7	4	156.5
ARS Salvage Ship	-	-	1	92.1	2	160.5
TAFS Combat Stores Ship (Acquisition)	-	-	-	-	2	37.0
TAH Hospital Ship (Conv) Adv. Proc.	-	-	-	-	-	10.0
Other Costs	-	689.7	-	1204.6	-	1259.8
Total SCN	11	$6464.4	20	$7801.3	33	$10290.1

The "Other Costs" category, at the bottom of table 20, includes $40.0 million to prepare FY 1980 submarines during their construction period to receive a vertical launch system; $272.0 million for other cost growth and escalation requirements; and $360.5 million landing craft (including three LCACs), service craft, outfitting requirements, and post delivery costs. Advance procurement costs amounting to $587.3 million for TRIDENT, SSN-688, CG-47, LSD-41, and Battleship reactivations are also included.

Other Procurement, Navy

The FY 1982 amended budget request for Other Procurement, Navy, displayed next by budget activity, is $3,865 million, an increase of $827.3 million over the FY 1981 amount.

The FY 1982 Other Procurement, Navy budget request of $3,865 million will procure equipment in the following major categories: $1,507 million for ship modernization equipment, $360.9 million for reactor plant equipment, $634.8 million for shore modernization equipment, $625.5 million for level of effort ordnance, $113.0 million for Fleet Ballistic Missile (FBM) support equipment, $84 million for training equipment, $126.6 million for spares and repair parts, and $413.7 million for other equipment. The amount requested for spares and repair parts in FY 1982 is $155.9 million less than the amount planned for FY 1981, reflecting the transfer of non-aviation depot level repairables to the Navy Stock Fund. The amount requested for level of effort ordnance in FY 1982 is $236 million more than FY 1981; and represents the first increment of a program to improve combat sustainability by increasing ammunition inventories to more prudent levels than has been the case in recent years.

TABLE 21
OTHER PROCUREMENT, NAVY (OPN)
(In Millions of Dollars)

ITEMS/PROGRAMS	FY 1980	FY 1981	FY 1982
Budget Activity 1: Ships Support Equipment			
Major Hull, Mechanical, and Electrical Items	70.7	100.6	147.7
Reactor Plant Equipmentt	294.6	286.1	360.9
Other Shipboard Equipment	232.0	296.2	189.2
Subtotal	597.3	682.9	697.8
Budget Activity 2: Communications and Electronics Equipment			
Ship Radars	59.9	65.4	81.2
Ship Sonars	198.8	285.1	205.6
ASW Electronics Equipment	198.2	198.2	198.9
Reconnaissance and Electronic Warfare Equipment	178.0	148.8	247.6
Other Electronics Equipment	239.8	209.4	239.1
Communications Equipment	81.2	84.1	147.7
Communications Security Equipment	54.7	55.1	70.2
Subtotal	1010.6	1046.1	1190.3
Budget Activity 3: Aviation Support Equipment			
Sonobuoys	98.9	106.0	138.8
Air Launched Ordnance	98.5	152.9	253.7
Aircraft Support Equipment	99.7	112.8	192.6
Subtotal	297.1	371.7	585.1
Budget Activity 4: Ordnance Support Equipment			
Ship Gun Ammunition	32.2	73.9	136.7
Ship Gun System Equipment	37.3	55.2	61.9
Surface Missile System Equipment	102.2	144.9	159.5
FBM Support Equipment	82.3	122.7	239.1
ASW Support Equipment	41.6	62.6	87.1
Other Ordnance Support Equipment	142.8	152.4	206.9
Subtotal	438.4	611.7	891.2
Budget Activity 5: Civil Engineering Support Equipment	89.4	74.5	181.1
Subtotal	89.4	74.5	181.1
Budget Activity 6: Supply Support Equipment	49.3	69.1	75.0
Subtotal	49.3	69.1	75.0
Budget Activity 7: Personnel and Command Support Equipment			
Training Devices	35.1	56.5	42.3
Command Support Equipment	52.2	87.3	134.2
ADP Equipment	16.5	37.9	68.1
Subtotal	103.8	181.7	244.6
TOTAL OPN	2586.0	3037.7	3865.0

Procurement, Marine Corps

The Procurement, Marine Corps appropriation provides funding for the procurement of ground ammunition, artillery weapons and combat vehicles, guided missiles, communications and electronics equipment, and engineer and other support equipment for both the active and reserve forces. The increase requested in FY 1982 Procurement, Marine Corps is for modernization, improved response time, improved readiness and sustainability of combat units, and includes geographic prepositioning and Maritime Prepositioning Ships' requirements. Table 22 displays the data by total appropriation and by significant programs.

TABLE 22
PROCUREMENT, MARINE CORPS
(In Millions of Dollars)

Items/Programs	FY 1980	FY 1981	FY 1982
Ammunition	$ 71.1	$ 80.3	$367.9
Weapons and Tracked Combat Vehicles	38.6	100.1	418.1
Guided Missiles	20.6	102.3	223.0
Communications and Electronics	92.7	88.7	410.9
Support Vehicles	22.4	84.9	148.6
Engineer and Other Support Equipment	29.8	49.7	259.7
Total PMC	$275.1	$506.0	$1,828.2

Significant Programs	FY 1980		FY 1981		FY 1982	
	Qty	$	Qty	$	Qty	$
Artillery and Ammunition						
155MM Howitzers, M198	74	21.8	120	37.7	159	58.3
155MM RAP Projectiles	15,000	8.7		-	65,000	46.9
155MM ICM Projectiles	47,000	15.5	14,000	5.4	76,000	38.1
155MM HE Projectiles		-		-	89,000	13.9
155MM Propelling Charges	45,000	4.8	133,000	16.9	148,000	20.6
Assault Vehicles						
Amphibious Assault Tractor, LVT7A1		-	-	11.9	30	55.6
LVT7 Service Life Extensive program	-	10.5	25	40.0	393	173.6
Light Armored Vehicle,LAV		-		-	72	36.2
Missile Systems						
Improved HAWK		-	-	19.7	440	85.1
STINGER	180	9.8	347	30.5	700	38.9
TOW		-	-	15.6	2,666	45.7
Command/Control, Radar and Electronics Systems						
Position Location & Reporting (PLRS)		-		-	2	40.5
Tactical Data Control Centers AN/TYQ-3A		8.0		-	11	21.3
Intel. Analysis Center AN/TPQ-12(V)2		-		-	4	64.0
Radar Bombing Set AN/TPB-1C		-	10	23.8	3	8.3
Low Level Surveillance Radar AN/TPS-63		-		-	8	23.1
Modular Universal Laser Equipment (MULE)		-		-	57	20.7
Tactical Vehicles						
5/4 Ton Truck		-		-	656	16.0
5 Ton Truck (Tractor)		-	132	8.1	294	18.9
5 Ton Truck (Cargo)	271	14.0	1,131	69.4	754	47.9
5 Ton Truck (Wrecker)		-	-		129	15.9
Other						
Reverse Osmosis/Water Purification		-	51	7.9	287	44.5
Water Distribution Equipment		-		-	41	11.2
Amphibious Assault Fuel Systems		-		-	29	30.5
Medium Girder Bridge		-		-	22	31.3
Shelter Family		-	251	7.6	745	17.9

Specifically, the FY 1982 Procurement, Marine Corps request provides the following:

- Ground ammunition: the first increment of a program to improve combat sustainability by increasing certain artillery and tank ammunition stock levels towards one hundred percent attainability of the current 60 day prepositioned war reserve (PWR) in addition to the annual peacetime training needs;
- procurement of the equipment and weapons for the initial outfitting of the FY 1983 Rapid Deployment Force (RDF) Brigade;
- increased near-term anti-armor, anti-mechanized and artillery firepower capable of competing on the modern battlefield;
- increased near-term readiness through procurement of improved communications, intelligence, air/control/defense, and command/management systems;
- increased combat sustainability by increasing the Improved Hawk, anti-aircraft, firepower by 33% through the reconfiguration of light anti-aircraft missile battalions and the procurement of missiles to allow for increased training.

Research, Development, Test & Evaluation, Navy

The $6.1 billion Research, Development, Test and Evaluation request for FY 1982 represents an increase of $1 billion over FY 1981. Table 23 contains a list of items included in the RDT&E,N request for fiscal years 1980, 1981, and 1982, followed by a display of significant programs.

TABLE 23
RESEARCH DEVELOPMENT TEST AND EVALUATION, NAVY (RDT&E,N)
DEPARTMENT OF THE NAVY
($ In Millions)

	FY 1980	FY 1981	FY 1982
Technology Base	611.2	701.5	808.4
Advanced Technology Development	194.1	154.5	167.3
Strategic Programs	359.4	407.4	540.6
Tactical Programs	2,823.9	3,096.7	3,709.3
Intelligence and Communications	103.0	142.8	195.3
Defense Wide Mission Support	471.7	539.2	662.4
TOTAL RDT&E,N	4,563.3	5,042.0	6,083.3
Significant Programs			
Basic Research	214.9	240.4	282.0
Exploratory Development	396.2	461.1	526.5
Trident	94.0	78.9	102.8
Trident II	25.6	96.5	239.5
Navy Air Combat Fighter (F-18)	310.3	172.8	173.3
Tomahawk Cruise Missile	104.8	132.7	141.4
LAMPS MK-III	178.7	101.1	73.8
AV-8B	180.3	238.3	227.4
Vertical Launching System	52.2	67.8	85.7
Test and Evaluation Support	213.1	245.2	281.2

Basic research provides the scientific foundation for Naval Technology development and operational programs. The real growth of 9% is required if we are to meet the accelerating Soviet technological challenge.

Exploratory development funds 22 technology areas in FY 1982 such as ships, aircraft, missiles, nuclear propulsion, undersea warfare, logistics, materials, etc. This program uses the product of the Basic Research program to conceive, fabricate, evaluate, and determine feasibility of advanced weapons and support systems concepts and has real growth of 3.4%. This program shares with basic research the common objective of improving the qualitative advantage of future United States Naval Forces.

The Trident Submarine and Trident I Missile program will continue support efforts to meet C-4 missile deployment on the Trident submarine. Major efforts in FY 1982 include continued test and development in the areas of propulsion system, command, control and communication, Trident design and component improvement and establishment of an East Coast Submarine Base. The Trident II Program continues Advanced Development of an improved missile with greater range/payload capability and improved accuracy.

The Navy Air Combat Fighter (F/A-18) final OSD program review is scheduled for September 1982. The airplane is currently completing an Initial Operational Test and Evaluation of the fighter role. During 1981 the Board of Inspection and Survey (BIS) trials will be conducted for the fighter mission and BIS trials for the attack mission will be conducted in early 1982.

The Tomahawk Sea Launched Cruise Missile System (SLCM) operational evaluation will be conducted in FY 1982 for the ship launched Tomahawk and the land attack submarine launched variant. A production decision for the submarine launched Tomahawk is anticipated early in FY 1982.

The Lamps MK III integrated ship/helicopter weapon system will complete OPEVAL and award production contracts in FY 1982.

During FY 1982 four AV-8B FSD aircraft will complete construction and enter the flight test program. The AV-8B will double the range/payload performance of the Marine Corps AV-8A, and will feature improved reliability and maintainability.

FY 1982 funding for the Vertical Launching System (VLS) provides for the conduct of OPEVAL along with Standard Missile associated development work-including compatibility demonstration of VLS and the Common Weapon Control System. It will also initiate the VLS/ASROC project. VLS will be capable of launching a variety of current and planned missiles from surface combatants.

Test and Evaluation Support funds provide major test range support for fleet users, Navy Weapon System RDT&E and other Government R&D efforts. It provides for Test and Evaluation of aircraft, weapon systems and major components and for technical assistance to Navy and other Government activities in the area of RDT&E. This program pays the institutional costs for Naval Weapons Center, China Lake; Pacific Missile Test Center, PT. Mugu; Naval Air Propulsion Test Center, Trenton; Naval Air Test Center, Patuxent River; and Atlantic Undersea Test and Evaluation Center.

Stock Funds

The funds appropriated to the Navy and Marine Corps Stock Funds, displayed together in the next table, are provided for the sole purpose of procurement of Prepositioned War Reserve (PWR) stocks of consumable secondary items.

TABLE 24
DEPARTMENT OF THE NAVY
STOCK FUNDS
(In Millions of Dollars)

Items/Programs	FY 1980	FY 1981	FY 1982	FY 1981-82 Difference
NAVY STOCK FUND (NSF)				
Prepositioned War Reserve Stock	-0-	$ .3	$17.4	$+17.1
Total NSF	-0-	$ .3	$17.4	$+17.1
MARINE CORPS STOCK FUND (MCSF)				
Prepositioned War Reserve Stock	-0-	$4.1	$13.3	$+9.2
Total MCSF	-0-	$4.1	$13.3	$+9.2

In the case of the Navy Stock Fund, it should be noted that an additional $21.5 million was invested in PWR in FY 1980 from available stock fund cash in lieu of appropriation funds. MCSF funds in fiscal years 1981 and 1982 will be invested in cold weather clothing and equipment and protective chemical, biological, and radiological material.

Military Construction, Navy

The FY 1982 Military Construction, Navy budget request includes $1,477.8 million, which is $674.7 million more than the revised FY 1981 budget. The resources allocated to significant military construction programs are shown below.

TABLE 25
MILITARY CONSTRUCTION, NAVY (MCN)
(In Millions of Dollars)

Items/Programs	FY 1980	FY 1981	FY 1982
TOTAL MCN	$585.1	$803.1	$1,477.8
Significant Programs			
Troop housing	69.8	87.1	184.5
Community facilities	10.7	17.7	26.0
Pollution abatement	75.3	24.8	35.8
Energy conservation	46.8	45.4	50.0
Shipyard modernization	37.3	87.6	67.0
Trident submarine support bases	34.4	34.2	100.2
Diego Garcia/Indian Ocean	-	117.2	172.8
Naval Regional Medical Center, San Diego	-	25.0	204.0
Northern Marianas Land Lease	-	-	32.0
Full funding of FY 81 requirements	-	-	105.8
Planning and design	70.0	89.8	83.7

In support of Department of the Navy quality-of-life (QOL) efforts, $184.5 million is included for troop housing and $26.0 million is requested for child care centers, chapels, gymnasiums, and a commissary.

The budget also includes $35.8 million for air and water pollution abatement and $50 million for energy conservation projects including a $20 million request for a coal conversion project. An additional $67 million is requested for shipyard modernization, including $37 million for the first of two phases in the construction of a new steam plant for the Puget Sound Naval Shipyard.

The $100.2 million requested for Trident submarine support bases includes $77.1 million for facilities at Kings Bay, Georgia. Another $172.8 million continues the facilities construction in the Indian Ocean/Persian Gulf area. The amendment includes an additional request of $45 million for support facilities on Diego Garica; $9 million for Mombosa harbor dredging; and $24 million for facilities at Berbera Point, Somalia.

The second and major construction effort for the proposed new Naval Regional Medical Center, San Diego, is included in the FY 1982 program at $204 million.

The Department of the Navy's budget request includes funds for the Northern Marianas Islands Land Lease. The request is $32 million.

Also contained in the FY 1982 construction program is $105.8 million for unfunded prior year requirements. This amount represents previously authorized program that cannot currently be executed for lack of funding.

The FY 1982 budget request also includes $83.7 million for planning and design efforts to support current and future construction requirements.

Military Construction, Navy Reserve

The FY 1982 program for Military Construction, Navy Reserve, displayed below, contains 10 projects for major construction totaling $23.9 million, and $2.5 million for minor construction and planning.

TABLE 26
MILITARY CONSTRUCTION, NAVY RESERVE (MCNR)
(In Millions of Dollars)

Items/Programs	FY 1980	FY 1981	FY 1982
Total MCNR	$18.3	$33.0	$26.4

Before concluding, I would like to say a few words about a most important DON resource, namely, civilian personnel. One of the major issues before us again this year is the continuing constraints on our civilian employment. Table 27 provides a display of Department of the Navy civilian personnel end strength as requested in the January FY 1982 President's budget and as amended in March.

TABLE 27
DEPARTMENT OF THE NAVY
CIVILIAN PERSONNEL END STRENGTH

	FY 1980	FY 1981	FY 1982
January Submit	308,711	312,349	309,339
Supplemental/Amendment	-	+5,160	+3,650
March Submit	308,711	317,509	312,989
Navy	(289,181)	(297,903)	(293,472)
Marine Corps	(19,530)	(19,606)	(19,517)
Direct Hire	297,984	306,671	302,150
Indirect Hire	10,727	10,838	10,832

As noted in the table, the civilian manpower strength requested for the end of Fiscal Year 1982 is 312,982, or 4,527 below the current FY 1981 estimate. The Department believes that its civilian personnel needs are best met by long term stability in the civilian force structure, thereby maintaining a shore establishment that is both responsive and economically effective. In this regard, I would characterize the civilian employment request as austere, yet adequate to accomplish the highest of the Department of the Navy priorities. I believe our civilian manpower request represents a reasonable attempt to constrain civilian employment and still ensure that we are adequately staffed to carry out our responsibilities.

Table 28 shows our total budgeted civilian strength estimates by appropriation/fund and functions as defined by organizational entities.

TABLE 28
CIVILIAN END STRENGTH *
(In Thousands)

	FY 1980	FY 1981	FY 1982
Department of the Navy - Total	308.7	317.5	313.0
Navy Industrial Fund	159.7	165.4	166.3
Shipyards	(67.5)	(68.0)	(73.1)
Ordnance Activities	(18.1)	(19.0)	(19.1)
Air Rework Facilities	(22.7)	(25.6)	(23.8)
Public Works Centers	(11.1)	(11.8)	(10.7)
Military Sealift Command	(5.7)	(6.4)	(6.1)
Laboratories	(28.5)	(28.1)	(27.3)
Other	(6.2)	(6.5)	(6.2)
O&M, Navy	121.5	124.3	118.8
Medical Operations	(10.1)	(10.3)	(9.5)
Trident & Strategic Systems	(2.0)	(2.3)	(2.3)
Supervisors of Shipbuilding	(3.8)	(3.9)	(4.0)
Hardware acquisition, management & support	(15.2)	(15.7)	(15.8)
Central Supply Command	(21.2)	(21.6)	(19.6)
Facilities engineering & support	(5.1)	(5.1)	(5.0)
Training activities	(10.4)	(10.8)	(9.9)
Fleet base maintenance & operations	(33.0)	(33.9)	(32.6)
Intelligence, Telecommunications, Security & Oceanography	(6.2)	(6.6)	(6.8)
Other	(14.5)	(14.1)	(13.3)
Other Navy Accounts	7.9	8.1	8.3
Subtotal Navy	289.2	297.9	293.5
Marine Corps Accounts	19.5	19.6	19.5

* May not add due to rounding.

Civilian End Strength Changes

The FY 1981 President's budget reflected the assumption that functions performed by 6,668 civilians would prove more cost effective for contractor performance under OMB Circular A-76 procedures. Due to delays in implementing the revised Circular A-76, and because of increased reporting requirements imposed by Section 502 of the FY 1981 Defense Authorization Act, it has not been possible to meet the initial cost study schedule; consequently, 4,300 of the 6,668 positions have been restored in FY 1981, including 3,571 in the January submission and 729 in the amended supplemental. This leaves net contracting transfers of 2,368 in FY 1981. It is anticipated that cost studies of the functions associated with the positions restored for FY 1981, as well as additional functions, will be completed by the end of FY 1982, with the potential result that the work of about 8,641 civilians will be contracted out in FY 1982. Of this amount, 4,841 are included in the January submission and 3,800 in the FY 1982 amendment. This would result in a potential cumulative reduction of approximately 11,000. To the extent that other unforeseen delays occur, or that functions for which end strength have been deleted prove to be more cost effective in-house, the Department of the Navy will request end strength restorations from the Secretary of Defense.

Table 29 shows the changes in Department of the Navy civilian end strength by activity between the FY 1981 President's budget and the March submission of the FY 1982 budget.

TABLE 29
DEPARTMENT OF THE NAVY
CIVILIAN END STRENGTH CHANGES
CHANGES: FY 1981 - 82

FY 1981 President's Budget	310,100
Unexecutable contracting out	+4,300
Congressional adjustments	-900
RDF/Diego Garcia	+836
Projected industrial productivity	-810
Industrial ordnance activities	+795
Air Rework Facilities	+2,865
All other	+323
Total Revision to Original FY 1981 Presidental Budget	+7,409
FY 1981 Revised	317,509
Contracting out	-8,641
MSC ship manning	-309
Air Rework Facilities	-1,769
Shipyards	+5,317
Quality of Life programs	+183
Ancillary medical support	+200
Ordnance Work Load	+359
Fleet activities	+403
Net all other	-263
Total Reagan Administration Revision	-4,520
FY 1982 President's Budget (March Submit)	312,989

As shown in Table 29, the currently projected FY 1981 end strength for Department of the Navy civilians is 7,409 above the original request in the FY 1981 President's budget, of which 2,249 was addressed in the January President's budget submission and 5,160 is reflected in the FY 1981 supplemental. A total of 4,300 of this overage is the result of delays in executing contracting out initiatives assumed in the FY 1981 President's budget.

The FY 1982 end strength request of 312,989 represents a net reduction of 4,520 below the currently projected FY 1981 level. Other than the reduction related to contracting out, major decreases include 309 in Military Sealift Command ship manning requirements, and a decrease of 1,769 positions at Naval Air Rework Facilities (NARFs). The NARF staffing decrease is driven by the phasing of the budgeted work load. As noted earlier, NARF work load and staffing levels were substantially adjusted in the supplemental and amendment.

Major increases from FY 1981 to FY 1982 include 5,317 for Naval Shipyards, including service life extension work on the carrier SARATOGA, and reactivation of the ORISKANY and NEW JERSEY and overhaul of three additional diesel submarines. Other increases are 183 positions for quality of life programs to improve military retention, 200 for increased ancillary medical support, 359 positions to perform increased ordnance industrial work load, and 403 positions at fleet operating stations and ship repair facilities for improved base maintenance and ship overhaul, repair and maintenance.

It should be noted that, as a result of the NARF and shipyard changes, the following end strength levels are planned for those activities:

TABLE 30
DEPARTMENT OF THE NAVY
CIVILIAN END STRENGTH

	FY 1980	FY 1981	FY 1982
Naval Shipyards	67,500	68,000	73,400
NARFs	22,700	25,600	23,800

The major increases for FY 1981 and FY 1982 are in areas that are directly related to fleet readiness. During the past five years, the Department's civilian end strength has decreased by about 17,100. This constitutes 5.3% of total DON civilians, and it is increasingly difficult to accommodate reductions without experiencing severe repercussions in readiness. Over half of our civilians are at Navy and Marine Corps Industrial Fund activities, many of which are in direct support of readiness. These activities include shipyards, air rework facilities, ordnance and strategic weapons industrial activities, air engineering centers, and Military Sealift Command ships. In addition, many of our operation and maintenance activities also provide direct readiness support, such as fleet operating bases, Marine Corps bases, supply activities and ship repair facilities. There are also training and medical facilities which, while less directly related to readiness, still are essential.

The point I want to make through this illustration is that, while the Department's civilians are often viewed as "support" rather than "operations", they are, in fact, the major source of the maintenance and repair effort needed to keep the fleet steaming, the aircraft flying and the ammunition ready to fire.

Civilian Grade Structure

The FY 1981 Authorization Act restated the requirement of the 1978 Act that the Department of Defense reduce civilian positions graded GS-13 through GS-18 and equivalent by 6%, from a 1977 base, but extended the time in which to take these reducions to the end of FY 1982.

The Department of the Navy had been reducing high grades for three years prior to the legislative mandate, and has achieved reductons of 2,124, or more than 10%, from 30 September 1974 to the authorized 30 September 1980 level. Nearly 7% of this reduction was accomplished prior to the effective date of the congressional mandate. The following table shows the reductions taken over the last few years.

TABLE 31
HIGH GRADED CIVILIAN POSITIONS
DEPARTMENT OF THE NAVY

End FY	GS 13 - 18 +PL & SES	Cumulative Reduction	Cumulative % Reduction
1975	20,423	-44	0.2
1976	19,408	-1,059	5.2
1977	19,082	-1,385	6.8
1978	18,648	-1,819	8.9
1979	18,357	-2,110	10.3
1980	18,343*	-2,124	10.4

* Authorized positions for end FY 1980.

The budget for FY 1982 reflects a further decrease of high graded positions to the ceiling of 17,932 to complete the 6% reduction required by current law. However, having reduced the high grade structure by more than 10% in the past five years, the Navy believes it has already complied with the intent of Congress, and should have to take no further reductions.

The Department of the Navy places great emphasis on ensuring that positions are fully justified by the level of work load and are classified in strict accordance with civil service standards. A strong job classification and position management program is the most effective method for validating requirements for high grade positions. A continuing drawdown of the senior level civilian manpower base will adversely affect morale, readiness, and our capability to manage complex programs, and diminish opportunities for upward mobility. The problem is especially acute in the research and technical communities, where high grade constraints make it difficult to attract and retain top quality scientific and engineering personnel. The Department of the Navy therefore strongly supports the repeal of the statutory requirements for reduction in high grade civilian positions.

Mr. Chairman, that concludes my presentation of the Department of the Navy budget. I began my remarks by stating that, with this Reagan budget, we hope to increase readiness, to improve our ability to recruit and keep top people, and to modernize our forces. I think you will agree that this budget takes a significant step toward these goals.

APPENDIX

Table I displays the Department of the Navy budget request in terms of appropriations subject to authorization and appropriation action and those requiring only appropriation actions.

TABLE I
DEPARTMENT OF THE NAVY
(In Millions of Dollars)

ALL DON APPROPRIATIONS

APPROPRIATION	FY 1980	FY 1981	FY 1982
Subject to Authorization			
O&MN	14,986.6	17,867.4	20,096.3
O&MMC	880.2	1,091.4	1,195.5
O&MNR	431.4	552.5	585.9
O&MMCR	21.2	28.9	40.3
APN	4,331.7	6,254.3	9,352.5
WPN	1,992.6	2,738.1	3,271.8
SCN	6,464.4	7,801.3	10,290.1
PMC (Partial)	58.7	202.3	641.0
RDT&EN	4,563.3	5,042.0	6,083.3
TOTAL	33,730.1	41,578.2	51,556.7
APPROPRIATION			
Not Subject to Authorization			
MPN	7,349.0	8,964.0	9,340.1
MPMC	2,235.3	2,670.9	2,807.9
RPN	267.7	318.3	329.0
RPMC	96.1	120.4	138.9
OPN	2,586.0	3,037.7	3,865.0
PMC (Partial)	216.4	303.7	1,187.2
NSF	-	.3	17.4
MCSF	-	4.1	13.3
TOTAL	12,750.5	15,419.4	17,698.8
TOTAL DON ACT	46,480.6	56,997.5	69,255.6
MILITARY CONSTRUCTION ACT			
Subject to Authorization			
MCON	585.1	803.1	1,477.8
MCNR	18.3	33.0	26.4
TOTAL	603.4	836.1	1,504.2
GRAND TOTAL DON	47,084.0	57,833.6	70,759.8

1/ Includes proposed FY 1981 Supplementals

The major change in the FY 1982 budget is that Operation and Maintenance appropriations are subject to authorization. Military personnel accounts and some minor procurement programs are the only ones not now subject to authorization. However, end strength for active duty and average strength for reserve personnel are authorized, as is total civilian personnel end strength, so that only a small portion of our programs are not now covered in the authorization process.

Deriviation of Budget Authority and Total Obligational Authority

Tables II and III, which follow, show how Budget Authority (BA) and Total Obligational Authority (TOA) for fiscal years 1981 and 1982 respectively are derived.

TABLE II
DEPARTMENT OF THE NAVY
DERIVATION OF BA & TOA
FY 1981
(In Millions of Dollars) 1/

Appropriation	Enacted	Supplemental	Transfer of B.A./Reappropriation	TOTAL BA	Transfers of Unob. Balances	TOTAL TOA
MPN	7,857.4	1,106.6	-	8,964.0	-	8,964.0
MPMC	2,350.1	320.8	-	2,670.9	-	2,670.9
RPN	302.0	16.3	-	318.3	-	318.3
RPMC	102.8	17.6	-	120.4	-	120.4
O&MN	16,735.4	974.1	22.4	17,731.9	135.5	17,867.4
O&MMC	994.2	74.9	12.6	1,081.7	9.7	1,091.4
O&MNR	531.4	21.1	-	552.5	-	552.5
O&MMCR	28.9	-	-	28.9	-	28.9
APN	6,110.7	143.6	-	6,254.3	-	6,254.3
WPN	2,766.0	-	-27.9	2,738.1	-	2,738.1
SCN	7,455.7	317.7	+27.9	7,801.3	-	7,801.3
OPN	3,037.7	-	-	3,037.7	-	3,037.7
PMC	486.8	19.2	-	506.0	-	506.0
RDT&EN	4,861.2	146.9	34.0	5,042.0	-	5,042.0
NSF	.3	-	-	.3	-	.3
MCSF	4.1	-	-	4.1	-	4.1
Total DON Appn. Act.	53,624.6	3,158.7	69.0	56,852.3	145.2	56,997.5
MCON	775.3	27.9	-	803.1	-	803.1
MCNR	33.0	-	-	33.0	-	33.0
MCON Appn. Act.	808.3	27.9	-	836.1	-	836.1
Total Appn. Request	54,432.9	3,186.5 2/	69.0	57,688.4	145.2	57,833.6
Budget Concepts				-98.4 3/		
Grand Total				57,590.0		

1/ May not add due to rounding.

2/ Supplemental 3,186.5
- Mil/Civ Pay Raise 1,477.2
- Program Supplemental 1,709.4

3/ Budget Concepts -98.4
- Offsetting Receipts -99.0
- Trust Funds +11.1
- Intragovernmental -10.5

TABLE III
DEPARTMENT OF THE NAVY
DERIVATION OF BA & TOA
FY 1982
(In Millions of Dollars) 1/

Appropriation	BA	TOA
MPN	9,340.1	9,340.1
MPMC	2,807.9	2,807.9
RPN	329.0	329.0
RPMC	138.9	138.9
O&MN	20,096.3	20,096.3
O&MMC	1,195.5	1,195.5
O&MNR	585.9	585.9
O&MMCR	40.3	40.3
APN	9,352.5	9,352.5
WPN	3,271.8	3,271.8
SCN	10,290.1	10,290.1
OPN	3,865.0	3,865.0
PMC	1,828.2	1,828.2
RDT&EN	6,083.3	6,083.3
NSF	17.4	17.4
MCSF	13.3	13.3
DON Appropriation Act	69,255.6	69,255.6
MCON	1,477.8	1,477.8
MCNR	26.4	26.4
MILCON Appropriation Act	1,504.2	1,504.2
TOTAL APPROPRIATIONS REQUEST	70,759.8	70,759.8
Budget Concepts	-38.1 2/	-
Grand Total	70,721.7	70,759.8

1/ May not add due to rounding.

2/ Budget Concepts Total -38.1

a. Offsetting Receipts, Navy	-38.5
b. Trust Fund, Navy	+9.9
c. Intragovernmental Trust Funds, Navy	-9.5

Budget concepts receipts are deposited directly to the U.S. Treasury and are not available to DON to reduce the Budget Authority requirements of the appropriation request.

Biographical Sketch

A native of West Orange, New Jersey, Rear Admiral Miller enlisted in the Navy in 1945. He received a fleet appointment to the United States Naval Academy, and graduated with the class of 1950. His first tour of duty after commissioning was as Main Propulsion Assistant in USS GOODRICH (DDR-831).

Following flight training and designation as a Naval Aviator in November 1952, he served with Patrol Squadron Forty Five, operating seaplanes from Naval Station, Coco Solo in the Panama Canal Zone. In 1955, he qualified as a helicopter pilot and served with Helicopter Anti-Submarine Squadron One. His next assignment was as Aircraft Maintenance Officer and Search and Rescue pilot at the Naval Air Station, Chincoteague, Virginia.

Rear Admiral Miller then served two years as an Exchange Officer with the Royal Navy, serving in HMS ARK ROYAL (R-09) and as Executive Officer of 820 Squadron. On return to the United States in 1961, he was Assistant Force ASW Officer on the staff of COMCRUDESLANT.

He served as Executive Officer and Commanding Officer of Helicopter Anti-Submarine Squadron Three aboard the USS RANDOLPH (CVS-15). Following his squadron command tour, he was assigned to the Anti-Submarine Warfare Systems Project Office in Washington, D.C. In 1969 and 1970 he was Commander, Carrier Anti-Submarine Air Group Fifty-Three in USS KEARSARGE (CVS-33) assigned to the Seventh Fleet.

He commanded the USS SPIEGEL GROVE (LSD-32) and in May 1974 he was assigned as Commander, Amphibious Squadron Four and from May 1976 to June 1978 served in the office of the Chief of Naval Operations, Systems Analysis Division, Washington, D.C., as Deputy Director. He was elevated to Flag Rank in June 1978 and became Commander Anti-Submarine Warfare Wing, U.S. Pacific Fleet on 8 August 1978.

In December 1980 he was appointed by the President as the Director of Budget and Reports, Office of the Navy Comptroller, and Director, Fiscal Management Division, Office of the Chief of Naval Operations.

Among Rear Admiral Miller's awards are the Legion of Merit, the Navy Commendation Medal, and the Vietnamese Navy Distinguished Service Order. He is a graduate of the United States Naval Postgraduate School, Monterey, California, and holds a Master of Science Degree in Operations Research. He is also a graduate of the Army War College, Carlisle Barracks, Pennsylvania and in 1971 he was assigned to Harvard University where he was a Fellow at the Center for International Affairs.

Rear Admiral Miller is married to the former Claire Meylich of West Orange, New Jersey. They have three sons.

PERSONNEL COMPENSATION

Senator STEVENS. Thank you gentlemen. On the pay issue, Mr. Secretary, what did we have last year? I think it was 11.7, and you want a special one this June?

Secretary LEHMAN. That would be the 5.3-percent request.

Senator STEVENS. And then we expect a 9.1 this fall?

Secretary LEHMAN. There is more flexibility to the autumn request. The autumn raise will be a cost-of-living adjustment. We will go up or down, hopefully, depending upon what the actual assessment is at that time. It also can be allocated differently, rather than across the board. There is the flexibility to direct that toward those jobs and ranks where we have the most inequities. I would like to point out that the 11.7 percent, which you recall we started efforts to obtain about 14 months ago against the opposition of the Carter administration, finally got into the paychecks at the beginning of this year. During that period inflation was, by all counts, more than 11.7 percent. The people in our Navy and Marine Corps are very heavily in the housing market. Thus, criticisms against the validity of the CPI as being too heavily weighted toward housing costs do not apply in the Navy-Marine Corps because our people are tremendously affected by the housing market, having to move every 3 years or so in many cases.

Senator STEVENS. What I am trying to get to is the question of compression, how it is affecting your people? If we go through this schedule, you had a 26.1-percent increase and that doesn't even figure in the compounding effect of the increase for those that get the pay raise. But all of those people who are compacted have not gotten the last one and they won't get the next two unless the pay cap is raised.

GRADE FREEZES

Now, where is the compression now on your people as far as in terms of grade? What grade in the Navy is frozen?

Secretary LEHMAN. Everyone above lower half rear admiral receives the same pay. In other words, in effect, the upper half or the two-star rank makes the same now as three and four stars.

Senator STEVENS. Has the Government even down below the admiral grade as far as compression is concerned?

Secretary LEHMAN. No.

Admiral HAYWARD. It probably will in 1982.

General BARROW. Colonels and Navy captains will make the same as all above if the scheduled pay raises are passed and the pay cap isn't raised.

Senator STEVENS. It will go down to the rank of colonel.

Secretary LEHMAN. After these pay raises, yes, that will be right.

General BARROW. It is a subject we don't talk about because it sounds terribly self-serving but it does confuse our people in the field. They wonder what is going on, when they rise in rank and responsibility without any pay increase associated with it.

Senator STEVENS. There are two accounts, Military Personnel and Operations and Maintenance which have the smallest increases for 1981 and 1982, in the revised 1981 and projected 1982 budget. There is no question about that, this budget turns around as far as weapons and procurement superiority but why is it that

we have only got a 5-percent increase or less in manpower and operating accounts? You all have emphasized the manpower aspect.

Secretary LEHMAN. The biggest change, Mr. Chairman, was made in the initial Carter budget which cut investment accounts and put funds into O. & M. accounts, readiness accounts, so that the initial Carter submission was very heavily changed in emphasis from prior years.

The Reagan revisions did not need to make quite the adjustment in readiness accounts that were necessary in the investment accounts.

COST OF OPERATING "ORISKANY" AND BB'S

Senator STEVENS. We are operating on a 5-minute limit. I have just come up to the edge of mine if I haven't already exceeded it. I am interested in the reactivation of the battleships and the aircraft carriers. If you reactivate those, the question of reactivating them is one thing but what about the ongoing costs of those vessels? Has that been projected into the outyears? Do you have any indication of how much it is going to cost us downstream if we bring those three vessels back into the active fleet?

Secretary LEHMAN. We can provide that for the record. It has been projected. There has been some concern raised that we are buying massive maintenance problems. That is not the case. These ships, in the case of the battleships, are young ships. They are younger than the average active ship we have now. They have less than 12 years commissioned service on average, and less than that on their actual machinery plants. They are going to be brought back in a fully modernized condition and should have no more operating costs than comparable ships today with the exception that they are battleships.

SHIP MAINTENANCE COSTS

Oil burning ships today are going to be expensive to operate but we don't see the battleships as being different in terms of maintenance costs than current day ships.

[The information follows:]

"ORISKANY" OPERATING AND MAINTENANCE COSTS

The estimated annual operating and maintenance costs in constant fiscal year 1982 dollars, exclusive of manpower, airwing and indirect costs for *Oriskany* is $69 million and for *Iowa* class battleships is $58 million. This support includes the operating tempo, fuel costs and ship repairs.

BENEFITS OF BATTLESHIP REACTIVATION

Senator GARN. I will continue along that line. I have no trouble in the revitalization of the *Oriskany,* and I think the need for the carrier in that capability is there. But I do have a hard time with the battleships. They may not have been used a great deal, but when you talk about relatively new ships I can't help but smile, Mr. Secretary. I served as a midshipman on the *Iowa,* and that was a lot of hairline ago, and a lot of years, too many years, like nearly 30.

It is an old ship. So very briefly can either one of you, can you give some justification for activating these ships? You don't have to sell me on the carrier. Maybe that is my naval aviator bias coming out but I have to be sold on the battleships.

Admiral HAYWARD. Well, let me make two or three points, Senator Garn. First with respect to condition and design, we don't build ships that well any more, regrettably. The battleship was designed to take the Japanese 18-inch shell. It has armored plating much of it over a foot thick in various sections, across the sides and decking, and it was designed to take a lot of hits from bombs, shells, and torpedoes. It will be the most survivable ship in anybody's navy if we bring it out.

That makes the point with respect to the kind of design and the kind of capability that would represent survivability. Our intention is not to bring back World War II battleships whose capability is limited to their 16-inch guns. That is not to belittle the 16-inch gun which I think is an extremely important adjunct to our fighting capability and which we have lost gradually over time, that is, having a high caliber gun in our Navy.

Here is an opportunity to restore the 16-inch gun to the fleet for use in support of amphibious operations or any other operations where a 20- to 30-mile capability is desired, with the option to upgrade that gun's capability in the future, if we seek to do so, by adding state-of-the-art laser guidance capabilities and range improvements. But the real capability we are lookng for is to adopt the battleship to meet our needs in the latter part of the 20th century, to make it capable of operating in concert with the fleet of the 1990's and beyond by optimizing its surface-to-surface over-the-horizon missile capability, using the very best systems we have today. As I see it, a major breakthrough that we have available for use in offensive warfare today is represented by the over-the-horizon cruise missile. We are going to maximize that capability in our surface Navy as soon as possible, backfitting it into the 963 class destroyers and building it into CG–47 cruisers, and designing it into the DDGX. We would build that capability into the battleship, initially by putting on deck canisters of Harpoon and Tomahawk and then, in the first major overhaul, going to the vertical launch Tomahawk, although the design for that system need not be explicit for several years. We are talking about probably several hundred over-the-horizon missiles, which gives us a tremendous added offensive punch.

FANTAIL PLATFORM AIRCRAFT CAPABILITY

Lastly, it is our intent initially, to install an austere air capable platform on the fantail with the option to later make it a fully air-capable ship, a ship that will have the potential of being every bit as useful as any of the light weight carriers that are often discussed today. These modifications provide us in the battleship with the capability we were looking for several years ago in the strike cruiser, a concept we were unable to sell because of cost.

It provides us the same air capability as the through deck cruiser that the British are building that everybody admires, and as the comparable ship that the Russians are building which likewise everybody admires. We want that in the battleship. So we are

talking about modernizing it and bringing it into this generation of warfare, doing it in the first phase for the cost of an FFG–7, mind you. Think about the firepower represented by the battleship compared to a frigate. It is a night and day comparison and we have the option in a next phase of spending an amount equivalent to the cost of a destroyer to make it still more capable. That, we think, is an intelligent use of resources capitalizing on a prior investment, employing a ship that still has lots of capability in it although we obviously have to bring it up to the weapons standards of today's warfare.

Senator GARN. Thank you. My time is up.

General BARROW. May I say something about the battleship from an old marine, if you will. I am an enthusiast, Senator Garn, a real enthusiast, and I too have had some firsthand experience with the battleship and seeing what it can do. I would simply add to all of the things that Admiral Hayward has said, that it has a lot of speed, well in excess of 30 knots, and it has great endurance, it can remain on station a long time before refueling and all of those things he talked about could be done without sacrificing the tremendous value that relates to the 16-inch gun, which of course we as marines are particularly interested in.

I know of no initiative, in my time in Washington, that has more value and more possible return for what is going to be spent than this program. I would just like to weigh in on behalf of it.

Senator GARN. Do you still have people who know how to holystone the deck?

Secretary LEHMAN. We are receiving many requests from personnel to come back on active duty. Those include gunners mates, boilermen and other people who are happily still in the age groups where we can make use of them. We have personnel now looking at flexible ways of making use of these people, if only to train new cadres of NCO's.

Senator GARN. Senator Tower might be able to help.

OUT-YEAR PROGRAMS FOR 600-SHIP NAVY

Senator HOLLINGS. Mr. Secretary, I am impressed with the program and yet I continue to ask, where or what is the program? Specifically you and I both are familiar with this 5-year procurement annex. It projects it out right through 1986. I have been trying with you and I have been trying with Secretary Weinberger and the other Secretaries in Defense to get that from the Navy. We have the March 1981 amendment which shows the percentage right here. I don't have the annex and I don't know the makeup. In other words we are starting this week marking up the 3-year Navy budget in the Budget Committee and then we project it out for 5 years. How can we decide if you haven't decided. This Budget Committee forum is where we find a lot of the savings or waste, whichever one you want to look can be made or had.

In other words, we get into too many defense procurement programs that we are halfway through like water projects and we find out they are too expensive to continue and too expensive to discontinue. If you want to have a 600-ship Navy, and 15 battle groups, then of course you would immediately continue. We have to be flexible. I want to ask you about that, and ask you, is it a compre-

hensive program in the sense that we are going to have the missiles and men necessary to move the additional ships?

I notice Admiral Walters has said you are going to have ships but not the missiles to put on them. Or an *x* number of additional ships, about 1,000 men per ship, and you are going to need 50,000 men and how are you going to get the men? That is the main program and how can we get it in this committee so we know where we are headed and what kind of Navy we have in 1985?

Secretary LEHMAN. Senator, I understand your frustration. We all understand it. We in the Navy, with the comptroller of the Defense Department, have been working with your staff to try to come up with as much as possible of the outlay plan. I can tell you that we can provide you the broad outlines and configurations of what we are asking for right now. I believe it is safe to say that the budgetary impact of the 600-ship Navy program that we are talking about will be roughly a straight line projection, during the 5-year plan, of the current increase, and that it will get us to a 600 ship deployable Navy about 1988 or 1989. It is not possible, until we are more confident of the rate at which certain parts of the industrial base can be expanded, to tell whether some programs will appear larger in the early years and others in later years, or vice versa.

It may be, and in fact it is the case, that some programs, for instance, AEGIS, can be expanded to the optimum rate that we want early in the 5-year plan. On the other programs, particularly in the submarine programs, we are not yet confident as to the profile of the building rate needed to get to a 100 SSN-688 nuclear attack submarine force, and a Trident force that can meet strategic modernization requirements.

Similarly in aircraft procurement, we are trying to match threat requirements in the Navy and Marine Corps with the industrial base, to ascertain an optimum building rate that will get production rates to where—as in the case of this year's change from the Carter budget to the Reagan budget—we have been able to show almost one-half billion dollars in savings in the unit costs just because of the increased production rates.

For example, the A-6 is $8 million cheaper in the Reagan revision than in the Carter submission.

INFLATION RATE

Senator HOLLINGS. What kind of inflation rate do you use?

Secretary LEHMAN. Well, we are given an inflation rate, as you know, and it is really not our role in the administration to project inflation. You have, advisedly, a dilemma that is unsolvable. It seems to me that by projecting what retrospectively might be prudent into the future years, an administration would be, by that very act, contributing to inflation in a very serious manner. When you put into any budget projections in the out-years a figure that tells contractors, planners, investors, and everyone involved in the Defense Community that they can count on, say, 10-percent inflation 3 or 4 years in the future that is a strong data point for them. In effect, it brings about real, actual decisions that become inflaters themselves.

Yet, if we do the imprudent thing, in looking back and seeing that inflation has been steady at double digits for some time and don't project it forward, and subsequently inflation does not come down as fast as all of us had hoped, then the disruptions in the procurement process are even greater.

Senator HOLLINGS. Could I get this to one thing, and my 5 minutes are up but we haven't completed one question. That is the whole point, though. We have to be able to project this inflation and in turn as an Appropriation's Defense Subcommittee decide what is advisable and what is not advisable. If you look at the normal inflation rate we have always underestimated it we have never overestimated it. Still, the visions of sugar plums dance in their heads now. Along comes the Reagan program and everybody is going to have a bigger Army and Navy and Marine Corps, and it doesn't make any difference what I put down here. If I do it in a rational way and project it out, I find maybe I can't buy everything.

That is my whole point. That is what we are going to have to do. Inflation went up $40 billion last year, and we know that. At the end of the year they say what we bought in this subcommittee went up $40 billion. Now if we can just miss the mark by $40 billion we ought to backtrack and find out how and what we can do about it.

Thank you, Mr. Chairman.

ELF

Senator RUDMAN. Thank you, Mr. Chairman.

I would like to follow on Senator Hollings questions and I will in the second round because that is a discussion we had at great length with the Army several days ago. I have some thoughts on that, but I want to address a question to Admiral Hayward if I may. This really is in the same general approach of Senator Hollings' question.

I have been tracking some past programs of the Navy and Army and Air Force trying to see just exactly how much consistency we had and how we sometimes want to stray. I have an interesting example which maybe I don't understand and which maybe you can illuminate for me. I am going back to April 1980 in the Armed Forces Journal in a dialog you had with them and I just want to quote some of it to you and some of the history and see if you can maybe explain to me some of these things which I don't understand.

Back in that issue they asked you this question, and it has to do with ELF. The question was, Given the Russian advances in ASW, do they make the need for ELF more important this year? You testified last year that it was urgently needed and how much longer do you think we have to wait for a Presidential go-ahead?

Your answer was:

> The need for ELF while related to Soviet ASW was directed to producing a communication path with our SSB.

And then you continued on—

> So in vital force we are never stuck with only one or two ways to communicate, but in fact several. If we had to send out the launch signal we can do it. It is a

mistake not to have it and I can't judge when the President is going to sign off on it. This issue has been dormant for too long.

On February 28 you wrote a letter to my colleague, Senator Humphrey, in his capacity as chairman of the Preparedness Subcommittee on the Armed Forces Committee, and I have the letter here but the key operative portion is a sentence which says, "ELF is also an essential in assuring communications to all submarines."

Then last month I questioned Dr. Wade when he was here on the timetable which Congress set last year for receiving a plan for operational deployment and he testified as to what you wanted and how you wanted to proceed. Now I will come to the bottom line here. On March 19 a little over 2 weeks ago, you submitted a letter to Secretary Lehman, recommending continuation of the ELF system in a caretaker status on the rational the system was "not cost effective and the existence of a definable threat to your ability to communicate with the submarines can be established in order for the redundancy which I stated last year to be effectuated."

On the 20th the Secretary endorsed your recommendation, and it was signed by Acting Under Secretary Murray. My question, Admiral Hayward is this: What has changed so radically in 60 days to take what I thought was a prime motivated mission of the Navy to get these communications on a first-rate basis, because these submarines don't do us much good if we want to talk to them or they are vulnerable to the Soviets if they have to come to the surface to communicate?

What is it that changed so much that this system which we all thought was so necessary now isn't so necessary?

Admiral HAYWARD. It is more a question of being sensitive rather than one of being classified, in that the Secretary of Defense has provided his recommendation to the President and that went over just prior to the unfortunate attack on the President. I seriously doubt he has been able to dedicate any effort to that particular issue or to try to meet the April 1 deadline set by the Congress. I would prefer not to get into his recommendation or any details of that. The point I would make in the context of what has changed in the relationship of the sequence of events there that you have laid out——

Senator RUDMAN. Was that accurate, that sequence that I laid out? Is that an accurate sequence?

COST OF ELF SYSTEM

Admiral HAYWARD. Yes; I would say that was accurate. I will tell you one thing that has not changed. Our submarines are not one bit more vulnerable than they were last year nor can we predict when they will be, and therefore the urgency of ELF has not changed in any sense. What has changed in my own judgment is the price of it which has changed substantially since that first interview with the Armed Forces Journal.

In fact it was in the process of preparing the paperwork for the Secretary of Defense to send to the President that the price changed again. We are now talking about a half billion dollar project, and that is not the project we were talking about 2 or 3 years ago. As I said, along the lines you are talking about, Senator Hollings, I feel a responsibility to say it is time to readdress it. At the very same time I received a report prepared after many months of study which said the most important priority at the

moment to provide the redundancy and capability of communications we need must be to get on with fixing the TACAMO program. So I have simply made a recommendation to address both of those issues and they have been addressed and that is about as far as I would like to go at this point.

Senator RUDMAN. That is fine and I can understand your reluctance to go beyond that at this point. However I want to say to you that I think that this subcommittee in a closed session, if necessary, ought to get into this with you and the Secretary because I have a great deal more testimony here from some of your colleagues in the Navy on this very subject, and including some classified information in terms of some of the Soviet countermesures and some of the communications difficulties which you could possibly foresee in the event a launch signal was needed. It is going to do us very little good if we deploy additional ballistic missile launching submarines in the nuclear force and then find out at the critical point in this Nation's history that we have a communications problem. It seems to me that maybe we ought to have less submarines and more communications. I would like to get into it with you or someone on your staff, because I judge this to be a very serious matter.

I have done a lot of studying and research on this for the past 3 months waiting for the opportunity to talk to you here this morning.

Admiral HAYWARD. I suggest that communications may be the most serious strategic warfare issue facing us today, we ought to discuss it in a classified session.

Senator STEVENS. We can discuss it in a classified session and we will, but that doesn't or I don't see any need for a classified session to deal with a question of what led you to change your position. Is it strictly funding that lead you? I can appreciate the fact you are not going to discuss the recommendations to the Secretary of Defense on what the President might do but you are the one who changed your position. We don't have to go into a classified session to ask you what made you change your position.

Admiral HAYWARD. And I answer that. What made me change my position—and in fact my position did not change,—That has been the distortion of the press.

Senator STEVENS. That is as I understood you.

Admiral HAYWARD. I said "to continue the program as it has been laid out." We do not have to face up to a decision to proceed at this time. The threat to our SSBN's has not in fact changed. There is no threat to our SSBN force today that compels us to feel that there is an urgency about ELF.

Senator STEVENS. Is that a categorization of what you asked for, is that the press statement?

Admiral HAYWARD. I did not recommend we cancel the program, but I accept the hits on the leak because it may have come out of the Navy. We thought we were handling it very closely, yet it got out before the Secretary of Defense had an opportunity to address it or before any of you were briefed on it. By the time the press got hold of it, it was distorted. We have to deal with that sort of thing every day, and I have to apologize for that aspect of it.

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Senator STEVENS. If we had started it when we originally intended to, we had one price and then we had a different price and now we are going to cut it off because it costs more. Admiral, everything we are dealing with costs more, but it we postpone this now isn't it going to cost that much more downstream?

Admiral HAYWARD. I agree with that, and if we want to invest that much money on it one can make that judgment right now. I have to make a judgment as to what we can spread across all the Navy's requirements.

OUTYEAR COSTS OF REAGAN BUDGET

Senator STEVENS. Senator Hollings is trying to get to this question about the ongoing costs. I would like to get specific and find out. Could we find out what the ongoing costs of operating and maintaining the ships and aircraft and weapons you want to add to our inventory this year will be in the outyears?

Let me preface that by saying we asked similar questions of the Army just 2 years ago, when it was $27 million and we are now at $1.1 billion on that same thing that started at $27 million.

FORCE LEVEL SUPPORT COSTS

I would like to know, have we really projected the cost, operating maintenance, and planning of what you want to do this year? Do we have that yet?

Secretary LEHMAN. We will provide it for the record. We do have estimates of operating costs and maintaining.

[The information follows:]

FORCE LEVEL SUPPORT COSTS

The annual support costs in constant fiscal year 1982 dollars required to operate and maintain projected force level increases over the next five years is approximately $3 billion more per year than current support levels. This support includes the bulk of the operations and maintenance account and the military personnel account.

BATTLESHIP REACTIVATION

Senator STEVENS. Let us go to battleships now, Mr. Secretary. That is not one of my favorite subjects, the battleships. I really think putting a couple of cruise missiles in the back of an old battleship and putting them in the Persian Gulf is really not going to scare the devil out of the Russians. I can't think of anything that we have done in my time in the Senate that has aroused me more in terms of what I consider to be waste. Now unless someone can tell me something more than I know already, I intend to really oppose that one. The aircraft carrier is someone else's business but those two battleships, they are parked in Seattle, you know, and they were parked there I think when I came back from China in World War II, or right soon thereafter because they were there the first time I came out of Alaska, I remember, and they have been there ever since.

Senator GARN. They were used when I was a midshipman.

Secretary LEHMAN. Mr. Chairman, the question is, What are we comparing the battleships to? Are they cost effective compared to another way of putting firepower on targets, in the Persian Gulf,

for example. Is it more cost effective to put 16-inch rounds that are highly accurate 25 miles onto a target, or instead should we spend $1 billion to build up a base in the Persian Gulf region and another $5 billion to put in the kind of attack air wing and long-range support, that can deliver those same 2,000-pound bombs on the target with the same accuracy? Compare it to a new construction ship. You have to either say that no surface ships are worth spending any money on, or you have to compare it favorably with new construction as an alternative.

I would be perfectly happy to accept an amendment in this budget that would give us a new battle cruiser which would give us about the equivalent firepower. The Soviets just commissioned their first KIROV and there are more to come. A conservative estimate would be $2 billion plus to put together a KIROV-type. It would go up to the same speed, but it would be far less survivable because we can't afford to build ships as survivable as the *New Jersey,* and at about 5 times the cost.

FFG CAPABILITY

Compare the battleship to a new equal cost ship—an FFG–7 with one 3-inch gun on it. Would it be better to steam an FFG out there for the same price to scare the Russians? I don't know. I think you have to deal fairly with what the capability is we get at the cost we are talking about and the payoff, which I believe, is very, very high. There are major numbers of targets and potential crises to be deterred within the firepower capability of that ship alone.

Senator STEVENS. That ship as I understand it, could carry cruise missiles with nuclear warheads?

Secretary LEHMAN. It can carry Harpoon cruise missiles with conventional or nuclear warheads for antiship roles. It can carry Tomahawk cruise missiles with a combination of the future planned warheads runway busting with conventional sub munitions and incendiary warheads, HE warheads and bunker-busting warheads, or a nuclear warhead.

Senator STEVENS. But the hypothesis has to be that we are going to be in a shooting war in the Persian Gulf. If we are in a shooting war in the Persian Gulf we are going to be in a war throughout the world and so we want our assets sitting in the Persian Gulf inflexible and old.

I cannot understand why we would go back two generations rather than going ahead one. If you want a new Carib cruiser, come ask for it. The idea of going back two generations, by God, I just can't see it and hope the Congress doesn't see it also unless there is something about this that I don't understand, because I just think it is absolutely a waste of the taxpayers money. I would rather see us talking about worldwide global strategy as we ought to be talking about it, and what we need in the event we get to the point where we are pulling the triggers on cruise missiles.

Now, it surely isn't two old battleships sitting in the middle of the Persian Gulf.

Secretary LEHMAN. Your points are well taken, but the only thing we can afford to buy and spend $1 on is warfighting capability, and not peacetime deployments in the Persian Gulf or anywhere else. Every system has to be judged by what it can do if we have to fight. Those battleships can be deployed at 32 knots any-

where in the world and can project power at sea and ashore in any range of possible circumstances.

Senator STEVENS. If you want to fly the flag, take them out the way they are.

Secretary LEHMAN. I won't buy anything to fly the flag. There is no such thing as bluff in warfare. You have to have something that can survive and take hits and can keep fighting. That is what the battleships are for.

Senator STEVENS. If that had to survive and take hits and keep fighting, that is what we are going to rely on in order to win world war III. I think we ought to really get into a closed session and start talking about where we are. I don't believe we are that far gone, that we have to do that. I think it is the worse symbol we can send to the world, that we can't afford to modernize and we have to pull things out of mothballs and stick tubes in the back end of them and make the world think that we are modernizing our fleet.

SUM SYSTEM

Senator GARN. Let me change the subject, only to make one comment, that I start out with some of the same reservations as Senator Stevens but I don't think it is fair to indicate that the Navy is going to win World War III with it. I don't think that that is what they are projecting at all.

Mr. Secretary, you and I have spent a good deal of time in the last few years together on strategic weapons systems and arms control and certainly today, or in my 5 minutes, we don't have the time to get deeply into those subjects. But just briefly on the MX which obviously I am very much involved in, beyond my normal interest as a member of this subcommittee and so on, because of the implications of the land-based system being in Utah and Nevada. One of the things that is continually brought up as an alternative is the SUM system. I lived with that through a campaign last year.

In my opinion the SUM system is only a concept which two academics named Drell and Garwin have not priced out. There has been no serious R. & D., in my opinion. As the new Secretary of the Navy can you share with me any comments you might have on SUM?

Secretary LEHMAN. As to ways to expand our naval power, that would certainly be a major contribution. It would add many billions of dollars annually to our budget, at least 100 new ships, probably more, and a vast increase in manning. So if we were to carry out this sort of caricature role of mindless acquisition, we would be leaping at the chance for SUM.

Senator GARN. Where would you get the 100 submarines to begin with?

Secretary LEHMAN. The SUM system is subject to some basic questions about the underlying assumptions that it could be survivable. First of all as you well know, the MX involves two separate issues that are serious problems in our strategic balance. One is the significant gap in prompt counterforce hard-target kill capability that the Soviets have opened up. We have to close that and we need more accurate hard target kill RV's in our inventory. The second part of it is the questionable survivability of one leg of our

Triad. In fact, I believe that both land-based legs are significantly at risk today.

So from a survivability standpoint, one must consider the missile and the basing mode. In my judgment, to deploy the number of accurate RV's in the SUM option would probably take well beyond 100 subs, if you are talking about the original SUM concept of putting one missile on each sub and providing the required accuracy and range. In the case of SUM, you are going to be in the vicinity of the United States so you are talking about the range of an MX type missile.

Second, the survivability is highly at issue. I believe that since you have a geographically defined area you have the possibility that the Russians would barrage continental shelves with as much excess payload as they have. You don't need MIRV's to do that.

SUM is far too expensive, and in my judgment, it is not a realistic alternative to solving either of those two problems that MX is being advanced to solve.

U.S. SUBMARINE CONSTRUCTION CAPABILITY

Senator GARN. From a technical standpoint, the vulnerability of this system is open to question. It is not invulnerable. Also, isn't it true that you have only two shipyards right now? The capacity is not there to suddenly start building these submarines. Then they start talking about buying them from the Germans and strapping two big 92-inch MX missiles on a 450-ton submarine. I am not a marine engineer but I would like to see that done.

Secretary LEHMAN. If you could give the Navy the money that it would take to build 100 SUM subs, we can put accurate missiles to sea for you a lot quicker and more effectively in different ways than that. That is not a very attractive way to spend that money. If you were to give the role to the Navy that would be true. But I want the record to show that I completely support the requirement to modernize all three of the legs of the Triad. If we simplify the Soviet problem by putting all of our strategic assets at sea, then we are setting ourselves up for a very unstable future.

Senator GARN. In my own opinion as much as I would like to see MX not come to my State because of the disruptions and so on, I would love to find a viable alternative to the racetrack or whatever you want to call it, the horizontal loading dock method. In all of my study I can't look at SUM as anything more than the most Rube Goldberg concept that I have seen.

With all of the problems we have with MX, even the timing would take longer than what we are looking for in an IOC in a MX basing mode that is now proposed. I am one who is actively looking and would love to find some alternative so we don't have to have it in my area. Am I going too far, Admiral, in my descriptions of SUM or is it something that you would consider as not a feasible alternative at all?

Admiral HAYWARD. I endorse what the Secretary has said. We have studied this thing a number of times, including twice in the last year, and the results come out the same in response to whether it is a practical thing to do and whether it is an inexpensive thing to do. It does not come out to be the option that is the most cost-effective. If you want to put missiles to sea, we know how to do

that pretty well today, but what we want to have is a balanced Triad that is effective.

Senator GARN. Thank you. I am sure my time is up.

Senator HOLLINGS. I have one more time under the 5 minutes, yes?

Senator GARN. On the Banking Committee you get 10, and that is where I have to go.

NEED FOR 5-YEAR SHIPBUILDING PLAN

Senator HOLLINGS. A 5-year shipbuilding plan would be very helpful. What we are trying to do is to be able to defend this defense budget. We are not asking for the unreasonable or unrealistic or unobtainable. But we do have a procurement annex question, and the question is: When can we get one from this particular administration?

I asked Secretary Weinberger and he said, "We just don't have it," and he is acting like we are not going to get it this year. I doubt if we get a defense budget this year. We will just hold up these concurrent resolutions until we are able to program these things out.

When I ask you about inflation, you say, "Well, we don't want to do that because that might in turn inflate."

I don't know whether it is you, but the administration has done more to inflate defense contractors, and not just the mere projection of the budget, because this administration has come on and said to Mr. Carter, "You put on $25 billion and we will up you $25 billion," so they know there is $50 billion in add ons in the budget authority overnight, when we couldn't get anything for years.

Let us not talk about inflation. We must have somehow or other the 5-year plan so we will know the ships. And ships take 5 years to build, and we must have that plan, as you indicated. We are going to do long-range purchasing to get more economic buys, otherwise we are going to have to project the inflation rate and the spend-out rate in this, so that we will all know in this instance whether it is affordable.

If we go to the Army and they list all of these items and add those figures up at the bottom—and perhaps the Navy and then the Air Force—and I look at myself and I say, "There is not that much money. What is going to give? Where are we going to put the priorities?" And that is what we have to decide in this particular Congress, and there should be more emphasis, again, on that particular inflation rate, and that buy-out rate, because we know it is within the targets. It doesn't get us totally out, and then Defense ends up the whipping boy at the end of this whole exercise.

When do you think we can get the procurement annex, for the Navy? You are going to have to make up one yourself—and I know how you all work over there—and do you think we can get it in the next several weeks? We are going to have to be working on these budgets.

Secretary LEHMAN. We will make every effort to get you what you need before it really impacts you.

AVAILABILITY OF MISSILES FOR SHIPS

Senator HOLLINGS. What about the criticism to the effect that in the near range here we don't have the missiles for the ships?

Secretary LEHMAN. Well, we have certain problems in the availability of certain kinds of warheads; but the missiles for the ships, in my judgment, are not a problem. The missiles will be available at the time that these ships come into the fleet and that includes the 21 months from now when the *New Jersey* will be deployable.

MANPOWER REQUIREMENTS FOR A 600-SHIP NAVY

Senator HOLLINGS. What about the manpower to man all of these new ships?

Secretary LEHMAN. With regard to the manpower, I have seen varying estimates, depending upon the mix of ratings we are able to retain, running from 70,000 to 100,000 additional naval persons by the end of this decade to man a 600-ship deployable Navy. That is using the base figure of 454 ships today, up to 600.

In the case of the *New Jersey*, we need 1,500 people. We have received applications to return to active duty for service aboard that ship. I don't believe that will be a problem.

As for the *Oriskany,* we are talking about 3,000 people. The airwing part of that number already exists—we are talking about using existing forces for the air wing.

But the larger issue is in retention rates. If the present rates continue, it will cover the projections of the requirements, even the pessimistic projections. So we don't believe manning will be a problem as long as we complete the job that was started last year in compensation.

The cost of that we will be prepared to provide you.

Senator HOLLINGS. To complete the job costs how much? When you say "complete the job" that little phrase there catches my eye.

ADDITIONAL COMPENSATION NEEDED

Secretary LEHMAN. To complete the job, in my judgment, is if we get the 5.3, plus the bonuses that have been requested. And then starting in October we keep the basic—and here you get into arguments as to which inflation factor you use. But 5.3 should be looked at as a "get-well" back to the basic level of livability, where they should be, along with the other allowances that have been requested.

The goal, from then on, starting in October, would be to stay even and prevent further slippage. Don't forget, in the period when we got 11.7 percent, social security got 14 percent, and inflation was even higher than that. So what we have done, in effect, is mark time as far as the pay raise over the last year is concerned. We didn't make any progress except for the bonuses and the variable housing.

Senator HOLLINGS. You are looking at the biggest marker of time that you have ever seen. I have been marking time around here for years.

Thank you.

RAPID DEPLOYMENT JOINT TASK FORCE COMMAND STRUCTURE

Senator RUDMAN. I think, General Barrow, you probably have been relaxing for too long, so I would like to ask you a question.

I believe that I am correct in saying that three of the members of the Joint Chiefs have recommended placing the Rapid Deployment Force under the command of U.S. and NATO forces in Europe, and I believe you publicly have been the lone dissenter. If I understand your public statement, you urge that a new Indian Ocean Naval Force be created under the U.S. Pacific Command. I want to elaborate on your reasons because I want to know your views on that.

General BARROW. It isn't fair to say that I have advocated creating a naval force to deal with the Indian Ocean problem. It is regrettable in many ways that what has historically been a forum in which information of this sort or this kind is usually kept rather closely held, that it got to the press. That is to say, there is this alleged disagreement among the Chiefs which relates to the command arrangement of the Rapid Deployment Joint Task Force.

Be that as it may, we can at least hypothetically or in some other context describe my position—which may or may not be alien to some of my fellow Chiefs.

Senator RUDMAN. I would like to hear your position.

General BARROW. It ties into what we have been talking about all morning—maritime superiority.

We do not have bases all over the world. We only have bases in Europe and Korea that really count. We have some other bases, but those are the ones from which we would project power against the enemy. We have problems all over the world. We cannot afford to build bases; they are terribly expensive and they may not be in proximity to where you want them, and they may not be available at the eleventh hour.

In a sense, we are boiling this problem down to an argument which might be described as one between continentalists and maritimists.

The continentalists relate their power with prepositioning and bases from which to launch offensive action.

The maritimers say you don't have bases everywhere and in the absence of them you start from zero. Someone has to be first.

It is my position that those who would be first would be naval forces, naval carrier forces, to strike against the shore and inland, and naval gunfire, if we can get the battleship, and most assuredly the marines. That is really the way it has always been.

We should think about doing things more in a sequential fashion as we have historically done, which is to say, when you start from zero, the one who does a thing best earliest would be the first committed. That is naval forces.

There are many issues in this world and many problems in this world that I believe are well within the capability of the Navy and Marine Corps to deal with en toto, up to a certain size. Don't ask me what that size is. If it is larger than that, we will still be the cutting edge, the beginning of whatever it may ultimately work itself up to. There is nothing magical or unusual about this; this is just sort of the way it has always been.

Now, when you believe as those who say that everything we do must be, at the outset, joint, I think in many respects that is asking for problems.

SEQUENTIAL COMMITMENT OF FORCES

I say things will ultimately become joint in a sequential fashion, as you develop your combat power in some given area where you started from zero. But, when you think of trying to start out from the continental United States, the Army, the Navy, the Air Force, and the Marines all holding hands and going somewhere jointly, when the means to get there are severely limited—the strategic mobility of both airlift and sealift drives the problem as much as anything else—it is impossible with all of these services and their competing requirements to want to be first, to make any logic out of it, when we should think about who can get there first and do what needs to be done, and let us do it sequentially.

Now, the argument that amphibious forces—Marine forces—may use any mode to go some place has some validity to it, but one of the things we don't talk enough about is what one should call timely decisionmaking.

We are fortunate in being able to forecast situations that are going from bad to worse pretty accurately. There are strategic warnings or periods of rising tensions or whatever you choose to call it. We need to exploit that. If the National Command Authority, believes that if a situation goes from bad to worse and it is against our national interest, then let us not wait until the 11th hour of extremism, where we are left with airlifting people. This is a poor way to get there, particularly in the face of base rights, overflight rights and airfields, and the inability to really apply the kind of combat power you need. If someone decides early, "Let us put the marines in motion," that is what we are here for. We can put marines out there in sizable numbers right now, and when we get more of the ships that we are asking for ultimately in these budgets within the next few years, we will be able to do even better.

So you move them out there and that, Senator Rudman, sends out strong signals of national resolve and capability. It is one thing to build up our conventional forces in the United States, which I am all for; but that doesn't send any signals nearly as clearly as putting forces right up next to the fellow who is about to make mischief. Then you are telling him to cease and desist, and if he does you turn around and come home. But the deterrent must have muscle and a perception on the part of the opposition that you have a resolve to use it if necessary.

Senator RUDMAN. I appreciate your answer because what it tells me is the essence of your answer, and I understand your regret about these things making the press. I can understand that. But, on the other hand, your answer really has depicted to me an essential strategic difference in how you view this Rapid Deployment Force, as opposed to evidently what other members of the Joint Chiefs do. That is a substantial difference and one that ought to be examined and debated, and if you are right, you ought to win that argument.

I think the subcommittee ought to know about that difference, because that is an honest, intellectual difference in strategic approach from what I know the other members of the Joint Chiefs have said publicly on this particular issue, and I appreciate your answer.

RAPID DEPLOYMENT FORCE A MISNOMER

General BARROW. It is not that there is a great deal of difference: It is regrettable that we have something called the Rapid Deployment Force. There is no such animal; it is a label without a product. There is no way you can get there rapidly. The larger the force spoken of, the less rapid it is.

Now, the Marine Corps is a rapid deployment force and we always will be, but don't label ourselves the "Rapid Deployment Force." I don't think that we have one. It is a misnomer, and as far as I am concerned we should abandon the whole idea of calling it that. Let us call it something else, but let us be accurate in what we call it.

Senator RUDMAN. Maybe we can put an "a" in front of it and call it the "almost rapid deployment force"?

General BARROW. That is what it is.

Senator RUDMAN. I appreciate your answer, General.

F-18 COST INCREASES

Senator STEVENS. L[illegible]ne get into some specifics later. I realize you genetlemen are here for just basically overview, but there are some specifics now.

We are talking about raising the F-18 funding by $21.9 million, and my staff tells me that that was justified on the grounds that costs for the new weight-reduction program have increased and problems leading to the crash of two test aircraft need to be corrected, and that a flight test program would be severely impacted without additional funding. Is that right, and are those problems the ones that led to the increased costs in the F-18 program?

Admiral HAYWARD. I do not know the details of that $21 million. I would assume that that is correct.

The technical troubles you referred to are not unusual and the costs to correct them have been very reasonable.

Senator STEVENS. What I am looking at, again, is the outyear cost. Has anyone looked at the question of what the F-18 performance characteristics may mean in terms of outyear costs of modification for the whole line?

Admiral HAYWARD. Yes; they are calculated in out total program. The growth in the total program over the next 12 years as a result of accidents and difficulties we have had thus far is minimal.

Secretary LEHMAN. On the cost basis it is important to keep in perspective that we consciously hold back from trying to achieve what we call in the aircraft business stretching the envelope in certain areas in order to get exactly that payoff in the outyears; that is, low maintenance per flight hour and easy maintainability, which mean lower manning requirements for squadron maintenance personnel; and we are getting all of that.

The data base we have from the test program so far shows us that we are going to get probably better than a 100-percent in-

crease in efficiency in lower cost maintainability. So the outyears, plus fuel efficiency, compared to the aircraft it is replacing, the F-4, is going to be a substantial savings in the outyears.

Senator STEVENS. Let me ask one more question. We will take a 10-minute limitation off, or the 5-minute limitation off now and put 10 minutes or a reasonable period on, and let us go back and forth.

Senator ANDREWS. I became educated in the House and I am used to a 5-minute limitation.

ANTISHIP TORPEDO DEFENSE PROGRAM

Senator STEVENS. Why did you terminate the antiship torpedo defense R. & D. budget item?

Admiral HAYWARD. I don't know the answer to that. I am not sure that it is stated in the question correctly.

Senator STEVENS. I am told that in the 1982 budget request the antiship torpedo defense item was discontinued, and I would like to know why, if that is true. We can get that for the record.

[The information follows:]

ANTI-SHIP TORPEDO DEFENSE

The Anti-Ship Torpedo Defense Program was not funded in fiscal year 1982 due to overall Navy budget priorities.

A 600-SHIP NAVY REQUIRED TO MEET PEACETIME COMMITMENTS

Senator ANDREWS. Admiral, on page 2 of your statement you say—and you underline it—that you have been compelled to say, "* * * that today, for the first time in anyone's recollection, the U.S. Navy is unable fully to meets its peacetime commitments" ("commitments" underlined). You cast that gloomy note, and on the very next page you say:

> A year ago I reported to the Congress that our capabilities were improving across the full spectrum of navel warfare.

If this year you say it is the first time you can say our peacetime Navy can't meet its commitments, and last year you told us we were improving, how come if we were improving we are in worse shape today than we were a year ago?

Admiral HAYWARD. Because the commitments have gone up; they have gone up steadily year after year after year, and therefore we are asking more of our Navy. Yes; our capabilities are improving. However, the number of ships to cover the oceans have not gone up significantly at all from 1980 to 1981—in the neighborhood of three or four more ships—and the number of carriers hasn't increased at all and, in fact, it has gone down by one. We now have 12, so our ability to keep 2 in the Indian Ocean and 2 in the Mediterranean and 2 in the far Pacific has simply disappeared. We cannot sustain that in peacetime. We can do it in wartime by sailing all of the Navy and keeping it continuously deployed. But in peacetime, having only 6 or 9 months back home before we deploy again, we have reached the point where we are not meeting our peacetime commitments. For example, the U.S. 6th Fleet today has a commitment to our NATO alliance of two carrier battlegroups in the Mediterranean at all times, and today we have one.

Senator ANDREWS. What are the most significant things that have happened during the last 12 months to thus expand our commitments to the point where last year we were capable of meeting them, and this year we are not?

Admiral HAYWARD. Principally, the Indian Ocean requirement. We are maintaining two battlegroups there continuously and we are maintaining amphibious forces in those waters better than half of the time, and we increased our presence in the Caribbean by a substantial margin in the last year. That adds further time away from home port.

Senator ANDREWS. The increased presence in the Indian Ocean and the Caribbean are things that we couldn't anticipate, or didn't anticipate, a year ago, and today, 12 months later, they look to you as though they are going to be ongoing commitments that we have to be prepared for over a long period?

Admiral HAYWARD. It seems to me that they are not likely to diminish. I think they were totally predictable. The Navy has been saying for years we have been going the wrong way in our force structure and we are getting too small. We were very forceful in pointing out that the Mideast was going to be the next trouble area. Our record is clear trying to stress to past administrations the need to pay attention to things going on around the globe instead of placing all of the emphasis on the central front of Europe.

Senator ANDREWS. You maintain that the Navy saw this coming and actually the situation we are in today is something that could have been anticipated 4 or 5 or 6 years ago?

Admiral HAYWARD. I believe it could have, yes, sir.

Senator ANDREWS. And we now have those additional commitments that require more numbers of ships and numbers of personnel?

Admiral HAYWARD. Yes, but we shouldn't focus on that requirement. The requirement for the number of ships is not driven by peacetime requirements; it ought to be driven by our national military strategy and by the role of the naval forces to fulfill that. If we did that, we would have at least a 600-ship Navy and probable substantially larger.

Senator ANDREWS. That 600-ship Navy seems to be the guidepost that people are focusing on. Is that what you would say today meets our peacetime commitment?

Admiral HAYWARD. If we had a 600-ship Navy, we would be meeting our peacetime requirements.

Senator ANDREWS. That is today?

Admiral HAYWARD. Yes.

TRIDENT SUBMARINE TO DEPLOY IN 1981

Senator ANDREWS. Is that a commitment that is significantly bigger than our commitment was a year ago? Another problem that I have in looking at your statement, on page 4, you talk about, "In the strategic area the sea-based leg of the Triad remains strong and invulnerable." You say, "The Trident I missile is now deployed * * *" and you say, "*Ohio*, the first of the Trident submarines, will go to sea in 1981."

I take that to mean that we have Tridents deployed on non-Trident submarines?

Admiral HAYWARD. Yes; that is what we have.

Senator ANDREWS. But the casual reader of the record might wonder how our Tridents are deployed when our first Trident submarine is about to go to sea.

Admiral HAYWARD. It is an unfortunte choice of names for the missile itself. We call the Trident missile by the same name as the Trident submarines, and we now have a Trident I missile and Trident II missile, and it is going to continue to confuse, but hopefully it won't be too long before we have Trident submarines.

Senator ANDREWS. And Trident I can, in fact, be housed in the other submarines?

Admiral HAYWARD. That is right, and we have 5 of them at sea on patrol a sixth conducting predeployment operations, and the budget this year and next modifies 6 more, for a total program of 12 Posiedon submarines now to be converted to Trident I capability.

EFFECT OF DELAYS ON TRIDENT QUALITY

Senator ANDREWS. I want to clear that up for the record because the average individual reading this looks at it and thinks, "Hey, what goes on here?"

One of our big challenges now is assuring the average American that what we are doing is being done because it needs to be done, and it is being done wisely and well, and that leads me to another Trident question:

Going back to an article on March 12 in the Washington Star, Admiral Fowler told the House Armed Services Committee that because of faulty welds and the use of low-quality steel and repeated management failures by General Dynamics, the delivery of the first Trident submarine would be delayed by 11 to 14 months.

Now I have a couple of questions in mind. If this delivery is going to be delayed by 11 to 14 months, that still makes delivery this summer of the first Trident submarine?

Admiral HAYWARD. This next fall. We are presently estimating December 1981.

Senator ANDREWS. All right, December, you say it is going to sea?

Admiral HAYWARD. No sir, that is delivery of the ships to the Navy, the initial sea trials should take place this summer.

Senator ANDREWS. And that makes up that delay that Admiral Fowler is talking about. That takes into account the delay?

What steps—and I guess I have to ask this of the Secretary—what steps do you have in mind to alleviate the kinds of problems associated with the Trident incident, as well as other areas, in which we have delays and cost overruns? You have seen the cartoon. It is awfully tough to justify the tens of billions and hundreds of billions we are spending in our defense to an American who has just looked at the cartoon in his paper, of the launching of the new Trident submarine with the patches all over it and the Navy admiral standing there telling the lady with a bottle in her hand, "Don't hit it too hard, please."

You saw the cartoon. What assurance can we give the American public and through this committee, hopefully, our adversaries that the general just was referring to, to make them know that this isn't the case? Or what assurances can this committee, when we bring this bill to the floor, give our colleagues that these additional tens of billions of dollars aren't being wasted in faulty welds and slow procurement tactics of substandard equipment? What are you doing to change this, or what, in fact, is the truth of this particular problem?

Secretary LEHMAN. Let me say, first, that there is no weapon system in anybody's armed forces in the world that is finer than the quality of our nuclear submarine force. That is something of which the whole country can be proud.

Senator ANDREWS. Did you listen to Admiral Fowler's statement?

Secretary LEHMAN. Yes.

Senator ANDREWS. He doesn't sound as though he is convinced.

Secretary LEHMAN. He was talking about the causes for the delays and not the final product. The final product will continue to be absolutely uncompromised in the quality that has been traditionally in our nuclear submarine program. The *Ohio* will be as fine a nuclear SSBN as has ever gone to sea. The delays are caused in part because we will not compromise our quality and standards, nor should we. The ships that will go to sea will not be accepted from the contractor until they do meet those uncompromising standards.

Senator ANDREWS. That is fine, not to compromise, but why can't you pick up these mistakes?

Secretary LEHMAN. It will be the bottle that breaks.

Senator ANDREWS. Why can't we pick up these mistakes ahead of time instead of finding out about them when it costs far more to correct the mistakes because it is that much further down the line?

EFFORT UNDERWAY TO SOLVE TRIDENT PROBLEMS

Secretary LEHMAN. Well, we have some difficulties in the way we have been doing business up at Electric Boat, and we are making every effort to solve those problems. We have put together a group consisting of three people from Electric Boat and three people from the Navy. They have been working a week now in the Department of the Navy and in Electric Boat to reach agreement on new procedures to resolve the way we go about conducting these contracts.

I am confident that we are going to be able to work out those problems and agree on some benchmarks to measure the performance of Electric Boat in meeting the commitment they have to provide two Tridents a year and three of the 688's. I believe they have the capability, if management and labor and the Navy work together to get things sorted out, to do that efficiently and without compromising quality and at a good, efficient cost.

Now, there are problems, I believe, in the way we go about contracting, and we are looking at that as well.

Senator ANDREWS. You have identified the specific problems that led to these faulty welds?

Secretary LEHMAN. Yes.

Senator ANDREWS. Can you provide more detail on that for the record, so we have got it at this point?

Secretary LEHMAN. Yes; I am going to be testifying on Thursday before Senator Weicker's subcommittee.

Senator ANDREWS. He has to do with the State Department, but we are going to have to fund that?

Secretary LEHMAN. It is this very subcommittee, Mr. Stevens' subcommittee.

Senator STEVENS. He is going to conduct a hearing on that problem.

Secretary LEHMAN. But let me say that we will be happy to provide details of the causes for the record.

Senator ANDREWS. Also what you have done to correct it.

ELECTRIC BOAT PRODUCTION PROBLEMS

Secretary LEHMAN. Yes, we have taken fairly stern measures to get that program under control and we are now going to renegotiate the next Trident contract, the ninth Trident, that was appropriated last year, to correct some of the problems that actually may be caused by the way we go about contracting, as well as the problems at Electric Boat.

[The information follows:]

WELDING PROBLEMS AT ELECTRIC BOAT

The welding problems at Electric Boat were the result of faulty workmanship. Concurrently, the company's Quality Assurance Program failed to detect the welding deficiencies. The Department of Defense requires its contractors to maintain quality assurance programs which assure compliance with the requirements of their contracts. Rather than perform extensive independent inspections, the Government representatives review the procedures and audit the performance of the contractor's Quality Assurance Program. Navy Quality Assurance personnel at Electric Boat ultimately discovered the welding problem and alerted Electric Boat. To correct the breakdown in quality control, Electric Boat has agreed to major quality program changes including: (1) an additional audit program for work completed; (2) use of departmental overview audits; (3) additional attention to effective audits, data analysis and corrective action feedback; (4) use of process, defect and variance analysis; (5) additional resources to increase the frequency of surveys of the quality program of rated vendors; (6) restructuring and expansion of quality audit activities, and (7) specifically for the welding program, institution of an improved record keeping system.

Additionally, the Navy has augmented its Quality Assurance Department at Groton with additional personnel in order to increase surveillance in this area as well as in other areas.

COST EFFECTIVENESS OF SHIP REACTIVATIONS

Senator ANDREWS. I have one final question I would like to get an answer to, and that is, while Admiral Hayward is talking about how good it is to know that we had a good year in 1981 in modernizing our fleet, you are also asking us to reactivate the *Oriskany*, although I understand our colleagues have hit that one in the head, and two battleships.

Now, how much modernizing of a fleet do we get by pulling a 40-year-old battleship out? I have always been told that the wiring and other systems on that ship, the hull may be secure but to replace that kind of wiring and to replace the other fittings inside that hull is going to be extremely expensive, if not almost impossible to do. Is that a cost-effective way of using the dollars?

Admiral HAYWARD. We think it is extraordinarily cost-effective and we agree with you, that the wiring has to be replaced and that is the type of thing that necessitates the overhaul; the carrier and the battleships will get an overhaul. We are going to go in and rip out everything that needs to be replaced. That is the right thing to do because we expect to operate these ships for 10 to 20 more years and not just bring them in for a short time. There are some things that do wear out with age, rather than use, and they will be replaced.

The main machinery will not require any of that kind of thing; it will all have to be inspected and checked over, but we know it to be in very good shape at the present time. We intend to put modern weapons on these ships; we are not going to put on old weapons. It is not an old ship in terms of fighting capability. We are putting on the Harpoon missile, the best missile we own today, and putting Tomahawk on, which is our next generation missile, the same missile that was launched out of a submarine last week, about a week ago, and flew 600 miles and went right over the target. That is the kind of capability.

Senator ANDREWS. Right over it or on it?

Admiral HAYWARD. We intentionally didn't hit it because we recovered the missile to use another day; but my point is that we launched that missile from a submerged submarine, targeted it from here from Washington by means of a satellite, and it did exactly what we asked it to do. That is the kind of capability that is represented by the new technology that is going to go into the battleships. That is the way to look at the battleships and not to look at them in the context of old, worn-out ships of the past.

Senator ANDREWS. But the turbines and the screws and all of that are fine?

Admiral HAYWARD. In excellent condition.

COST OF REFURBISHING BATTLESHIPS

Senator ANDREWS. And you have ascertained that. What is your current estimate of what you think it would cost to refurbish these two battleships?

Admiral HAYWARD. It is $326 million.

Senator ANDREWS. That is per ship?

Admiral HAYWARD. That is for the first ship, and the next one will be more than that.

Senator ANDREWS. Why is that?

Admiral HAYWARD. It did not come out during Vietnam. The *New Jersey* we brought out and did a lot of updating to it and put in some of the things we will have to put in the next one.

Senator ANDREWS. What is the figure for the second ship?

Admiral HAYWARD. It is about $392 million for the first phase.

Senator ANDREWS. And you figure those are pretty firm figures?

Admiral HAYWARD. No, sir; they are class F, and that is ball park. We have yet to be authorized or to have appropriated any funds to allow us to go and get an engineering estimate. We are hopeful we will be able to get on with that.

Last year the project was killed by the House Appropriations Committee.

Senator ANDREWS. Where would that work be done?

Admiral HAYWARD. That has yet to be balanced out with our entire overhaul program and between the public yards and private yards. We might have to move the overhauls of some of the ships that we previously scheduled. Some would probably go from public to private yards if the battleships were to be done in public yards.

Senator ANDREWS. Thank you, Mr. Chairman.

AMPHIBIOUS LIFT SHORTFALLS

Senator HOLLINGS. General Barrow, what is wrong with the Marine Corps? I don't want to shock you, but I heard a statement last year that you had two landing divisions in the Marines but you only had the landing equipment for one division.

General BARROW. I wouldn't describe that as something wrong with the Marine Corps. I would describe it as a deficiency.

Senator HOLLINGS. What deficiencies do you have in the Marine Corps?

General BARROW. Again, I would have to say that is not a Marine Corps decision. You see, we have a deficiency in amphibious lift. This is the consequence of the drawdown that has occurred across all of the ships of the Navy. The amphibs may have taken a little harder hit than some of the other communities, but nevertheless the entire Navy went down and the amphibious lift went down with it.

Senator HOLLINGS. Is this an accurate statement: "We need the landing equipment for at least one good landing division and we need that much equipment."

General BARROW. We need more than that. We have three Marine amphibious forces—the term we use—each of which is a Marine reinforced division and Marine aircraft wing, which in the aggregate, to give you a reference point, would be somewhere between 40,000 and 50,000 men, a very formidable force. It is a combined arms force and we are the only service in the world with integrated air and ground; it is a very substantial capability. We have three such formations. We currently have the capability to lift simultaneously only one, and that capability is split between two oceans, with roughly 32 or 33 ships in the Atlantic and the same in the Pacific. Furthermore, a great deal of that is forward deployed and this is not an economical way——

Senator HOLLINGS. Does your request cover that particular deficiency whereby you can get the equipment for three divisions and have them all readily available and not spread between two oceans?

General BARROW. We would never seek to have all three forces lifted simultaneously. The ideal would be to do it with two of them, but that would require much more than a 600-ship Navy. As Admiral Hayward was trying to tell you, he would like to have a 21-carrier battlegroup Navy. In that context, we would like a capability to simultaneously lift two Marine amphibious forces.

On the other hand, in the context of a 600-ship Navy, we would hope to have a simultaneous lift of one Marine amphibious force and one Marine amphibious brigade, which in itself is a formidable organization, of a lesser scale than a Marine amphibious force, about 16,000 men. Any amphibious lift improvement is encouraging; but it also comes at a time when not only would we be seeking

to have an increase but also when there is significant block obsolescence occurring, so we would have to do two things at once—both replace and increase. That is not going to be a simple thing, and so it is going to be something that we are going to have to watch carefully.

Senator HOLLINGS. Does your request cover it?

General BARROW. The request this year does not have any ships in procurement for 1982. Congress put in one for 1981. That was the LSD–41, the first of a new class. The Navy historically likes to skip a year when they introduce a new class—and the CNO should be talking to this—before they commence additional construction. There is lead money in 1982 to start another ship with continuation of a program in 1983 and the outyears.

Senator HOLLINGS. Were you denied any of your requests by OMB? Did you make requests that didn't get through the Secretary of Defense and Dr. Stockman?

General BARROW. We have not had the problem in my Corps, of anything significant being denied.

Senator HOLLINGS. So what you requested is what you need and want this particular year, as you see it?

General BARROW. Yes, sir. I would not describe myself as being totally satisfied. I am encouraged—is a better word.

Senator HOLLINGS. What would satisfy you?

General BARROW. The surety that we are going to at least be able to attain a one Marine Amphibious Force, MAF, and one Marine Amphibious Brigade, MAB lift capability. It can be stated as an objective, but all objectives are not met for various reasons. So I would say that in light of not having had any amphibious ship construction since 1971, our finding one in 1981, put there by the Congress, and with some indication that we are going to resume in 1983 and 1984 and 1985—that is something that I can be encouraged about.

INDUSTRIAL BASE FOR SHIP CONSTRUCTION

Senator RUDMAN. Mr. Secretary, talking about this move from 456 to 600 vessels, which seems to have general support, there have been some real industrial procurement problems relating to that, one of capacity and one, of course, because of the relative limitation of the number of yards that can do this kind of work.

How much competitive bidding are we apt to get on some of these which are going to be done in a real-term compressed time span if the administration's proposals work their way through the Congress? With that in mind, the Secretary of Defense introduced a rather interesting idea a week or 10 days ago, talking about the possibility of getting on a wartime footing in terms of the Navy, talking about foreign shipyards, such as Japan, which I guess it is fair to say has a reputation of having the No. 1 shipbuilding program in the world in terms of quantity as well as quality, are very good and some yards in Great Britain.

Is the Navy giving any thought to asking the Congress to buy some of these vessels, combatant vessels, overseas?

Secretary LEHMAN. Senator, we believe that the requirement to get to 600 ships and do that at about 30 a year is really the sort of

low prudent risk path, to regain superiority before it is too late and before we do lose access in key areas.

Our strategic modernization of the seagoing leg of the Triad is now carrying a more urgent burden because the gaps have been allowed to grow so wide in the strategic balance.

Both of those programs, the strategic and conventional shipbuilding programs, are so crucial to our national security that if we find that the industrial base, for whatever reasons, cannot adequately meet those building requirements, we are prepared to look to offshore procurement if that becomes necessary.

We are now engaging in some serious looks at capacity, particularly in submarines overseas.

My personal preference is that we should be procuring our ships right here in the United States, that we do have the industrial base to support the kind of program and a greater program than what I have laid out here this morning. However, we have to be shown by the yards, public and private, by labor and by management, that they can meet the challenge.

Yes, the yards are there and certainly the labor pool exists, but can labor and management get together, and can each of them get themselves together, with sufficient discipline and efficiency to compete?

I think that they will, but we have to see that that is the case, and that is what we are working toward now, in instances like Electric Boat and so forth. And, yes, we are looking at a contingency of offshore procurement, but our preference would be to use the capacity we have here in this country to carry out this naval recovery program.

EXAMINATION OF FOREIGN SHIPYARD CONSTRUCTION

Senator RUDMAN. In terms of your procurement schedule, at what point in time are you going to make a decision, or are you going to have enough information to advise the Congress as to whether or not you can have a purely domestic procurement program, or whether you are going to have to go overseas for some of these ships? At what point are you going to know that?

Secretary LEHMAN. As far as submarines are concerned, we will have a very confident assessment of what we ought to do by the end of this calendar year, no later than that period, and perhaps before. But it involves very careful looking at the two submarine producing yards today, looking at the Government yards that have produced submarines in the past, and perhaps some that haven't produced them in the past, and what the costs and the time lines would be. It also requires looking at the submarine building capacity that exists in countries like the United Kingdom, Canada and elsewhere.

So, we should know where we are before the end of this calendar year.

Senator RUDMAN. I would hope that the Navy would look very closely at the expansion of yards within this country, both private and public, and work very assiduously to assure that at least that possibility be explored. Quite frankly, when I read the Secretary's statement, I was a little appalled that he would even flaunt the statement, with unemployment in this country in key industries

that have highly trained people who unfortuantely happen to be in Saginaw, Mich., instead of Portsmouth, N.H..

Before we start spending billions of our defense budget overseas, it seems to me we have to be absolutely convinced there is no way to transfer labor that is available to improve facilities, to decrease time lines and all of the things that have to be done.

If you look at the industrial history of this country from 1940 to 1943, particularly in shipbuilding, it seems to me before we commit billions of dollars to overseas producers, we had better be very sure we can't do the kind of compression of the time necessary to expand existing facilities, both private and public. I say that about all of the yards, not just the public yards, and the Navy yards in particular. I think we would have a very difficult time, Mr. Secretary, telling the Japanese in terms of domestic consumption, telling the Japanese we want them to stop exporting Datsuns and Toyotas, but we would like more submarines.

I wonder how General Barrow's marines would feel being launched from Japanese-manufactured vehicles in the Persian Gulf? I have some deep concerns about that and I will tell you it will be a long month of Sundays before this Senator approves any overseas procurement until I am convinced that before we flaunt this idea we are sure that our domestic industrial capacity does not have the ability to do that.

I hope that this committee will get a report on that sometime during this calendar year.

Secretary LEHMAN. You can count on it, Senator. I share your views.

CRUISE MISSILES ON SURFACE SHIPS

Senator STEVENS. Let me ask you, what other plans do you have for surface ship cruise missile carriers other than the battleships? What other vessels are going to carry cruise missiles?

Admiral HAYWARD. The Navy's program puts the first horizontal launch, armored box launchers (ABL) that have four Tomahawks in each box on some DD–963 and CGN ships—the will not go on the new construction CG–47 right now, until such time as our Tomahawk capable vertical-launch system has been checked out and is ready for production. Then it will go into the remaining new production CG–47's. It will then be backfitted onto the non-ABL 963 destroyer and to replace those that are first configured with the armored box launcher.

Senator STEVENS. How many do you intend to put on the battleships, such as the *New Jersey,* if it is reactivated?

Admiral HAYWARD. It would have four box launchers of Harpoons and eight of the Tomahawks.

Secretary LEHMAN. It could get optimized in the second phase to carry as many more when we go to the vertical launchers.

Senator STEVENS. And the others would be carrying half of that; is that right?

Admiral HAYWARD. The others, what is that?

Secretary LEHMAN. On the 963's, the vertical-launch system, it comes in a module of eight cells that can be expanded depending upon the amount of space you want to get in any given surface ship; but you could carry quite a few in the DDGX.

Admiral HAYWARD. That will have a vertical-launch system, and every surface vessel that can handle it will have it.

Senator STEVENS. I am looking at the option between the *New Jersey* and several vessels that were more modern that could be in different places and launch an equivalent number of cruise missiles. I assume that someone has examined that option before we got this request?

Secretary LEHMAN. Yes. But there is one important point that I neglected to make earlier, and that is, that timewise if we are talking about new construction of ships, to even approach the capability of the *New Jersey's* offensive capability, you are talking about 7 years from now, and we can put the *New Jersey* to sea with cruise missiles in 2 years.

Senator STEVENS. You have existing vessels that you could put boxes on. There have to be others that could be utilized?

Secretary LEHMAN. Nothing with the firepower to match the *New Jersey*. We could certainly put them on any ship.

Senator STEVENS. It is inconsistent to me to say you can have a cruise missile to go 400 to 600 miles, but we have to have the firepower with 16-inch guns to back it up. We are going to have to go into—as my friend mentioned—an in-depth session one of these days.

Senator RUDMAN. We ought to go on a cruise.

Secretary LEHMAN. We don't have enough ships. If we take the destroyers we are exacerbating our current minimum requirement, so we are talking about new ships or recommissioning ships.

JOINT NAVY-COAST GUARD FRIGATE

Senator STEVENS. I am interested in three other things.

I visited with the Commandant of the Coast Guard about their need for the 147's. As I understand it, your request for some 147's for the Reserves, for the Naval Reserve; is that right? Do you have a request for 147's?

Admiral HAYWARD. I am not sure what a 147 is. Is that a 1052?

Senator STEVENS. It would be frigate size.

Admiral HAYWARD. We have a very close working relationship with the Coast Guard on a wide variety of mutual responsibilities and capabilities, but for our Naval Reserve we are looking toward, hopefully, constructing a new class of frigate for the future. We started to work on the design but the money was zeroed, so we had to defer that initiative, but hopefully we can start again to build a single-mission ASW capability frigate for the Naval Reserve.

Senator STEVENS. Has anything been done to try and combine the Coast Guard functions and the Naval Reserve training? They want 147's also, and they have to have them for their patrol at the 200-mile limit. It seems that the priority is higher for your procurement for Reserves than for their procurement for civilian peacetime duty. Yet in wartime all of their assets become yours. I don't know why we can't get some combination here of Reserve training and Coast Guard missions and try to assist in the peacetime role for the Coast Guard.

I would be happy to visit with you, and, as I said, I already visited with the Commandant of the Coast Guard about it. We feel

very strongly that there are not enough patrols out there for the Coast Guard as far as the 200-mile limit is concerned.

The other thing is that in this statement that was made to the House Armed Services Committee by General Slay of the Air Force Systems Command, he made a series of recommendations. One of them was multiple-year procurement. Have you examined the impact of multiple-year procurement? Now, we have a multiyear budget system, and why couldn't we go to a multiyear commitment and see what it will do to reduce costs? Has anyone done any studies of that?

MULTIYEAR PROCUREMENT

Secretary LEHMAN. Yes, we favor that very much in principle, and we are now working with the Department of Defense at the direction of the Secretary of Defense on an OSD-wide initiative to begin multiyear procurement where it is feasible and can pay off.

Senator STEVENS. And this statement implies that the termination liability funding substantially reduces the cost of procurement if combined with multiyear procurement.

If we are going in a period of years, and I think we are, I would hope we would seize on the opportunity to put those two things to work.

I would like to see what we might do in this committee to assure that that is the case.

Last, and just a small item, when I was in the Caribbean I was told that Dog Island, next to Anguilla Island, was offered to the Navy and the Navy turned it down. Is that right?

CARIBBEAN TRAINING SITES

Admiral HAYWARD. We initially examined Dog Island to see if it was a viable alternative to Culebra and found it was not an adequate solution at all; so in that context you can say we turned it down.

Senator STEVENS. Was it also turned down as a possible site for operations?

Admiral HAYWARD. The only thing we looked at it for was as a site for a naval gunfire and bombing target.

Senator STEVENS. It would seem that that is an island—I have no interest in it, you understand, and I just Know it—but it seems to have some potential, in that, with the climate that is developing in the Caribbean, if we don't do something about it, they are liable to offer it to someone else. Did you think of what can happen if they do that? They are independent now.

Admiral HAYWARD. We haven't been confronted with that particular problem. We have looked at it only from the standpoint of an alternative weapons training facility. It is anything but that, and we do not need an additional target island, and we continue to need to use Vieques.

Senator STEVENS. What do we use in the Caribbean? Do we have any U.S. base in the Caribbean?

Admiral HAYWARD. There is Roosevelt Roads at Puerto Rico; and Guantanamo. They are the only ones.

Secretary LEHMAN. We have quite a number of lesser sites throughout the Caribbean and, in fact, many of them dating back to the destroyer deal before World War II.

Senator STEVENS. Was it examined from the point of view of putting a strip on it?

Secretary LEHMAN. Not to my knowledge.

Senator STEVENS. That is an interesting island. It is sort of up for grabs right now.

Secretary LEHMAN. We don't need to have a base there, just for the purpose of spending money on a base.

Senator STEVENS. It depends on who might use it if we don't.

DOG ISLAND

Secretary LEHMAN. We will provide a rundown for the record on our position on Dog Island.

[The information follows:]

Dog Island is a privately owned, uninhabited island located about 132 miles east of the U.S. Naval Base, Roosevelt Roads, Puerto Rico. The United Kingdom exercises sovereignty over Dog Island. A prefeasibility study was made of Dog Island as a possible alternative to replace the weapons training facility on Culebra. In September 1980 the Department of Navy announced the results of the study which concluded that Dog Island is unsatisfactory as a target complex for the U.S. Atlantic Fleet. Major reasons for eliminating Dog Island from further consideration as a naval weapons training site were that it is too far from existing weapons training sites for coordinated exercises and it is too small geographically to accommodate combined air, amphibious and surface exercises. Also, this excessive distance would substantially increase ship and aircraft transit time to and from Dog Island and adversely impact the Navy's ability to support personnel and facilities at Dog Island.

The study did not specifically address the possiblity of some other interest using Dog Island if the United States doesn't. However, Dog Island is controlled by the United Kingdom, and its neighbors are controlled by the United Kingdom, France and the Netherlands, all sharing mutual interests with the United States. The Navy feels that the disadvantages of using Dog Island as a weapons training facility far outweigh the need to "protect" against its use by unfriendly interests.

SITUATION IN CARIBBEAN

Senator STEVENS. The whole Caribbean is undergoing some strain, and they have a feeling of being totally ignored. They have made an offer and it was turned down, and so I really expect them to make an offer to other nations to use that island. It would be an interesting problem if it developed.

Secretary LEHMAN. We will look at it.

Senator STEVENS. Thank you.

Are you going to the Thursday hearing that is scheduled?

Secretary LEHMAN. Yes.

Senator STEVENS. Thank you very much.

SUBMITTED QUESTIONS

We have additional questions which we will submit to you for your response. They will appear at this point in the record.

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

QUESTIONS SUBMITTED BY SENATOR STEVENS

NEAR AND LONG TERM NAVAL BALANCE

Senator Stevens: Mr. Secretary, much has been said recently about the need for additional readiness and strength in our armed forces. In fact, you have been quoted by the news media as being a very strong advocate for even greater emphasis on the needs for the Navy and the Marine Corps. In view of the additional funding as provided by the amended budget that you have described, what will be the impact of these additional funds on the Naval balance in the world in the near term and in the future?

Secretary Lehman: In my view, Congressional approval of the amended budget request is essential in the near term simply to sustain the present tenuous balance. Our investment in readiness, both personnel and material, and in sustainability, primarily ammunition and spare parts, is critical to improving the deterrent effect and the warfighting capability of current force levels in the face of a growing threat to our nation's maritime interest.

Given the momentum of Soviet force building, our under-investment in the procurement accounts in prior years, and the lag between funding and delivery to the fleet of ships and aircraft, I do not believe it possible to acquire the clear cut maritime superiority that our national interests require until near the end of this decade. Regaining naval supremacy will be costly and time consuming and it is for that very reason that we must begin now and that we, the Administration and the Congress, must be resolute in our efforts. In the near term, reactivation of carriers and battleships and keeping ships scheduled for retirement on the active rolls longer, offer the only opportunities to increase the size of the fleet. The longer term will require a sustained and stable program of greater annual investment in new ships and aircraft. At the same time we must do everything possible to recruit and retain the skilled personnel on whom all else ultimately depends. The road back will not be easy because we are starting from a deficit position and because the Soviets have given no sign of slackening the pace in the competition. The budget now before you is the first step on that road.

MARITIME SUPERIORITY

Senator Stevens: Please expand for the Committee what you mean by maritime superiority.

Secretary Lehman: As I said in my statement, Mr. Chairman, maritime superioritiy means that we must be capable - and be seen to be capable - of keeping our sea lines of commerce and communications secure in those areas of the world where our vital interests depend on them. If we are to survive as a free nation, our access to our allies, our energy sources, and our trading partners cannot be hostage to the offensive power of any combination of adversaries. We must have the naval and Marine Corps power to militarily defeat any martial attempts to interfere with such access.

It must be clearly understood by all members of the services, by all officials in the government, and by the American public that our national security demands maritime superiority and

nothing less; no euphemism, no fancy academic hedgewords. If we are to keep the peace and deter our enemies, we must be able to defeat them if deterrence fails.

For a dozen years or so, annual official references have been made to narrow margins of U.S. maritime superiority, always threatened by ominous or adverse trends. In the last few years, while we endlessly rebalanced our cost effectiveness equations, the Soviet Union has built almost three times as many major warships as we. Thus, I believe that our former narrow margin of superiority is gone. In some circumstances the Soviets can militarily interfere now with our access to vital requirements simultaneously and can reasonably be judged able to prevail in at least some of those areas.

Maritime superiority must be re-established, and then strengthened. As the richest nation on earth, an island nation with vital, permanent, and growing dependence on the seas, and some 40 worldwide alliances, we must be able to control the seas. We must regain the naval and Marine power to support, worldwide, every aspect of our national policy, strategy, and self interest, reliably, responsively, and with high confidence.

This maritime superiority will require sea power: to sustain a peacetime forward deployment posture at levels and locations appropriate to our need without undue stress and demand on our people or equipment; to meet crisis control or contingency requirements flexibly and effectively; and which, mobilized for world-wide conflict, can engage any adversary at times and places of our choosing with a high probability of success, while denying that adversary a like opportunity.

This sea power entails numbers of forces, modernity of forces, and readiness of forces all in excess of those existing today. It entails an increased offensive capability of sufficient quality to keep ahead of a sophisticated and advancing threat. The trend in U.S.-Soviet sea power balance has been running strongly the wrong way for over 15 years. Reversing that trend and restoring U.S. naval forces to their necessary dominance, will require a sustained national commitment of considerable magnitude.

FIFTEEN BATTLE GROUPS

Senator Stevens: You have indicated in your statement that there is a need for 15 Battle Groups. How did you arrive at the figure of 15 Battle Groups and how would they be deployed in peacetime under a given situation?

Secretary Lehman: In the final analysis, our minimum essential requirement for 15 Carrier Battle Groups is a compromise between fiscal reality and the warfighting capability that we must have, should deterrence fail, to prevail in a war at sea in the face of the increasing capability of the deployed forces of the Soviet Navy. In point of fact, JCS force level requirements call for [deleted] [deleted] to enjoy reasonable assurance of success with an acceptable degree of risk in a global war with the Soviet Union. The battle group requirement is influenced as well by the number, expanse, and dispersion of the overseas areas of vital interest to the United States, in particular, the Mediterranean, the Western Pacific, and the Indian Ocean. It is also a function of the national commitment to a naval strategy of forward deployment which has been expanded in recent years to include all three of those ocean areas.

The continued expansion of Soviet influence in all areas of the world, with steadily increasing naval capability, warrants a peacetime forward deployment of at least five carrier battle groups to vital ocean areas. Within existing force levels, we are limited to four deployed battle groups. Two are currently in the Indian Ocean, one is in the Mediterranean, and the fourth is in the Western Pacific. Even this level of deployment strains current resources. The desired peacetime deployment tempo for a carrier is a ratio of 2 to 1. This means that for each 6 months deployed, a ship will spend 12 months in home waters for maintenance, training or operations with the SECOND or THIRD Fleet. The current tempo for carriers is about [deleted] and this will [deleted] [deleted] over the next five years. This is an arduous and optimistic schedule that will place extreme demands on people, ships and aircraft. The inevitable result would be a decline in morale, recruitment, and retention, a reduction in the state of fleet training, and a worsening of the material condition of ships and planes due to deferred or cancelled maintenance. But the basic concern is that current force levels do not meet the requirements for warfighting capability.

For the short term we are planning to meet the increased commitment; but for the long term we need an increase in carrier force levels to at least 15 deployable battle groups. The alternative is to revise our strategy, to, in effect, redefine our interests.

OVERVIEW

Senator Stevens: Secretary Lehman what type of ships do you consider to be needed in order to attain "a balanced mix of approximately 30 ships per year to achieve a truly capable fleet of about 600 ships and 15 battle groups"?

Secretary Lehman: Senator Stevens we are working out the details of the building program which will achieve the goal of 600 ships, both near-term and long-term. By reactivating ORISKANY and the battleships, we can build to a force of 15 deployable battle groups [deleted]. By starting another large-deck carrier in 1983, we can maintain a force level of 15 large carriers well into the 1990's. We will need to add cruisers and destroyers to fill out the additional battle groups during the next five years. We would also plan to build four attack submarines each year. To expand our amphibious lift capability to a MAF plus a MAB, we must build two or three ships-along with frigates to escort them-each year. To rebuild our mine warfare capability we need to build approximately five mine countermeasure ships each year and for Mobile Logistics Support Forces we need seven ships per year. In all, we are planning to build some 60 ships more than the 80 which were in the 5-year plan submitted with the budget in January.

BATTLESHIPS

Senator Stevens: As you are aware, last week the Senate Armed Services Committee denied the authorization to recommission an aircraft carrier. What is the impact, if any, this will have on the Navy's desire to recommission the two battleships?

Secretary Lehman: The proposal to reactivate the carrier Oriskany and two battleships reflects the need to expand U.S. naval capabilities as soon as possible. In priority, the carrier is more important than the battleships. But failure to gain support for reactivating the carrier in no way changes the requirement for enhanced, relevant naval power ... to that end, the battleships, configured with some 48 standoff cruise missiles, can be readied for deployment in two years time. The Navy's requirement to reactivate two battleships is not affected by Congressional actions on other items in the budget request.

MENTAL CATEGORY IV ACCESSIONS

Senator Stevens. Last year Congress enacted a ceiling of 25% maximum Category IV personnel for each service in FY82, to be reduced to 20% the following year. Category IV personnel represent the lowest acceptable recruit. No restriction, however, was placed on either Navy or Marine Corps recruitment of non-high school graduates. Do the Navy and Marine Corps foresee any problems meeting these recruitment goals and if so, why?

Admiral Hayward: Navy policy is that no more than 13% of our active duty male non prior service recruits may be Group IV's (MG-IV's), all of whom must be High School Diploma Graduates. For FY-82 the 25% Congressional Mental Group IV (MG-IV) ceiling poses no problem for Navy. Similarly, the FY-83 20% MG-IV individual service ceiling, presents no problem since Navy intends to continue its policy of recruiting no more than 13% MG-IV's all of whom must be High School Diploma Graduates. Furthermore, Navy intends to explore the feasibility of reducing this self imposed ceiling, if at all possible.

General Barrow. The Marine Corps will stay well within the Category IV restrictions. I have directed that not more than ten percent of accessions will be permitted in Category IV, and that all of those must be high school graduates. Total force new contracts written since October 1, 1980 have averaged less than nine percent Category IV. Including the renormed scores of personnel that were in the Delayed Enlistment Program at the beginning of this year, approximately 15 percent Category IV personnel will be shipped to recruit training in fiscal year 1981.

MANPOWER RETENTION

Senator Stevens: What specific problems do the Navy and Marine Corps face in the area of manpower retention and what programs are being initiated to address these areas?

Admiral Hayward: The Navy has a shortage of over 22,000 petty officers. At the same time there has been a continuing decline in the overall level of experience within our petty officer inventory. Therefore, we need to not only retain more petty officers but also retain more of the experienced petty officers.

In our officer community we also face a serious retention problem, particulary with respect to pilots and nuclear submarine officers. Pilot retention has declined steadily from 62 percent in FY 77 to 30 percent in FY 80. Our nuclear submarine officers can now expect to spend 15 of their first 18 years in the Navy on sea duty, due to less-than-desired levels of accessions and retention in this warfare community.

In order to address these problems we have initiated many internal Navy programs. The Secretary of the Navy addressed these in some detail in a report to the Congress in January. They include the initiation of a Limited-Duty-Officer Pilot program, an increased effort to recruit prior-service personnel, the improvement of our "Quality of Life" programs such as Family Service Centers and housing, the expansion of "Pride and Professionalism" programs such as Leadership and Management Education and Training, the reemphasis of those legal and administrative programs which support good order and discipline within the Navy, etc. These programs and others all contribute to offsetting current shortages in the near term while simultaneously, over the long term, make the Navy more attractive as a career for officers, petty officers and their families.

However, the most critical determinant in turning around our retention problem is the pay and benefits afforded to our personnel and their families. The 96th Congress addressed this issue and subsequently passed legislation which has made the major contribution to arresting our retention problem. However, we have not done enough, particularly if we are to improve our retention to the point where we not only eliminate our existing personnel shortfalls but also attract and retain the additional personnel we will need to man a "600 ship Navy". For that reason I strongly urge the 97th Congress to support the current Administration's initiatives to restore the competitiveness of military pay with the civilian sector, such as the 5.3% pay increase proposed for July 1981.

General Barrow. The problem of retention has three aspects to it. First, keeping enough Marines to meet our end strength, second, making sure those Marines we keep meet our standards, and third, improving the readiness of our force by reducing our skill shortages. As you know, we are not having any trouble meeting our end strength this year; we don't have a numbers problem.

We are also maintaining our quality standards, reenlisting only those Marines who have performed well and are recommended for retention by their commanding officers. We are, however, experiencing shortages in specific skills. On the officer side of the house, our only problem is in our aviation community, and we are hopeful that the continuation bonus will enable us to correct that. On the enlisted side we have a number of shortages, concentrated for the most part in those fields that require a higher mental aptitude. Our approach to alleviating those shortages is to provide options to Marines that will influence their decision: choice of duty, schooling and where necessary, reenlistment bonuses to offset the draw of higher civilian salaries. In some cases, a Marine can also be promoted when he reenlists.

Better overall retention during the last year can be credited to a large extent on the actions of the 96th Congress to improve pay and other benefits. Those actions, if sustained by continued improvements, and the cumulative effects of several years of emphasis on getting and keeping quality individuals, give us a great deal of confidence that retention will continue at a level that will ensure a ready, capable career force.

Senator Stevens: What portion of the Navy budget is devoted to improving the quality of life of Navy personnel?

Admiral Hayward: The Fiscal Year 1982 budget contains about $800 million which we categorize as improving the quality of life of our Navy ersonnel. This includes such programs as selective reenlistment and aviation continuation bonuses, improvements in unaccompanied personnel housing, additional morale, welfare and recreation program support, off-duty education, and bachelor cost-of-living allowances. Also included in this category are efforts designed to reduce fleet working hours, to expand leadership and management education and training, to improve career counseling and retention efforts and to increase the number of personnel management specialists in order to provide better personnel support services for their constituents.

AVIATION OFFICER CONTINUATION PAY

Senator Stevens: Both the Navy and Marine Corps have requested approval to begin payment of Aviation Officer Continuation Pay contained in the FY-1981 Supplemental before actual passage of the Supplemental. What is the rationale behind this change in procedure?

Admiral Hayward: Both the Navy and Marine Corps are suffering from severe aviator shortage. The longer we wait to implement Aviation Officer Continuation Pay, which has already been authorized, the more critical these shortages become. This, in turn, negatively impacts upon readiness. The effect of delaying implementation of this pay is reflected in the number of resignations submitted by aviators during the first six months of the fiscal year. There were 278 such resignations submitted from October 80 - April 81. Many of these resignations could

have been avoided through application of Aviation Officer Continuation Pay. The impact that this pay will have on an aviator's retention decision is illustrated by the results of a recent telephone survey of 150 aviators whose letters of resignation will become effective between now and the end of August. Over 40% of these aviators stated that, if such pay were implemented, they would withdraw their resignations. Those who would withdraw their resignations represent nearly $50 million in training investment - an amount greater than the cost of Aviation Officer Continuation Pay for an entire fiscal year. Immediate implementation of this pay will help avoid further exodus of these valuable assets, and will enable us to begin to rectify critical aviation shortages.

General Barrow. The Marine Corps is short 502 pilots and 108 NFO's: 13% of requirements. Early payment of Aviation Officer Continuation Pay (AOCP) would result in the retention of some officers who currently have resignations pending and would influence others who may now be weighing a decision concerning continuing as Marines. The retention of just a few pilots or NFO's, when one considers the substantial training investment, would justify the cost of the AOCP program in FY 1981. We estimate that it costs over $600,000 to train a naval aviator. Our marginal cost analysis of the effects of a continuation bonus, in which we estimate the number of losses that will not occur if a bonus is paid in the manner we are proposing, shows that we can keep an aviator who otherwise would have left the Marine Corps at an average cost of $119,000. We need the right combination of training new pilots and keeping those who are already in the Marine Corps, and the bonus will help us achieve that balance.

MILITARY PERSONNEL

Senator Stevens: The previous administration urged repeal of the law which prohibits women from serving as permanent crew members aboard Navy combat vessels and as crew members of Navy or Air Force aircraft on combat missions. In 1979, PL 95-485 modified combat restrictions to permit the assignment of women on a permanent basis to non-combatant ships and to temporary duty not to exceed 180 days on combat vessels. What is the position of the current administration as regards the assignment of women to sea or air combat missions?

Secretary Lehman: Overall, women in operational units are contributing to the general operational effectiveness of the Navy. There is, however, no military requirement to permanently assign women to ships or aircraft having a combat mission.

PERSONNEL SHORTAGES

Senator Stevens. The Navy and Marine Corps face personnel shortages in several technical fields, in petty officers, pilots and nuclear qualified officers. What efforts are underway to correct these problems?

General Barrow. Of the forty occupational fields in which enlisted Marines serve, twelve are experiencing personnel shortages that reduce their strength to less than 85 percent of the requirement. To correct these deficiencies, we seek to retain quality individuals by offering both monetary incentives in the form of selective reenlistment bonuses and non-monetary incentives such as duty station options. Retention is up this year, and the initial results of our efforts indicate that we are making progress in reducing some of our shortages. The skills requiring above average intelligence and involving lengthy training are not yet, however, showing the overall improvement necessary for the most satisfactory manning of our force. These shortages did not happen overnight, of course, and sustained efforts will be needed to correct them.

We intend to eliminate shortages of pilots and naval flight officers with a two phased approach. First, we plan to increase retention of trained Marines with both monetary and non-monetary incentives. Aviation Officer Continuation Pay, coupled with other policies such as allowing our pilots and NFO's to remain in the cockpit for their entire first tour, should substantially reduce our losses. In addition, pilot training rates have been increased to match our expected attrition. With this approach, we expect our inventory to match our requirement by 1984.

Senator Stevens: Admiral, the Navy faces personnel shortages in several technical fields in petty officers. What efforts are underway to correct these problems?

Admiral Hayward: Many of these shortages are concentrated in technical areas such as combat systems, avionics and nuclear fields. Recent pay initiatives have gone a long way toward arresting the decline in petty officer manning, but we will have to continue our efforts in this direction if we are to realize significant improvement in retention of our careerists in the future. Other actions to correct the petty officer shortfalls include:

- Emphasis on Navy Veteran (NAVET) Recruiting
- Voluntary Recall for Sea Duty Program
- Selected Fleet Reserve Recall
- Maximum utilization of women with a goal of 45,000 by FY-85
- Adjustments of sea/shore rotations where feasible
- Application of Selective Reenlistment Bonuses, Shortage Specialty Pay, Special Duty Assignment Pay and Enlistment Bonuses

PILOT SHORTAGES

Senator Stevens: The Navy and Marine Corps are faced with significant pilot shortages. What efforts are underway to correct these problems?

Admiral Hayward: Our current Navy pilot deficit is

2,488 or a 22% shortfall to requirements. To overcome this shortage, we have focused our attention on pilot retention, the recall of those pilots who have recently left the service, and ensuring we meet the pilot training rate (PTR) established for this and subsequent years. Specific actions include:

- For retention and recall,
  -- Authority to pay an aviation bonus;
  -- Improved overall military compensation (Nunn-Warner, Fair Benefits, et al);
  -- 25% ACIP increase;
  -- Vigorous recall program targeting the furloughed airline pilot;
- For the Pilot Training Rate,
  -- 100% manning for flight instructors and aviation maintenance personnel in the Training Command;
  -- An increase in PTR to meet first tour seat requirements.
- Other initiatives,
  -- Train 35-45 LDOs per year as pilots to augment Training Command instructor manning;
  -- Expand LDO opportunity to fill non-flying shipboard billets now filled by aviators.

I might underscore the requirement to implement the Aviation Officer Continuation Pay immediately. We currently have in excess of 200 aviators who have submitted letters of resignation which become operative within the next five months. Over 40% of these officers, representing a training investment of in excess of $50 million, have indicated they would withdraw their letters of resignation if this important pay were implemented. We simply cannot afford to lose this valuable talent.

NUCLEAR OFFICER SHORTAGE

Senator Stevens: The Navy faces personnel shortages in nuclear qualified officers. What efforts are underway to correct this problem?

Admiral Hayward: The newly implemented increases in submarine pay combined with the institution of sea pay for officers are expected to have a positive effect on nuclear officer retention and therefore nuclear officer inventories. Retention decreased to 36% in FY-80 and is projected to decrease to 33% in FY-81. A positive sign, however is that the 33% projection has increased from the earlier projection made at end FY-80 of 28% as a result of the recently implemented sea pay/sub pay compensation. While it is too early to ascertain the degree of improvement in nuclear officer retention, through the first half of FY-81 voluntary resignations by nuclear-trained officers decreased by 37 (21% below the number submitted as of this time last fiscal year).

Equally important to resolving the retention problem is attainment of accession goals. A number of initiatives have been taken to correct this under accession problem. The addition of a submarine accession bonus of $3000 and ability to pay submarine pay at commencement of training has shown some positive effects. The full impact of this authorization has not been realized, how-

ever, because passage of implementing legislation came late in the officer recruiting year. With service selection essentially complete for the officers in the Naval Academy and NROTC graduating classes in 1981 and their contemporaries, a shortfall of 213 officers is predicted. With the improved pay initiatives and an intensified recruiting program, we are projecting improved accessions from the classes graduating in 1982.

MARINE CORPS END STRENGTH

Senator Stevens. The Reagan budget requests an increase to Marine Corps end strength of 4,000 over the Carter manpower level. Are any force structure changes envisioned to accommodate this increased strength?

General Barrow. The increased strength will permit us to man the present structure at higher levels and to accomplish several modifications to structure. Most of the increase will be used to satisfy our highest priority requirements by improving the manning in aviation, ground combat, and combat support units; to increase active duty support to the reserves; to strengthen long neglected combat service support capabilities by substantially improving currently low manning levels in a variety of units; and to reestablish selected units currently in a cadre status. Structure changes are primarily in active duty support of the selected Marine Corps Reserve (primarily combat service support) and improved training capability.

DRUG AND ALCOHOL ABUSE

Senator Stevens: Alcohol and drug abuse continue to plague U.S. military services. To what extent does this problem affect naval and marine readiness and what resources will be devoted to alleviating this problem?

Admiral Hayward: We are aware that drug abuse among our military personnel is a serious problem, just as it is among civilian youth across the nation, and we are considering various corrective measures that can be taken. However, the extent of the impact of alcohol and drug abuse on readiness of military personnel and units is not presently known with certainty. The Department of Defense (DOD) has asked Army to conduct research in this area for the benefit of all services.

During the current Fiscal Year, Navy has budgeted $10,197,000 to combat drug abuse, and additional funds may be made available soon to accelerate detection, deterrence, evaluation and law enforcement programs applicable to the Navy's drug abuse control efforts. A larger amount, $15,912,000 is included in this year's budget in support of alcohol abuse and alcoholism programs.

General Barrow. The Marine Corps recognizes the potential serious consequences of drug abuse on combat readiness and morale. Quantitative methods of assessing the affect on readiness are not presently available but are under study at the Department of Defense level. We have an extensive program of prevention, education, identification, referral, rehabilitation and follow-up. Sixty-seven officers, enlisted personnel and civilians work full time in the drug and alcohol program, with additional representatives in each Marine unit down to the battalion/squadron level.

The Marine Corps spends about $400,000 annually for specific education and training of commissioned and non-commissioned leaders to enable them to understand the problems of drug and alcohol abuse and deal with it effectively. We have access to, and use, the full range of formal treatment and rehabilitation facilities of the Navy and have developed at the command level a system for counseling and assisting Marines who do not require the extensive assistance available at Navy Facilities.

Additionally, we use the full resources of military law enforcement and investigative agencies and cooperate closely with civil law enforcement agencies to identify illegal sources of drugs and ensure that appropriate judicial and nonjudicial actions are taken in those instances where laws or regulations are violated.

OPERATION AND MAINTENANCE

Senator Stevens: Admiral Hayward, all your statements stress the need to improve Navy's readiness, but we note the two accounts that most directly address that goal -- military personnel and operation and maintenance -- are given the smallest increases in the revised 1981 and 1982 budgets. We can appreciate your interest in regaining weapons superiority, but is it wise to allot only 5 percent or less increases to your manpower and operating accounts?

Admiral Hayward: Senator Stevens, in preparing the FY-82 Carter Budget, Navy made a deliberate decision to put $5B into readiness related areas at the expense of our investment programs. Foremost among these readiness areas are military personnel and operations and maintenance. These funding additions were absolutely necessary in order to begin the process of redressing our readiness deficiencies, a process which will take years to complete. Improvement of our readiness requires funding and, equally important, time to execute our corrective program. The readiness addition in the FY-82 Carter Budget represented a balanced increase in terms of both funding and ability to execute. On the other hand, revisions to the FY-81 and FY-82 Budgets presented us with the opportunity to begin redressing the deficiencies we face in our

investment programs. We vigorously pursued the purchase of hardware in the FY-82 Amendment not at the expense of manpower and operating accounts, but rather with the knowledge that these functions were already provided for.

Senator Stevens: Despite increases for depot maintenance in both the 1981 and 1982 budget amendments, it would appear you will still have a backlog on critical equipment and aircraft maintenance. Have you given this backlog the proper attention in your budget revisions?

Admiral Hayward: The additional funds that we have requested are sufficient to eliminate the unfunded backlog of airframe, engine, and component rework displayed in our original FY-82 budget. We still expect to have a $56.4 million unfunded backlog of modification installations and we are currently focusing management attention on this issue.

Senator Stevens: How effectively do your revised budgets address ship overhaul needs? Do you still have any serious shortfall?

Admiral Hayward: The revised budgets effectively address overhaul needs. The only change requested is in the FY 82 amendment which earmarks $110M for the overhaul of 4 diesel submarines. We have no shortfalls in the overhaul program. The ship overhaul backlog of 16 ships is due to operational rather than fiscal reasons.

Senator Stevens: Admiral Hayward, if the Congress approves all your proposals to accelerate shipbuilding and to reactivate two battleships and an aircraft carrier, among other things, do you have a reliable estimate on the initial and ongoing costs of operating and maintaining all these vessels for the next decade?

Admiral Hayward: Senator Stevens, by 1993 the annual support costs in constant FY-82 dollars required to sustain a 600-ship Navy of the quality and mix which I have described before -- 15 carrier battle groups, 100 attack submarines, 1.5 MAF lift, etc. -- should approximately $4 billion more per year than current support levels. This support includes the bulk of the operations and maintenance account and the military personnel account.

Senator Stevens: Admiral Hayward, last week we spent considerable time with the Army discussing the alarming cost increases projected for maintaining and operating new weapons systems and other modernization needs. These costs more than double each year through 1986, and that burden is heavy enough to warrant special consideration.

Can you supply similar cost projections for the initial and ongoing costs of operating and maintaining the ships, aircraft and weapons you will be adding to your active inventory this year and the next five years?

Admiral Hayward: Senator Stevens, the annual support costs in constant FY-82 dollars required to operate and maintain projected force level increases over the next five years is approximately $3 billion

more per year than current support levels. This support includes the bulk of the operations and maintenance account and the military personnel account.

Efficient Utilization of Procurement Funds

Senator Stevens. The request for procurement for the Navy and the Marine Corps includes significant additional funds for various programs. What assurances can you give the Committee that the additional funds requested can be efficiently and economically utilized to accomplish the increased strength and readiness you have addressed to the Committee today?

Admiral Hayward: Of the $767 million requested for procurement increases approximately 62% ($475 million) is required to cover known cost increases, which can and need to be placed on contract this fiscal year. For the remaining 38% ($292 million) the funds are being requested to procure known items of equipment for which the technical specifications necessary to issue contracts already exist. In addition, we are already proceeding to do the necessary planning and pre-contractual effort to assure an efficient contractual process after appropriation of funds. Accordingly, I believe that the Navy is ready to efficiently and economically utilize the requested funds.

General Barrow. In the past few fiscal years our procurement budgets were so austere that many essential programs involving readiness received only minimal funding. The meager funds which could be allocated to procurement were being used to solve short-term readiness problems. Modernization was programmed into future years. The backlog of procurement requirements was extensive. Total obligational authority was simply not available to solve this problem. This year our procurement budget request totals $1,828 million, an increase of $1,322 million over last year's approved budget. The composition of this budget will enhance our constant endeavor to improve readiness, provide for a modest improvement in attaining sustainability goals, contribute to our prepositioning requirements, and begin the necessary modernization of the Fleet Marine Forces.

The additional funds will be used efficiently and economically; they will enable us to procure greater quantities of items that formally had to be programmed over many years; thus immediately correcting many known deficiencies. Further, these additional funds will enable us to take advantage of lower unit costs through volume buying. Since most of the additional funds will be spent on

acquiring items which had been procured in earlier years, obligation will occur in a timely, effective manner.

I can assure you that every effort will be made to execute all approved programs with the same concern for resources as was entertained during budget development.

PROGRAM EXECUTION

Senator Stevens: The 283 aircraft and $9.2 billion requested for Navy and Marine Corps aircraft procurement is 48 aircraft and $3.1 billion more than provided in Fiscal Year 1981 and 158 aircraft and $5.0 billion more than provided in Fiscal Year 1980. Can the Navy efficiently and economically increase the procurements in the various aircraft types requested for Fiscal Year 1982?

Admiral Hayward: With the exception of the AV-8B, the SH-2F and the SH-60B, all of our programs are effectively extensions of existing production. Even in cases wherein funds were last appropriated some years ago, such as the T-34C, the final aircraft are only now being delivered. The TH-57, although not acquired by the Navy for several years, is an off-the-shelf aircraft with only a few alterations to meet our specific needs. Yes, we can produce the requested aircraft efficiently. In no case does the requested rate of production exceed, or even stretch, the capacity of the individual manufacturer to produce. Insofar as economical production is concerned, it is with higher levels of production that we enjoy the benefits of economy-of-scale.

PROCUREMENT VS FORCE LEVELS

Senator Stevens: What impact, if any, will the increased procurement of aircraft have on Navy force levels?

Admiral Hayward: Procurement of aircraft at the levels requested in the FY-82 budget submit will have no significant impact on overall Navy force levels. However, the 283 aircraft that are requested comes closer than any budget of recent years to meeting the Navy's annual requirement of approximately 330 aircraft to replace those lost each year due to attrition or retirement. Of equal importance, the aircraft we are requesting will help to arrest the steady increase in the average age of our force and to replace old and obsolescent aircraft with ones equal to the threat with which the fleet is confronted.

Execution of Shipbuilding Program

Senator Stevens: The request for 33 ships and $10.2 billion in Fiscal Year 1982 is a significant increase over Fiscal Year 1981 and Fiscal Year 1980. In view of the shipbuilding problems the Navy is currently experiencing, what confidence do you have that you can execute the shipbuilding program as requested?

Admiral Hayward: Executability was subject to careful scrutiny throughout our development of the shipbuilding

plan for Fiscal Year 1982. I have absolute confidence that we have presented a balanced shipbuilding plan that we can execute. That confidence is reinforced by the work in progress in both the Department of Defense and the Congress to overhaul our procurement strategies. As I noted in my opening statement, in my judgment our defense programs have been ill-served in recent years by acquisition procedures which have induced delays in the introduction of necessary weapons systems, increased program costs, and weakened our defense industrial base through fluctuations and uncertainty. We need long-term building plans based on dependable cost estimates and committed funding. I therefore welcome the initiatives which have been proposed by both the Congress and the Secretary of Defense to streamline our acquisition process, press for efficient rates of production, and reduce the uncertainties of the market place which result in higher program costs and a less capable and responsive industrial base. I believe that we in Defense, working with the Congress and industry, can attain real efficiencies and improvements in procurement that will both strengthen our industrial base and bring about welcome cost savings.

PROCUREMENT PRIORITIES

Senator Stevens. What are the major procurement priorities of the Marine Corps in the Fiscal Year 1982 amended budget request?

General Barrow. After several years of austere procurement budgets, there are numerous Marine Corps programs in the FY 1982 amended budget which can be classified as "priority needs." High on our list of priorities is the requirement for ammunition — particularly 155mm and 8" artillery ammunition. Our ammunition deficiencies are great; excesses from the Viet Nam era will soon be non-existent; and the cost of modern munitions is staggering. For these reasons I have noted ammunition first.

Our next concern is tactical mobility. The LVT7 SLEP program will extend the life of our aging fleet of amphibian tractors while, at the same time, improve its capability; the new Light Armored Vehicle (LAV) Program will add armored protection and land mobility, so essential for the battlefield survivability to our Marines. I am also concerned about the deteriorating status of our light tactical fleet of vehicles. We have requested $16 million dollars for the new 5/4 ton High Mobility Multipurpose Wheeled Vehicle; however, program approval difficulties have caused a serious delay in this program. We now estimate that we can not field this vehicle until the 1st quarter, Fiscal Year 1985. By that time our light fleet will be down to an unacceptable availability rate of 29%. As a stop-gap measure, I have proposed an alternate one-time buy of sufficient 1 and 1/4 ton M880 type vehicles and 1/4 ton M151 vehicles to maintain any meaningful degree of readiness of our light tactical fleet of vehicles. I will be forwarding details of this proposal to the committee in separate correspondence.

In the category of missiles, both anti-tank and anti-air missiles, the TOW Product Improvement Program (PIP), the I HAWK Program and the STINGER Missile System are essential requirements needed to meet known enemy threats. We are reconfiguring sufficient TOW mis-

siles and equipment to give them the capability of defeating currently fielded Soviet armor. We are requesting funds to procure additional I HAWK missiles and ground support equipment to vastly improve our mid-range anti-air defense capability. At the same time we are concerned with our short-range anti-air defense capability and are requesting Congressional support for increases in our STINGER Missile System. The shoulder launched STINGER missile is replacing our aging Redeye missile and greatly enhances our current capability in this area of warfare.

Priority exists in a variety of other areas. In weapons, the MK-19 40mm machine gun will substantially increase the organic firepower of Marine infantry units. In intelligence, the Intelligence Analysis Center will provide an automated all-source intelligence information fusion system. In logistics, our request for water distribution systems and the Reverse Osmosis/Water Distillation Units are vital to troop survivability in the many geographical areas without ample fresh water resources. Last, I want to sight the need for the IBM S/360 replacement program. This program is urgently needed to provide the command systems of the Fleet Marine Force and Marine Corps posts and stations with high speed, improved-capacity automated data processing capability.

Impact of AV-8B & F/A-18

Senator Stevens: What impact will the introduction of the AV-8B and the F/A-18 have on the Marine Corps?

General Barrow: The introduction of these two aircraft will allow for a much needed increase in fighter and attack capability. The AV-8B opens a new era in VSTOL operations and tactical close air support flexibility, which is especially suited to the Marine requirement for power projection. The F/A-18 with its state-of-the-art weapons system and performance will modernize the Marine Corps fighter capability and will help to sustain Marine light attack for close air support and interdiction into the coming century.

Senator Stevens: Is it the intent of the Marine Corps to eventually have its light attack and fighter units equipped with the AV-8B and F/A-18 aircraft?

General Barrow: Yes sir, current plans show that our A-4M's and AV-8A's will be replaced by the AV-8B and that our F-4's will be replaced by the F/A-18 aircraft.

RESEARCH AND DEVELOPMENT

Senator Stevens: $121.0 million has been added to the FY 82 Navy R&D budget by the Reagan Administration for the development/design effort needed to support procurement of a Battle Group capable destroyer to replace DDG and CG class ships. Identify the specific program changes that will be made for DDGX ship design and DDGX combat system development as a result of this acceleration in the program. How will this increased level of funding affect the contract and and delivery dates of the DDGX and overall DDGX life-cycle costs?

Admiral Hayward: The FY 82 budget amendment request for DDGX does not represent an effort to change or accelerate the previously stated DDGX program. Rather, it is a request for reinstatement of funds, deleted by the Carter Administration, required to support a FY 85 lead ship authorization.

TRIDENT SSBN PROBLEMS

Senator Stevens: Explain fully to the Subcommittee the fundamental reasons for the construction problems and cost growth in the TRIDENT SSBN program. Will these most recent construction problems affect the delivery date of the OHIO? How seriously are the Department of Defense and the Department of the Navy investigating ways to get other companies involved in bidding on certain parts of the TRIDENT program?

Admiral Hayward: Low productivity and high manpower expenditure rates at Electric Boat Division during 1974-1977 led to cost and schedule problems. A new management team assumed control at Electric Boat Division in October 1977 and adopted numerous measures to attempt to increase control of the production process, both at the Groton and Quonset Point facilities. Subsequently, in 1978, quality control problems began emerging at Electric Boat Division which later were found to significantly affect submarine construction and delivery schedules. These problems were in non-pressure hull areas and included: the acceptance and use of steel grades not in accordance with specification requirements; incomplete and unsatisfactory structural welds; and missing and improper weld inspection records. Additional quality control problems have occurred at Electric Boat over the past several years, including poor material identification and control; incomplete weld records and incomplete welds; and improper and defective painting.

Repairs to Government furnished equipment and the added work or rework associated with design data revisions also contributed somewhat to the delay. In September 1979 a design problem with the main propulsion turbines procured by the Navy from General Electric Company was discovered. New rotors incorporating required design changes were provided to Electric Boat for the OHIO in December 1979 and were installed by Electric Boat in January 1980. During the same period, the ship service turbine generators procured by the Navy from Westinghouse were discovered to be out of balance, resulting in structureborne noise levels in excess of allowable limits. This necessitated rebalancing of the turbine generator rotors. In September 1980, a design agent error in the design of the Trim and Drain System was discovered. The inability to vent air from the system adversely affected system performance. The necessary design and hardware changes were made by March 1981.

All problems that could potentially compromise ship safety have been or will be corrected prior to the first sea trials, currently scheduled for June 1981.

It is the Navy's assessment that Electric Boat construction problems have delayed the delivery date of the OHIO. A precise estimate of the delay in delivery attributable to a particular problem is not available due in part to possible concurrent delays. The Navy's estimate of OHIO delivery is December 1981.

Electric Boat's estimate for construction of the lead TRIDENT has grown from 14.6 to 24 million manhours since contract award. This increase reflects the continuous low productivity and high manhour expenditure rates at Electric Boat Division as well as the contractor's quality control

problems. The increased manhour expenditures and extension of estimated delivery dates have contributed to additional cost growth and escalation.

The Navy has previously budgeted for Government authorized changes on TRIDENT. Actual authorized changes are not excessive for the first ship of a new class and compare favorably with other complex warship classes.

The possibility of developing alternate shipbuilders for TRIDENTs has been explored repeatedly. Preliminary data indicate that, while such a plan might be feasible, any alternate shipyards would require significant upgrading of existing facilities (for example, structural strengthening of drydocks or increases in building way capacity) and large increases in the labor force. These are costly and time-consuming problems. Moreover, the impact such a decision would have on the work already being performed by the shipyards (i.e. fleet maintenance), alternatives for accomplishing this work at other public and private shipyards, and other economic considerations must be before a respansible recommendation could be made. In addition, current TRIDENT authorization rates do not justify development of a second TRIDENT shipbuilder.

F/A-18

Senator Stevens: The FY 1982 RDT&E budget amendment raises R&D funding for the F/A-18 fighter by $21.9 million. This cost growth was justified on the grounds that the costs for a new weight reduction program have risen, that problems leading to the crash of two test aircraft need to be corrected, and that the flight test program would be severely impacted without additional funding.

What impact will the weight reduction program have on the F/A-18 performance characteristics and life-cycle costs?

Admiral Hayward: It is estimated that the F/A-18 weight reduction program will result in a life-cycle cost savings of up to $160 million (FY-80 dollars) in fuel alone and will improve performance as follows:

- Approximately 5% reduction in acceleration time.
- A near 5% increase in specific excess power.
- 1% increase in combat ceiling.
- 3% increase in available load factor.
- 5% increase in fighter escort range.
- 3% increase in interdiction range.
- Significant increase in single engine rate of climb.
- 2% reduction in approach speed.

Senator Stevens: Have the investigations on the engine failure leading to the crash of one F/A-18 on September 8, 1980, been completed? How soon will the diagnosis on the engine problems leading to that crash be made available to the subcommittee?

Admiral Hayward: The formal accident investigation has been completed. The contractor is conducting an extensive test program to verify the life of critical engine components. The tests to date provide a preponderance of evidence that the cause is attributable to a manufacturing flaw in the turbine disc. The turbine disc which failed was a preproduction configuration, and only a limited number were made. All discs of the same material (RENE-95 60-mesh powdered metal) which failed were removed from service and

replaced with smaller grain 150-mesh powder, which has better bonding and quality control characteristics and four times the life. Incident to an ongoing cost reduction program, General Electric has recently proposed a material change in several rotor parts whereby RENE-95 parts will be replaced with DA Inco 718, which increases low cycle fatigue capability and reduces the chances of material flaws.

Senator Stevens: Describe the flight test initiatives to be undertaken by virtue of the additional funding in the amended request.

Admiral Hayward: No new flight test initiatives will be undertaken by virtue of the additional funding. The funding will be used to complete flutter testing, stores separations, and spin testing, etc., that were delayed due to the test program efforts assiciated with problem analysis and testing.

RESEARCH AND DEVELOPMENT

Senator Stevens: Explain the reasons for the $24.6 million increase in the submarine ASW Standoff Weapon program. How extensive of a test program will be initiated for the submarine ASW Standoff Weapon, given this increase in R&D funding?

Admiral Hayward: The Amended FY 82 budget restores full funding for the ASW Standoff Weapon. That is, the "increase" of $24.6 million is in fact a restoration of the FY 81 Five Year Defense Plan funding profile for this development program. Restoration of full funding will preclude a one year slip in IOC for this important ASW development program. This consideration is especially important because of the phase-out of SUBROC, the only existing submarine standoff weapon, [deleted]

The Advanced Development phase of the RDT&E program will require [deleted] years [deleted] Full Scale Engineering Development will begin [deleted] the technical evaluation will begin [deleted] followed by operational evaluation [deleted] [deleted] Pilot production will commence and full production will begin [deleted] with Initial Operating Capability now possible [deleted]

Standoff Jammer Suppression

Senator Stevens: Explain to the subcommittee the reasons for terminating the Standoff Jammer Suppression program in the amended FY 1982 Navy R&D budget request.

Admiral Hayward: The threat our battle groups face from cruise-missile-launching aircraft and standoff jammers is a serious one, and we are still investigating means to meet this threat effectively and affordably. The approach we were pursuing in the Standoff Jammer Suppression (SOJS) Program was that of large, long-range, ship-launched surface-to-air missiles. When we recently re-assessed the progress and prospects of this approach, we were not able to convince ourselves that the RDT&E/acquisition program it would lead to, would be effective and affordable. The need to counter this standoff threat still exists, and we are continuing to investigate alternative combinations of technology approaches to it.

VCX

Senator Stevens: Explain to the subcommittee the reasons for terminating the VCX program in the amended FY 1982 Navy R&D budget request.

Admiral Hayward: In 1980 the Navy completed a study to determine shore-to-ship tactical cargo airlift and force level requirements in support of Naval operations in peace and war. The study concluded that the C-2 was the lowest-cost candidate for meeting all wartime demands and that a force of C-2s augmented with US-3s and operated in conjunction with the CH-53E VOD, would provide the most balanced, affordable solution for all projected scenarios. To ensure that an affordable, timely COD capability is maintained in the fleet, an improved C-2 will be procured for first delivery in 1985. A competitive alternative COD could not be introduced to the fleet before 1990. In the meantime, our COD force level is inadequate for other than peacetime needs. The mix of modified US-3As and new C-2s meets Navy requirements in the shortest timeframe at the lowest investment cost and does not require FY 1982 R&D funds.

ELF

Senator Stevens: When will a decision be made regarding the CNO's recommendation to terminate the ELF (extremely low frequency) strategic communications program?

Admiral Hayward: The matter is now before the President for review and decision. I would anticipate a decision in the very near future. By way of clarification I would like to note that, as I stated earlier, I did not in fact recommend that we terminate ELF. I recommended that the program be continued at current levels, i.e., maintain the Wisconsin Test Facility in a caretaker status on the grounds that there is no current or anticipated threat to our SSBN force that compels us to proceed with ELF on an urgent basis.

Senator Stevens: How would a negative decision on ELF program continuation affect the potential ability of the U.S. to communicate with SSBNs prior to a Soviet nuclear attack?

Admiral Hayward: Prior to a Soviet nuclear attack, the ELF system would provide a capability against jamming and would permit communications with submarines at deeper depths than is currently available with VLF. Without ELF, submarines will be required to maintain antennas at or near the surface of the ocean in order to sustain continuous communications reception.

Senator Stevens: What are the technical and fiscal reasons for this change in the Navy's position on the continued development of the ELF program?

Admiral Hayward: There are no technical reasons associated with the Navy's current position on the ELF program. The technology has been tested and we know that it works and it is safe. We have other important unmet requirements in the Strategic Command, Control and Communications area which must be funded as well as ELF; and in the competition for limited resources, ELF was of lower priority than some other programs of greater urgency in the Strategic C^3 area. It was basically an affordability problem.

QUESTIONS SUBMITTED BY SENATOR STENNIS

EDUCATIONAL BENEFITS

Senator Stennis: Are you familiar with the various proposals that have been introduced in both Houses of Congress to reactivate educational benefits in the form of a GI Bill? What do you believe these proposals would do for the Navy -- both in terms of additional enlistments and in retention of personnel beyond their initial enlistment period?

Secretary Lehman: Yes, I am aware of the various proposals that have been introduced in both Houses of Congress to reactivate educational benefits in the form of a GI Bill. The Navy could benefit positively both in terms of additional enlistments and retention provided a well structured educational benefits program is enacted.

RETENTION

Senator Stennis: Other than pay and educational benefits, what factors do you believe are most important for retention of personnel?

Secretary Lehman: Other than pay and educational benefits, the most important factor in the retention of personnel is the amount of family separation that Navy members now experience. As retention improves, through additional compensation, this element as a dissatisfier for Navy life should decrease. Navy personnel realize that family separation is a part of Navy Life; however, the extensive time away from family (caused by increased operational commitments combined with reduced personnel inventories) has taken its retention toll. Apart from the effects of inadequate compensation on personnel inventories, poor compensation affects those on extended deployments in another way. Deployed personnel need assurance that their families are adequately provided for, while they are deployed. The attraction of family stability coupled with increased wages in the civilian sector has had, and continues to have, a significant draw on our personnel.

An increasingly important element in our Navy men and women's career decision is their perception of the quality of life they and their families will enjoy in the years ahead. If perceived as good, the potential for retention is enhanced. Conversely, a perception of poor quality of life or eroding benefits; e.g. the loss of pre-VEAP GI Educational Benefits, may influence service members to try a civilian career. A perceived part of one's quality of life is the adequacy of dependent medical care. If dependents were assured of adequate dental care not only would the financial burden currently being experienced by military personnel be lessened, but recruiting and retention in the all volunteer force environment would be enhanced. In another important area, we continue to fail to reimburse our people for the costs they incur in temporary and permanent change of station travel--travel necessary in carrying out Navy orders. We cannot continue to ask service members to subsidize government's cost of doing business. If we continue to take advantage of our personnel in this manner, they will continue to resign.

In summary, the fact that Navy personnel are inadequately paid affects nearly every facet of a service member's life. Without adequate compensation the Navy retention effort will be forced to work "on the margin".

ELF

Senator Stennis: The budget amendment contains $34 million for the Extremely Low Frequency (ELF) project. I understand you have recommended that this project be held to a caretaker status and not be deployed further. What can you tell me about this, and what will the $34 million be used for?

Secretary Lehman: The Navy did recommend to the Secretary of Defense that further expansion of the ELF program be canceled and that the current Test Facility be retained in a caretaker status. However, the Secretary of Defense responded with a recommendation to the President several days ago that all of our means to communicate with the Strategic Forces be reviewed, and that, pending the outcome of such a review, ELF be continued on a reduced level, limited to completion of the ELF test site near Clam Lake, Wisconsin. I would anticipate, therefore, that the final decision on the ELF program will be made upon completion of the Strategic Forces Communication Review, and use of the $34M would be needed to carry out the Secretary of Defense's recommendation to complete the Wisconsin ELF site, should the results of the Strategic Forces Communications Review confirm that interim recommendation.

F/A-18

Senator Stennis: I understand the Defense Systems Acquisition Review Council (DSARC) recently met to review the production go-ahead on the F-18 program. This was not forthcoming and reports indicate the Navy was directed to reexamine the program to see if this aircraft still meets the threat anticipated for the mid-1980s and to look at less costly alternatives. What can you tell us about this?

Secretary Lehman: The Defense Systems Acquisition Review Council (DSARC) reviewed the F/A-18 program and the Initial Operational Test and Evaluation (IOT&E) results of the aircraft in the fighter role on March 17, 1981. At the DSARC review, the Navy presented a survey of possibilities for reducing the cost of the F/A-18 program. As a result, the next increment of F/A-18 funding was released, and the Navy was directed to further define cost reduction opportunities and recommend a specific set of actions to reduce cost.

The F/A-18 capability relative to threat-representative aircraft was briefed during the DSARC and was judged superior. Alternatives to the F/A-18 were not briefed; however, the Navy has considered alternative force structures in the past and found that all cost-effective structures include large numbers of F/A-18's.

Expanding Nuclear Submarine Building Capacity

Senator Stennis: Admiral Rickover recently advocated that the U.S. must expand its capacity to build nuclear submarines and recommended that Mare Island be used to build attack submarines. What do you think of this recommendation in light of the Electric Boat problem?

Secretary Lehman: We are considering all options to expand our capacity to build nuclear submarines including construction of SSN attack submarines at Mare Island Naval Shipyard. The evaluation of options is still under study.

DELAY OF TRIDENT DELIVERY

Senator Stennis: The estimated delivery date of the first TRIDENT submarine is now 32 months behind the original schedule. Would you comment on the factors that have caused this delay?

Secretary Lehman: Low productivity at Electric Boat Division during 1974-1977 led to schedule problems. A new management team assumed control at Electric Boat Division in October 1977 and adopted numerous measures to attempt to increase control of the production process, both at GROTON and QUONSET Point facilities. Subsequently, in 1978, quality control problems began emerging at Electric Boat Division which later were found to significantly affect submarine construction and delivery schedules. These problems were in non-pressure hull areas and included: the acceptance and use of steel grades not in accordance with requirements; incomplete and unsatisfactory structural welds; and missing and improper weld inspection records. Additional quality control problems have occurred at Electric Boat Division over the past several years including: poor material identification and control; missing deck structures; and improper and defective painting. Repairs to Government-furnished equipment and the added work or rework associated with design data revisions contributed to the delays to a lesser extent. All problems that could potentially compromise ship safety have been or will be corrected prior to the first sea trials.

Estimated Delivery for TRIDENT

Senator Stennis: I understand that the estimate for delivery of the next six TRIDENT submarines will each be delayed by 10-14 months. Are you hopeful that this delay can be reduced, or do you believe this estimate is optimistic?

Secretary Lehman: The delay in delivery of the SSBN 726 will adversely affect the deliveries of all follow-on TRIDENT ships. It is the Navy's estimate that the delivery dates for the follow-on TRIDENTs will slip up to 14 months each from previous Electric Boat estimates. Electric Boat Division's recent modifications to their estimates of probable delivery dates closely approximate the Navy's. The Navy estimates are based on the following assumptions: (1) Applications of manpower by Electric Boat consistent with the strategic priority of the TRIDENT program, and (2) a reasonable increase in shipyard work force.

Single Source Supplier of SSN-688s

Senator Stennis: The Navy recently announced a decision to cancel the ongoing competitive procurement of three SSN-688 Class Submarines which were funded in Fiscal Years 1980 and 1981 and awarded procurement on a single-source basis to Newport News Shipbuilding. As I understand recent announcements by the Administration, it appeared that savings were to result in the Department of Defense from increased use of competition. Would you say that your action conflicts with Administration policy?

Secretary Lehman: No, this action is not in conflict with overall Administration policy. Although increased competition is a goal of this Administration, an overriding concern is the revitalization of our national defense and the maintenance of an

industrial base to meet the requirements of industrial mobilization in the case of a national emergency. A basic factor in the decision to negotiate sole source with Newport News was a determination that it is necessary to have Newport News available as a supplier of SSN-688 Class Submarines at a level necessary in the case of national emergency and to meet the requirements of industrial mobilization in the case of such an emergency. Furthermore, a potential long term outcome of strict adherence to competitive procurement of nuclear submarines, recognizing that only two private shipbuilders are presently capable of building nuclear attack submarines, could be the complete loss of this capability at one of the shipyards and result in a monopoly situation for all future submarine acquisition programs.

COD

Senator Stennis: I note that the budget supplemental deleted the $32.6 million request for research and development of a VCX (COD) cargo aircraft. Why were the funds deleted?

Secretary Lehman: The Navy's Carrier Onboard Delivery (COD) aircraft force is inadequate now for projected wartime demands and the capability will be further degraded when the C-2 service life expiration commences in 1987.

An improved C-2 will satisfy the Navy's normal peacetime and projected wartime requirements at a lower acquisition cost than any other candidate, and the aircraft can be delivered in phase with the scheduled retirement of current assets.

Because a competitive alternative requiring development would have a program cost estimated to be 50 to 65 percent greater than the C-2 and would require an additional 3 to 4 years prior to availability to the fleet, and because development funds are not required for an improved C-2 acquisition, the RDT&E funds in the VCX program were deleted.

SMALL CARRIERS FOR V/STOL AIRCRAFT

Senator Stennis: At one time small carriers for V/STOL aircraft were advocated. Secretary Lehman, I understand you are not in favor of these carriers. Why is this?

Secretary Lehman: While appropriately configured smaller carriers could be a useful augmentation to the large carriers around which we build battlegroups, there are numerous innovative research and development initiatives that must be resolved in VSTOL/STOVL technology in order to achieve acceptable sortie rates with combat effective payloads and expanded radii of action. In my view, it is necessary to complete this aircraft development before we commit to a specific ship.

LIGHT AIRCRAFT CARRIERS

Senator Stennis: Senator Hart has proposed an alternative shipbuilding program that would provide three light aircraft carriers of about 40,000 tons each for approximately the same cost as a NIMITZ-Class nuclear carrier. What is your view relative to his proposal?

Secretary Lehman: In structuring our Navy, I think we must maintain a balance of capabilities among platforms and weapons systems to successfully carry out naval missions and in the face of opposition in any of several potential conflict scenarios. Large deck carriers with highly capable aircraft, accompanied by multi-purpose warships and mobile logistics support ships, are unique and essential elements of U.S. naval power. VSTOL aircraft of capability comparable to current carrier-based aircraft have yet to emerge from the development process. Until acceptable alternatives are available, the large deck carrier with highly capable CTOL aircraft remains the Navy's choice.

F/A-18

Senator Stennis: The Navy recently released a list of 23 fatigue cracks that the F/A-18 strike aircraft has experienced during fatigue tests. Is it normal to incur this number of cracks while testing aircraft of this type?

Secretary Lehman: Yes. The F/A-18 has experienced about the same number of failures during full scale fatigue testing as the F-14 and about two-thirds the number as the F-4. The Navy design and test philosophy includes a very severe loading spectrum intended to represent the most rigorously used aircraft. Moreover, the F/A-18 fatigue test or loading spectrum is the most severe spectrum ever applied to a tactical aircraft. This philosophy accelerates identification of weak spots in the structure, thereby permitting earlier incorporation of production fixes and minimizing retrofit costs. Historically, this stringent fatigue testing philosophy has produced very rugged aircraft. Most of the failures have occurred in the center fuselage section of the F/A-18, which bears most of the load from the wings. It is significant that the load spectrum used for testing this section was greater than the measured flight loads. The center fuselage section has been exposed to an equivalent of over 8,000 flight hours, with a required life of only 6000 hours. The objectives of the F/A-18 fatigue tests have been realized. Failures have been identified and changes have been incorporated in the first production aircraft.

Senator Stennis: The fiscal year 1981 supplemental and fiscal year 1982 amendment added funds for procurement of additional F/A-18 aircraft. Is it your opinion that testing completed to date on this aircraft is adequate and now is the proper time to increase the production rate?

Secretary Lehman: The decision to accelerate the production rate by adding funds for procurement of additional aircraft in FY-81 and FY-82 is justified since all the high-risk issues that were identified in the program have been adequately addressed. Specifically, the Digital Flight Control Electronic Set has been proven to be highly reliable, one-man operability in the fighter configuration is considered exceptional, the radar is exceeding expectations, and the engine development program has been very successful.

SALT I AGREEMENTS

Senator Stennis: Secretary Lehman, you have been quoted as saying that the unilateral extension of the SALT I treaty was an illegal act and you would recommend that the Reagan Administration not comply with it. I would appreciate your expanding upon your reasons for these charges.

Secretary Lehman: When I referred to the extension of SALT I, I was referring to the Interim Agreement which expired in October 1977. The SALT I ABM Treaty is of course of unlimited duration. At the time of the expiration of the Interim Agreement, the previous Administration unilaterally, as a matter of policy, stated U.S. intention to observe its terms, as long as the Soviets did likewise. Even though the U.S. incurred no binding obligation by this statement of policy, in my view, such action did not comport with the intent of the Arms Control and Disarmament Act. As you know, this Administration is conducting a review of all aspects of U.S. arms control policy. At this juncture, I believe it would be inappropriate to speculate about decisions which might flow from that review.

ADDITIONAL C-4 BACKFITS

Senator Stennis: There are 12 POSEIDON submarines scheduled to be backfitted with TRIDENT I C-4 missiles and be operational by the end of fiscal year 1982. What would be your opinion of the increase in military capability if the remaining 19 POSEIDON submarines were modified to accept these missiles?

Secretary Lehman: The increase in military capability resulting from backfitting C-4 missiles into the remaining 19 POSEIDON SSBNs would be small. The C-4 missile is a more capable weapon in many ways than the C-3, and backfitting 12 POSEIDONs with C-4 is an efficient program for taking advantage of this improved capability. However, there is a significant portion of the target base against which the C-3 continues to be very effective. As a result, the cost to backfit the remaining POSEIDONs would increase overall SLBM capability only marginally when compared to the cost of over four billion dollars.

LAMPS MK I (SH-2F)

Senator Stennis: The Navy has requested $232.6 million in the FY 1982 Aircraft Procurement budget to buy the first 18 SH-2F LAMPS MK I ASW helicopters, of a planned total of 90 aircraft. This is a follow-on to the $20 million available in FY 1981 for long lead items. As this helicopter was last produced in 1965, is it your plan to compete the procurement under provisions of OMB Circular A-109?

Secretary Lehman: The competitive procurement process in accordance with the provisions of OMB Circular A-109 would cause unnecessary production delays and could greatly increase program costs. The Navy does not intend to compete the procurement of LAMPS MK I helicopters because no available or in-production U.S. or foreign helicopter has the capability to perform the LAMPS MK I mission. In addition, there would be a significant cost for training, spares, publications, test equipment, and research and development in supporting another ASW helicopter in the fleet.

LAMPS MK I (SH-2F)

Senator Stennis: Are there other candidate helicopters that could fill this requirement or do you believe it necessary to sole source the procurement?

Secretary Lehman: No U.S. or foreign helicopters, available or in production, have the capability to perform the LAMPS MK I mission either because of payload limitations, size requirements or shipboard compatibility. A sole source contract is expected to be signed in April 1981.

Senator Stennis: Is it possible that any of the other candidate helicopters could deliver earlier than the late-1983 or early-1984 delivery date forecast for the SH-2F?

Secretary Lehman: There are no U.S. or foreign helicopters, available or in production, that have the capability to perform the LAMPS MK I mission, or be delivered earlier than the SH-2F delivery schedule of FY-84.

Reactivations

Senator Stennis: Are we still in the area of Class "F" or "ball park" estimates on the reactivation of the battleships New Jersey and Iowa and the aircraft carrier Oriskany? When will better estimates be available?

Secretary Lehman: While Navy has continued to refine the quality of the estimates for reactivation of New Jersey, Iowa and Oriskany, at this time they remain Class "F". Ship design money which was requested in the FY 1981 supplemental budget is required to proceed to the Class "C" budget quality estimate. The Class "C" estimate will be available approximately 6 to 9 months after ship design money is appropriated and released. Our knowledge of what kind of industrial effort is required to bring these ships back into service is broad enough to justify confidence that the cost will not exceed the limits which Class "F" implies ... even at the upper limit, the gain in deployable naval power is, in my judgment, the most cost effective undertaking we can accomplish in the near term.

ORISKANY REACTIVATION

Senator Stennis: What would have to be done to the ORISKANY to allow it to be used in a relatively high threat area and what would this cost?

Secretary Lehman: There are several systems that could be installed in ORISKANY to enhance close in protection against missiles and low flying aircraft. For example, for a total expenditure of about $59 million both NATO SEA SPARROW and the Close-in Weapons System (CIWS) could be procured and installed. However, I do not consider such an investment to be warranted. The primary defense of any carrier rests with the embarked aircraft of all carriers in the battle group together with the diverse weapons mix of all of its surface escorts. In a high threat area ORISKANY will be employed as a unit of a battle group that will include one or more additional carriers and a mix of escorts tailored to meet the threat. Indeed, one might argue that ORISKANY's ability to

assume a significant light attack role in its battle group would permit augmentation of the fighter complement of other carriers in company, thereby enhancing the defensive posture of the group as a whole.

ORISKANY REACTIVATION

Senator Stennis: How long would the additional modifications take before the ORISKANY could operate in high threat areas?

Secretary Lehman: As I have noted, I do not consider additional modifications to be needed; however, the Close-in Weapon System (CIWS) and the NATO SEA SPARROW could be installed aboard ORISKANY in any nine to ten month availability period.

Acquisition Cycle

Senator Stennis: Your statement mentions the objective of reducing the cycle of "concept to fleet" from the current 12 years to 6. Is this really possible in today's environment?

Secretary Lehman: To re-establish a position of maritime superiority, we need, among other things, weapons more capable than those of the Soviets. To sustain a position of superiority we must acquire those capabilities before they do. The current long and lengthening weapons development process, however, makes it difficult even to stay up with the threat. While my objective of halving the cycle may not be attainable in every case, I plan to pursue every avenue for streamlining and simplifying the acquisition process with emphasis on getting capable systems into the fleet, in sufficient numbers, quickly. At a minimum, the process must be flexible enough to permit acceleration of those programs for which there is an urgent operational need or in which technological risks are low. I also intend to look closely at "off-the-shelf" equipments or modifications to existing equipments as alternatives to new development equipments.

FLTSATCOM

Senator Stennis: The Space Shuttle schedule continues to have a number of uncertainties. In the event that the current FLTSATCOM capability fails prior to availability of the Space Transportation System (STS), what will be the effect on Navy tactical communications?

Secretary Lehman: Simply put, we would [deleted].

Senator Stennis: Has consideration been given to the use of additional FLTSATCOMs as a backup to STS using an Atlas Centaur?

Secretary Lehman: Yes. We are actively investigating the feasibility of this approach.

Senator Stennis: After a FLTSATCOM fails, what other alternatives are available to assure the continuation of tactical communications?

Secretary Lehman: If one or more LEASAT satellites are operational when a FLTSATCOM fails, we have the option to [deleted].

Senator Stennis: How adequate are the follow-on provisions for strategic two-way communications in the event of failure by FLTSATCOMs?

Secretary Lehman: If a FLTSATCOM fails, but a LEASAT satellite is available, [deleted]. If LEASAT is not available and a FLTSATCOM dies, [deleted].

SUM

Senator Stennis: What is your opinion of the proposal to deploy the MX at sea in the small submarine shallow underwater missile (SUM) concept? Do you believe that continual delays from environmental lawsuits may force DOD to look at alternative deployment possiblities such as SUM?

Admiral Hayward: With regard to the question of MX at sea, I must withhold comment pending completion of the review of MX basing options by the Secretary of the Defense. As you know, a thorough review is in progress at this time and a decision is expected by June 1. As concerns the SUM concept itself, as I stated earlier in this hearing, it is a concept we have studied a number of times including twice in the past year. The results have been the same each time in terms of whether or not it can be done and at what price. We have found that it can be done, but it is very expensive. It has high development costs and high life cycle costs. In short, it is not a cost effective option. If you want to put missiles to sea, we know how to do so more effectively and at a lower cost.

LAMPS MK I (SH-2F)

Senator Stennis: There have been some suggestions that the HH-65A now being procured by the Coast Guard may be a contender for the LAMPS MK I ASW helicopter role. In your opinion, how would this helicopter compare operationally with the SH-2F which is currently performing with the fleet and for which funding is requested for 18 helicopters in the fiscal year 1982 request?

Admiral Hayward: The HH-65A is a small airframe, approximately two thirds the size of the SH-2F and has a limited lift and mission capability. To adapt the HH-65A to the LAMPS MK I mission would require the addition of an acoustic sensor/processor suite and mission ordnance. A significant R&D effort would be required to incorporate the improved LAMPS MK I avionics suit into the HH-65A. In addition, modifications to the LAMPS MK I ships to ensure compatibility, extensive tests and evaluation to verify endurance, range, and avionics/armament capabilities, and new training and logistical support programs would be required at added cost.

Senator Stennis: Are you satisfied with the avionics contained in the SH-2F or will this be upgraded to 1980 technology?

Admiral Hayward: The Avionics Improvement Program (AIP) for the LAMPS MK I helicopter is a six year on-going program which commenced in FY 78. Funding has been provided in fiscal years 81 and 82, and AIP installation will be incorporated in the first 18 aircraft procurement. The AIP has completed Navy technical evaluation and is currently undergoing operational testing at Patuxent River.

DIESEL ELECTRIC SUBMARINES

Senator Stennis: Senator Hart has proposed consideration of procuring additional diesel-electric attack submarines to complement the SSN-688 fleet. What do you think of this proposal?

Admiral Hayward: The proposal to add diesel-electric submarines to complement our nuclear powered attack submarines is not consistent with our current plans. [deleted] we will continue our efforts to build toward a force level of about 100 SSNs. Meanwhile, many of our allies, having neither the resources nor requirements to build nuclear powered submarines, continue to build and maintain substantial forces of diesel-electric submarines. These ships perform effectively in the missions expected of them in waters relatively near their home bases. We strongly support diesel submarine construction efforts by our allies and view these forces as complements to our high endurance and highly survivable SSN forces.

BATTLESHIPS

Senator Stennis: What about the alternative recommendation to reactivate several SALEM-class heavy cruisers with 8-inch guns rather than the battleships with the 16-inch guns?

Admiral Hayward: A number of factors were considered in the decision to reactivate the battleships; the same factors would be considered in any proposal to reactivate SALEM-class heavy cruisers. These factors include: potential for near term and future modernization; survivability; endurance; number of ships available and suitable for reactivation; capabilities of currently installed weapons systems; ability of ships to provide logistic support, e.g., refueling, to other ships in company; prior "steaming hours" on main propulsion systems; manpower requirements; etc. The battle ship compared to the cruiser has much heavier armor plating, longer range and more accurate installed weapons, greater fuel storage capacity, heavier tonnage of ordnance delivered per minute, far greater growth potential for modernized systems such as cruise missiles and V/STOL aircraft, more ships (4 versus 2) available for reactivation and subsequent rotation through fleet employment schedules, etc. Therefore, given a choice between either the battleships or the cruisers, the former would be preferred when the aforementioned factors are evaluated. However, this does not mean we would exclude the option of reactivating the SALEM-class cruisers at some later date after the battleship reactivation program is well in hand; any decision to do so would, of course, be dependent on affordability, material condition of the ships, etc.

Medium Range Air-to-Surface Missile Program (MRASM)

Senator Stennis: Is it really wise for the Navy to withdraw from the joint Medium Range Air to Surface Missile program (MRASM)? Isn't this missile projected to have a substantially longer range than the Harpoon?

Admiral Hayward: We believe our decision was a wise one, Senator Stennis; and we hope to gain your support for our top-priority program to improve the Navy's air-to-surface standoff missile capability--the imaging infrared (IIR) HARPOON.

We did not make a hasty decision when, in January 1981, we opted for IIR HARPOON rather than MRASM (a variant of the TOMAHAWK family of missiles). We believed we could not afford to pursue both programs, and we selected the one which gave us adequate capability at an acceptable cost. We have subsequently reviewed the entire issue in great detail--even commissioning independent reviews by technical experts and cost analysts--and we are reinforced in our belief that the decision was sound.

You are correct in stating that MRASM has a longer range than IIR HARPOON. However, for anti-ship use and for attacking land targets using the IIR mode of guidance, both our own estimates and those of the Navy's independent review group conclude that the two missiles are comparable in capability. Most importantly, both missiles allow our attack aircraft to remain outside the enemy's terminal air defense envelope. MRASM has an additional capability we would like to have, that of autonomous guidance against fixed land targets. However, we believe this is a lower priority in an air-launched missile; and one that we can defer or pursue at a slower pace.

The cost difference between the two programs is quite significant. The independent review teams estimate that MRASM will cost from 50 percent to 80 percent more than IIR HARPOON. Our decision had the potential to save the taxpayers hundreds of millions of dollars, while still giving us an excellent air-to-surface standoff missile. The existing radar HARPOON missile, to which the IIR seeker will be adapted, is a tested, proven weapons system. It is in widespread use throughout the fleet, and is in full rate production. We have high confidence in our ability to execute the IIR HARPOON program effectively.

Thus, our decision was to modify an existing missile rather than develop a new one. It would meet our requirements effectively and at substantially less cost. We recognize, of course, that Congressional approval is required before we can proceed with the IIR HARPOON program rather than the joint MRASM program approved last year.

Should Congress direct that the joint nature of MRASM program be maintained, we would hope that it would clearly be identified as a being of lower priority than IIR HARPOON, and that its funding would not be allowed to affect the funding of IIR HARPOON.

ELF

Senator Stennis: The budget amendment includes $34 million for the Extremely Low Frequency (ELF) submarine communiations system. This has been around for a long while under several different names but never deployed. Are we now at the point where this is a definite possibility?

Admiral Hayward: The decision on deployment of the ELF program is expected to be promulgated by the Department of Defense soon. If the decision is to continue the program, the Navy will respond accordingly.

Senator Stennis: What about survivability of the system? Some analysts believe it could not survive in a nuclear conflict.

Admiral Hayward: The proposed ELF communications system would not survive a direct nuclear attack. It's primary utility would be in the pre-nuclear conflict phases.

Senator Stennis: Is it the current thinking that the preferred location would be in Wisconsin and Michigan near the pilot installation?

Admiral Hayward: The only test facility, or pilot installation, is located in Wisconsin. There is no ELF installation in Michigan.

BATTLESHIPS

Senator Stennis: How would you assess the readiness improvement which reactivation of the carrier ORISKANY and the battleships NEW JERSEY and IOWA will give us?

Admiral Hayward: In addition to the near-term improvement in combat capability which these ships can provide, they will relieve over-extended carrier forces by augmenting the carrier battle group or, in some areas of lesser threat, providing a naval presence for which there are presently no assets available. The current tempo of naval operations, which is not expected to recede in the foreseeable future, is taking a toll in both material and personnel readiness which these ships will help to mitigate until long-term shipbuilding programs produce additional ships. The reactivation of the battleships and ORISKANY represents prudent and economical use of these existing ships which, with appropriate modernization, will provide offensive augmentation to the Fleet quickly.

MANPOWER FOR THE REACTIVATION SHIPS

Senator Stennis: What about manning to support these ships? We have mid-career retention problems now. Won't this just compound the need for trained personnel resources?

Admiral Hayward: The retention rate of middle grade petty officers has substantially improved with the implementation of the Military Pay and Allowance Benefits Act of 1980, although this improvement must be tempered by the fact that it may also partially reflect the depressed economic and civilian employment conditions currently existent. In addition, it clearly reflects the sailors confidence that the Congress will follow through on the initiatives taken last year and complete the job of making military pay competitive with the private sector. We know the

Navy will be able to retain the needed trained personnel to man the ships, provided those further steps are taken to make military compensation fully competitive. To maintain the current momentum, it is essential that Congress approve the 5.3% July 1981 pay increase included in the President's budget.

Manpower for the Reactivation Ships

Senator Stennis: What is the number of personnel required for each of these vessels?

Admiral Hayward: The following are the manpower requirements for the USS ORISKANY, USS NEW JERSEY, and USS IOWA for FY 82 through FY 85:

	FY 82		FY 83		FY 84		FY 85	
	OFF	ENL	OFF	ENL	OFF	ENL	OFF	ENL
ORISKANY	15	85	74	1285	118	2085	118	2085
NEW JERSEY	62	1500	62	1500	62	1500	62	1500
IOWA	-	-	62	1500	62	1500	62	1500

Full manning for all three reactivated ships in FY 84 is 240 officers and 5085 enlisted personnel. Since the current plan is to use already established Marine Corps Air Groups, no additional manpower is required for this function.

NUCLEAR ATTACK SUBMARINES

Senator Stennis: It is my understanding that the Soviet Union has the capacity to build approximately 20 nuclear attack submarines. What is our capacity at the present time?

Admiral Hayward: The Navy builds nuclear attack submarines at Electric Boat Division of General Dynamics and at Tenneco's Newport News Shipbuilding and Drydock Company. The capacity for building nuclear attack submarines at these two yards is highly dependent upon the other work in the shipyard. Based on the current work and employment at the two yards and the desired delivery rate of one and one-half TRIDENT submarines per year from Electric Boat, our present capacity is three SSN's per year. This number may be reduced if these yards take on additional work.

However, there were seven shipyards, both public and private, building SSN's in 1967. Six of these seven yards are still in shipbuilding, including our two present sources. Given capital investment and ceiling increases for the two public yards, our capacity could be increased. Also, given sufficient commitment by the government to construct submarines at a selected shipyard over an extended period of years, a private shipyard would possibly build the facilities and workforce required to construct SSN's, thus increasing our capacity.

OPERATION AND MAINTENANCE

Senator Stennis: Your statement mentions that the amended budget will eliminate depot maintenance backlogs for aircraft engines. Does this mean completely eliminate the backlog or bring it to a manageable level?

Isn't it true that a small backlog is really better than elimination completely in terms of the economics involved?

Admiral Hayward: Maintenance of a small backlog is definitely more cost-effective than complete backlog elimination and we set our rework goals with this in mind. Specifically, the goal for aircraft engines is 36 bare firewalls, which is considered to be an optimal level in view of the various operational and logistic factors involved. This is the level we expect to achieve with the funding requested in our amended budget.

Senator Stennis: Your statement makes a strong appeal relative to the need for retention of mid-career personnel. What about a return to a form of the GI bill with some new innovations such as the capability to transfer educational benefits to dependents? Does this strike you as a strong inducement to retention of personnel?

Admiral Hayward: The opportunity to transfer unused educational benefits to spouse and dependents could be a positive inducement in the retention of Navy personnel, especially for those who have honorably served at least ten years. At the eleven year point, such people are the core of the career force and transferability could be a realistic reward and incentive for those who have so many years of dedicated service.

SEAFIRE

Senator Stennis: What is the status of the SEAFIRE program, which is an electro-optical gunfire control system? It is my understanding that funding for this program is not included in the FY 1982 budget.

Admiral Hayward: The SEAFIRE system which entered engineering development in mid-1979, was being developed to provide electro-optical fire control capabilities for Navy surface ships. The primary purpose of SEAFIRE was to provide the shipboard designator/illuminator for the 5-inch guided projectile against both surface and shore targets. Over the years SEAFIRE has progressively declined in priority not because the missions have changed, but because new weapons development is changing the manner in which we must meet these mission requirements. For surface warfare, the proliferation of anti-ship missiles, both on Soviet ships and on ships of other potential threat nations, has extended the range of surface engagements. If our ships are to survive surface engagements, we must disable or destroy enemy ships at ranges beyond the horizon, for that is where they will launch missiles at us. Our HARPOON missile, targeted by LAMPS or Over-the-Horizon-Targeting (OTH-T), gives us this capability today out to 60 miles. TOMAHAWK anti-ship missiles will soon extend this capability to about 250 miles. SEAFIRE, which upgrades the employment of guns only within the visual horizon, is of lower priority in the Navy allocation of development and acquisition resources.

For shore bombardment, again new technology is changing the nature of warfare and we must adapt or become ineffective. Enemy shorebased weapons, in particular anti-ship missiles, are raising the threat levels to such a degree that we can no longer depend on operating at low risk close enough to hostile coastlines to utilize

SEAFIRE. To visually identify a shore target, a necessary step in the use of SEAFIRE to illuminate a shore target for guided projectiles, our ships must operate at close ranges where the leverage is with the enemy to target and engage us before we can target him.

For amphibious assault and support the Navy is vitally concerned about providing adequate fire support for the Marines. We are working to increase our ships' standoff range from defended control areas, and our Navy-Marine team must rely more on other types of fire support than ships' guns. We are moving out smartly with a wide range of R&D programs to achieve this. For example:

- The AV-8B which we are developing is the finest close air support aircraft in the world for the Marine's type of operation.
- The F/A-18 also under development, will be a superb ground-attack interdiction aircraft.
- LASER MAVERICK is being pursued at high-priority to provide a standoff close air support air-to-ground weapon for Marine air.
- IIR MAVERICK is in development to provide Navy aircraft and a standoff interdiction weapon.
- The HELLFIRE system is being developed to provide an improved helicopter-mounted fire support weapon.
- The CH-53E is becoming operational to enable Marines to move unit artillery ashore faster and more effectively for fire support.
- The Marines' forthcoming Mobile Protective Weapon System (MPWS) will also improve unit firepower in amphibious assault.
- The battleship recommissioning will give 20-mile standoff ranges for 16-inch projectiles.
- Even the TOMAHAWK land-attack missile fired from Vertical Launch Systems on surface ships will be effective for use against certain types of high priority fixed targets in the pre-assault.
- Our gunnery accuracy is being improved with guided projectiles, which can be supported by inland air or ground based laser designators not dependent on direct line of sight from ship to target.

Senator Stennis: Funding is included to continue work on the 5-inch Semi-Active Laser Guided projectile yet no funds are included for SEAFIRE which is the shipboard illuminator. Why is this?

Admiral Hayward: The 5-inch Semi-Active Laser Guided Projectile will provide our ships with a significantly improved Naval Gunfire Support (NGFS) capabilities/accuracy at increased stand-off ranges. The laser illumination for the guided projectile will be supported by air or ground shore control party illumination.

INTERMEDIATE WATER DEPTH (IWD) MINE PROGRAM

Senator Stennis: What is the status of the Intermediate Water Depth (IWD) Mine Program? It is my understanding that the Navy objected to the projected IOC [deleted] as not being responsive to near term needs and terminated the competition of two contractors that had been working on the program, and established an ad hoc team to do alternatives for a new program to be started in 1982.

Admiral Hayward: That is correct. The ad hoc team is investigating less costly, lower risk alternatives with a goal of achieving IOC [deleted].

INTERMEDIATE WATER DEPTH (IWD) MINE PROGRAM

Senator Stennis: What are the alternatives that could be used to assure an earlier IOC?

Admiral Hayward: The alternatives range from using foreign technology or Allied cooperative development to modification of existing mine assets.

Senator Stennis: When will the ad hoc team complete its report?

Admiral Hayward: The ad hoc team is scheduled to report its findings by late April 1981.

Senator Stennis: Are there any mine capbilities being developed by our allies that could be used for offensive mine purposes?

Admiral Hayward: This avenue is being investigated by the ad hoc team. Details are incomplete, but it does not appear that Allied development programs could satisfy U.S. offensive mining requirements.

Senator Stennis: Do you really believe the Navy will ensure an earlier IOC by terminating the contracts on work already completed and redirecting the program? It would appear that, if the Navy decided to resolicit bids, it could take at least 18 months to reach the point where the existing contracts were terminated.

Admiral Hayward: The range of options available, with a supportive budget for the option recommended, will ensure an earlier IOC.

Hellfire

Senator Stennis: What are your plans for the Hellfire anti-tank missile? Will it be used on your AH-1 Cobra attack helicopters, or do the Marines still have plans for obtaining the Advanced Attack Helicopter (AAH)?

General Barrow: Senator Stennis, the Marine Corps formally stated its requirement for Hellfire for the AH-1J and AH-1T some years ago. That requirement still stands and initial R&D funding appears in the 1982 Amended Budget. The high threat battlefield has generated a need for an increased attack helicopter capability. Therefore, the Marine Corps is considering enlargement of its attack helicopter force and possible procurement of the AAH. Hellfire, of course, is the principal weapon system on the AAH. Hellfire is planned for the AH-1 Cobra, and if the AAH is procured, this requirement will expand further.

JOINT US ARMY/US MARINE CORPS LAV PROGRAM

Senator Stennis: I understand the Marines are about to release a request for proposals (RFP) for development of a lightweight armored vehicle. The Army is working on a similar program. Are you hopeful that a joint procurement may materialize?

General Barrow: The Army expressed interest in joining the Marine Corps' LAV program on 9 January 1981. Since then, an exchange of numerous variations of a Memorandum of Understanding (MOU) has resulted in the Army insisting on managing the Marine Corps' LAV program.

Because of the Army's position on the LAV program, which would jeopardize the 1983 Initial Operational Capability (IOC), we have decided to pursue the program unilaterally. The Army has been informed of this decision. Our current strategy allows for the Army to join us at any time and they have been encouraged to do so.

LAV PROCUREMENT

Senator Stennis: Your statement indicates that initial procurement will commence next year. Are you satisfied that a sufficient number of "off-the-shelf" candidates will have been tested by that time?

General Barrow: Under our present strategy we intend to evaluate all responses to our Request for Proposal (RFP) by September 1981. We will select up to four candidates to commence a test and evaluation phase in November 1981. The winner of the test and evaluation will have a contract awarded in July 1982. Through this process we expect to be able to evaluate all available alternatives and select the one which will best satisfy our requirement.

RAPID MOBILITY EQUIPMENT TEST

Senator Stennis: What about the Army's test bed for rapid mobility equipment with the 9th Infantry Division? Have you looked at their experience?

General Barrow: We are aware of the Army's rapid mobility equipment tests with the 9th Infantry Division and are monitoring their progress. We will continue to monitor their tests to determine the applicability of their findings to the organization and missions of the Marine Corps.

AV-8B FMS

Senator Stennis: You mentioned your confidence that the AV-8B V/STOL aircraft program will grow beyond the currently projected Marine procurement of 336 aircraft due to foreign sales. Just how large a program do you believe would have to be available to gain a more reasonable unit flyaway cost for this aircraft?

General Barrow: The potential for foreign military sales numbers is close to 1000 aircraft; however, without the timing of the particular aircraft buy, the effect on flyaway cost is virtually impossible to determine. Aside from this, the AV-8B flyaway cost remains under $20M and will approach $17M per aircraft during the 3rd year of production.

AMMUNITION

Senator Stennis. Your statement mentions that the funding currently requested will not increase your ammunition stock sufficiently to eliminate serious shortfalls. What types of ammunition represent your most critical needs and what would be the additional funding required to bring the assets in hand to a manageable level?

General Barrow. It is true that current funding will not eliminate our ammunition shortfalls. Measured against the authorized objective level of [deleted] for our active forces, the Marine Corps will have a $1.7 billion deficit at the end of the FY 1982 funded delivery period. With budgeted funds, projected through FY 1986, this deficit is projected to be reduced to $1.0 billion. However, as I have indicated before, I feel that a [deleted] stockage objective for our active forces is a more desirable goal and is considered to be fiscally responsible. Our deficiency for a [deleted] objective at the end of FY 1982 funded delivery period is $2.4 billion. By the end of the FY 1986 funded delivery period, that deficiency will be reduced to $1.7 billion.

Improved artillery ammunition constitutes not only our most critical need, but represents the greatest share of the dollar deficiency. However; infusion of additional funds would not alone solve the deficiency problem. The Single Manager for conventional ammunition has indicated that the FY 1982 production base is programmed at, or near, maximum capacity.

We have always appreciated both Congressional concern and support for Marine Corps programs and look forward hopefully to continued support in the future. The support we need to correct existing ammunition shortfalls involves the provision of sufficient budgeted funds and the assurance that the production base has sufficient capacity to perform the required work.

HXM

Senator Stennis: How do you differentiate between a heavy-lift helicopter and a medium-lift? The Marines are procuring CH-53Es in 1982, yet research and development funding is requested for the HXM medium-lift helicopter which includes replacement of the CH-53 A-D models.

General Barrow: A heavy-lift helicopter is principally a cargo and equipment carrier or assault support machine while a medium-lifter is a personnel carrier with a secondary mission of lifting smaller amounts of combat essential cargo or a primary assault vehicle. The Marine Corps has accepted the first production deliveries of the CH-53E in 1981. This aircraft is not a replacement for any existing aircraft but a new capability to lift combat essential items with weights up to 16 tons. Such items as the M-198 155MM gun and the associated prime movers will be lifted by the CH-53E as well as the LAV when it is introduced in the future. The DON Medium Helicopter or HXM is the intended replacement for the CH-46 and the CH-53A/D in the Marine assault mission. It is also a possible replacement for the Navy's SH-3 in the CV/ASW role. The H-3 and H-46 are also now used for DON search and rescue and utility missions. The HXM will have the lift capability of the CH-53D (10,000 pounds) in the box size of the H-46 (24 troops). A total of 830 DON medium helicopters are required to perform these four missions now performed by three different models. The gross weight of the present aircraft are: CH-53E - 73,000 lbs.; CH-53A/D - 42,000.; CH-46 - 23,300.; SH-3 - 21,000. It is estimated that the gross weight of the HXM will be approximately 35,000 pounds.

SUBCOMMITTEE RECESS

We are going to be in recess until 9:30 on Wednesday. There are two meetings, unfortunately, before that. That is on Wednesday, April 8, for the Navy shipbuilding request.

Thank you very much, gentlemen.

[Whereupon, at 10:10 a.m., Monday, April 6, the subcommittee was recessed to reconvene at 9:30 a.m., Wednesday, April 8.]

DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1982

WEDNESDAY, MAY 6, 1981

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

The subcommittee met at 9:30 a.m. in room 1223, Everett McKinley Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Schmitt, Andrews, Rudman, Stennis, Inouye, and Johnston.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE AIR FORCE

STATEMENT OF HON. VERNE ORR, SECRETARY OF THE AIR FORCE

ACCOMPANIED BY:

GEN. LEW ALLEN, JR., USAF, CHIEF OF STAFF, U.S. AIR FORCE

MAJ. GEN. GEORGE M. BROWNING, JR., USAF, DIRECTOR OF BUDGET, COMPTROLLER OF THE AIR FORCE

BUDGET REQUEST

Senator STEVENS. The subcommittee will come to order.

We are here this morning to receive testimony on the fiscal year 1982 budget request for the Department of the Air Forece.

We are pleased to have with us today Hon. Verne Orr, the Secretary of the Air Force; Gen. Lew Allen, Jr., Chief of Staff; and Maj. Gen. George M. Browning, Jr., Director of Budget.

The amended fiscal year 1982 request for the Department of the Air Force is $68.6 billion. This is an increase of $15.3 billion over fiscal year 1981. The fiscal year 1981 supplemental budget request is $4.4 billion.

It may be necessary to close the hearing today due to classification of materials to be covered. In that event, if the members of the subcommittee or witnesses will indicate their desire to close the hearing, I will set a time for going into closed session. Most likely, this would be for the period of time during which it has been indicated a majority of members will be present. If this is the case, those individuals who are not cleared or do not have the need to know will be required to leave.

We would appreciate it if you would put your prepared statements in the record and you can proceed with your oral statements.

Senator Stennis will be here later. Secretary Orr.

ENLISTMENT AND REENLISTMENT SUCCESSES

Secretary ORR. In the informality of this hearing room, and because you have questions, I might just in 1 or 2 minutes say that despite all of our needs and our desired for hardware, the primary concern in the Air Force still lies with the people who man our weapons.

We are extremely favorably situated in some ways with regard to the other two Services in our recruiting and reenlistment situation.

Yesterday, in testimony before a different committee, the other two Services were talking with great pleasure—and justifiably so—about the improvement that has come about in enlistment and reenlistment in the first quarter of this calendar year. We also are pleased.

However, I think we must be cautious; that improvement may be a short-time aberration. In the case of pilots, the commercial airlines are not hiring; in the case of our trained enlisted personnel, the economy is not so robust as it might be, and they might not be leaving because there is a shortage of jobs on the outside.

We do hope that we will be able to have available to us through the generosity of Congress the amount of money—5.3 percent—which would bring the pay of the military up to that level which was agreed upon when we created the All Volunteer Force back in 1972. That would not be a bonus; it would be bringing military pay only to the computed level of civilian pay which was part of the so-called contract of agreement which created the All Volunteer Force.

We understand the difficulties and the sentiment that surrounds that, but it is, none the less, something that we think is necessary to keep our enlistment and reenlistment at favorable rates. We feel it will keep us in the better position we occupt at the present time.

We think morale in the Air Force is very high and enthusiasm is good, and we are here to answer any questions that you have on either our personnel or our hardware.

Senator STEVENS. Thank you very much.

[The prepared statement of Secretary Orr and General Allen follows:]

JOINT PREPARED STATEMENT

HON. VERNE ORR
SECRETARY OF THE AIR FORCE

GENERAL LEW ALLEN, JR.
CHIEF OF STAFF, U.S. AIR FORCE

I. INTRODUCTION

We are scarcely into what Prime Minister Margaret Thatcher has described as the "Dangerous Decade," and the aptness of that description is already evident. Soviet military capabilities continue to expand at an alarming pace and we expect that momentum to be sustained throughout the remainder of this decade. Instabilities at many points on the globe and revolutionary changes in governments continue to upset regional and strategic balances of power.

Already in this decade we have witnessed Russia's brutal subjugation of an independent Third World country. We have also seen the Kremlin mobilize, deploy, and maintain a vast force around Poland in response to the development of a spark of freedom in Eastern Europe. In the volatile and crucially important Persian Gulf area, two major oil producers remain locked in a protracted conflict which jeopardizes the flow of oil supplies to the Western World. These few examples appear to confirm that crisis will be a more or less permanent condition characterizing the decade of the 1980s. Throughout this period adequate military strength will be essential to mitigate threats to our vital interests.

The major danger to the United States is still posed by the Soviet Union, the only nation in the world that has the physical means to destroy us. Furthermore, the Soviet military buildup continues. Because of the limited appeal of its ideology, political structure, and economic system, the Soviet Union has repeatedly had to resort to its trump -- the threat or actual use of force -- in order to assert its influence. The coercion of Poland as well as the invasion and occupation of Afghanistan are but the most recent examples of threats and applications of Soviet military power.

Moreover, Cuban forces have acted as surrogates for Soviet military adventurism in Africa and have made it possible for the Kremlin to gain at least temporary sway over large territories on that continent. In both Angola and Ethiopia, Cuban forces have been

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used to expand and underwrite Soviet influence. An analogous situation exists on the Arabian Peninsula where South Yemen hosts a significant contingent of Cuban and other Soviet-sponsored military forces. Perhaps even more important, Cuba, with Soviet support, has served as a promoter of anti-governmental activities by groups hostile to the United States in the Western Hemisphere. Cuba continues to be active in aiding violent revolutionary movements in the Caribbean Basin. The danger that these de-stabilizing movements may spread is one of the more serious problems the United States will face as the decade unfolds.

The continuing Soviet buildup in strategic nuclear forces threatens to tilt the nuclear balance substantially in Moscow's favor. Since the early 1960s, the Soviet Union has unrelentingly increased the quantity and improved the quality of its nuclear arsenal. This strategic buildup is particularly dangerous because, if not counterbalanced by the United States, Moscow could be tempted to consider either the use of nuclear blackmail or bold adventures with its massive general purpose forces to attain political objectives. The Soviet Union must never perceive that its strategic posture is clearly superior to our own. However, if past trends are not reversed, that is exactly what could happen. This consideration makes the rapid modernization of our strategic nuclear forces -- particularly the deployment of the M-X -- all the more urgent.

Aleksei Kosygin's recent death underscores the probability that the remainder of the Kremlin's aging top leadership will change in this decade. In contrast to the orderly transitions that are a strength of most Western political systems, the Soviet Union faces an inherently unstable succession process each time its leaders pass from the scene. One of our chalienges will be to maintain sufficient strength so that contenders for top positions in the Soviet leadership will not be tempted to bolster their internal positions through international adventurism.

The crisis in Poland reflects an even more fundamental weakness in the Soviet empire. The Kremlin leadership is unable to accommodate even the limited expressions of freedom and the basic human rights sought by the Polish people. The direct concern of the West over Poland is twofold: to nurture the new found expression of freedom in Poland, and to be alert to the possibility that Soviet use of military force to subjugate Poland again might precipitate a wider conflict involving the nations of Western Europe.

The United States brings great strengths to its competition with the Soviet Union. The Soviet system -- and the institutions which emanate from it -- simply cannot be

compared with the manifold strengths of our democracy. Our political institutions and economic system have shown a remarkable capacity to adapt to societal change. We possess an unmatched ability to develop and apply new technology in many areas -- particularly in aerospace -- and a paramount commitment to human freedom, a rare quality which has attracted successive waves of immigrants and refugees, for more than 200 years. While we take justifiable pride in these accomplishments, we recognize that our freedom must be protected. To do that, we must address our weaknesses and deficiencies.

A major vulnerability is our own and our allies' dependence on foreign oil supplies, a circumstance that has drastically altered our national security priorities in the past few years. There is no doubt that maintaining unhindered Western access to oil supplies is vital to our own national interest while we develop internal energy sources to become more independent of foreign supplies. But, as we strive to achieve energy independence for ourselves, our ability to help keep the oil supply lines open for our allies around the world is an ever-increasing necessity. We could not tolerate Soviet manipulation of the flow of oil from the Persian Gulf. Such Soviet influence could shatter the foundations of Western unity. At stake in the Persian Gulf is far more than the prospect of economic hardship. Rather, we face the possibility of a radical shift in the global balance of power. Recognizing the scope of our interest in the Persian Gulf, national resolve coupled with a tangible military capability is the only way to avoid the specter of Soviet control and influence in this vital region.

We have attempted to outline in broad strokes the situation we face in the world today, a world which will require quick response to unpredictable crises and fast-breaking events. We believe that the global nature and speed of airpower will be of increasing value in the international environment we foresee. Airpower provides unique opportunities to capitalize on one of our greatest national strengths -- developing and applying new technology. The programs proposed by the Air Force maximize these inherent advantages and are designed to provide military forces with capabilities that sustain and enhance the world position of the United States.

II. PRIORITIES

We are all too well aware of the many demands upon finite national resources and the consequent need to establish priorities. We need to make improvements not only in

our strategic forces, but in conventional and mobility forces as well, to ensure that all of these forces are ready to perform their assigned tasks. Moreover, in order to recruit and retain the personnel required to man our forces, we must continue to improve compensation and the quality of life for our people.

In setting priorities, we distinguish between more immediate "operational" concerns, and the longer-term "programmatic" priorities. Operational priorities involve those activities which support deployment, readiness, and sustainability of existing Air Force systems and forces. This category includes such areas as operation and maintenance; munitions; equipment; spares; near-term improvements to our forces; and the recruiting and retention of quality men and women. As regional turbulence and dangers have increased, the need for prompt, remedial actions to improve the combat readiness of our forces has become all the more evident. Our most demanding objectives in this regard are the stringent requirements for the immediate responsiveness and staying power necessary to cope with a major military contingency. Consequently, the emphasis on operational priorities found in last year's budget has been increased.

Programmatic priorities, as we discuss them here, deal with the development and fielding of new weapon systems over the longer term. These priorities necessarily reflect our present perception of the less well understood -- but certainly greater -- threat we will face in the next five years and beyond. The Soviet strategic force buildup and the possibility of their gaining a position of nuclear advantage make the modernization of our strategic nuclear forces our number one programmatic priority. We will address this area in detail later in our statement.

In thinking about priorities, we believe it important to make the distinction between near-term steps to improve readiness and to make our forces more capable, and longer-term force structuring programs. In each budget, of course, choices must be made, not only within each category, but also among those programs and activities with near-term and long-term payoffs. These latter choices are, perhaps, the most difficult of all the tasks in structuring the annual Air Force program.

III. OPERATIONAL PRIORITIES: INITIATIVES FOR THE NEAR TERM

Readiness and Sustainability

The United States Air Force's ability to fight successfully or to conduct military operations in the immediate future will in large measure be determined by the direction

we take this year in funding for items that can be related to readiness and sustainability. Our Air Force today is a powerful and capable force as a result of the daily efforts of dedicated, quality Air Force people operating modern equipment which prior expenditures have bought. Modern equipment alone cannot ensure victory in combat or deter others from employing military force against us. This equipment must be properly maintained by well-trained people who have at their disposal effective repair facilities, sufficient spare parts inventories, and adequate munitions. The proper mix of these factors is essential if we are to be ready to fight.

Reports from our commanders continue to reflect alarm over the departure of large numbers of their experienced people and the chronic underfunding of our two major readiness accounts — operation and maintenance and spare parts procurement. These factors have degraded the readiness status of our forces to the point that strong measures are required to correct the situation.

Operation and Maintenance. The operation and maintenance accounts, which represent 28 percent or about $19 billion of the total Air Force budget request, buy the bulk of today's readiness. Their importance cannot be overstated. These funds are used to train people; to buy fuel and supplies that support the mission; to perform depot maintenance on weapon systems and their components; to maintain facilities; and to pay our civilian work force. Since FY 1980, the growth projected in the operation and maintenance accounts has been significantly reduced by the unanticipated severity of inflation. Should inflation continue to exceed currently projected estimates, FY 81 and FY 82 "growth" will also be eroded significantly by price increases beyond budgeted levels.

In recent years, this declining buying power has inevitably reduced readiness. It caused us to defer badly needed repairs to deteriorating facilities, necessitated cutbacks in combat crew training, and resulted in increased backlogs in equipment and facility maintenance. Unfunded requirements in our base support structures are especially important because in the event of conflict the Air Force, unlike the other Services, will have to fight from its bases. The operation and maintenance increases requested in the FY 82 amended budget are directly related to readiness. Higher levels of tactical and training flying hours, increased depot purchased equipment maintenance (DPEM) and facility maintenance will enable us to make significant improvements in the readiness of

our forces. In particular, it will allow major advances in meeting our wartime sustainability needs.

Replenishment Spares. Our other major readiness account -- replenishment spares -- consists of peacetime operating stocks that keep our aircraft flying on a day-to-day basis, as well as war readiness spares kits/base level self-sufficiency spares and other war reserve materiel which will be required in the event of a deployment or conflict. Our spare parts procurement is receiving the necessary attention in the FY 81 supplement and FY 82 amended budget to recover from the underfunding that has persisted since FY 78. In recent years requirements in this area have increased due to many factors beyond our control. We have experienced higher than expected failures arising on the one hand from the overall aging of our force and, on the other, from the introduction into that force of new aircraft whose spare requirements were not completely predictable. Greater than expected inflation and increasing production lead times, have exacerbated the funding impact of these failures. Moreover, as we modernized our tactical forces and acquired new E-3A, F-15, A-10, and F-16 aircraft, we were slow to establish the initial base and depot inventory to support these new weapon systems. Last year, in a significant reordering of priorities , we shifted a portion of our already constrained budget to procure spare parts. These funds, although substantial, were insufficient to eliminate the unfunded shortages that had built up over several years.

The FY 82 amended budget request contains $3.4 billion to continue last year's commitment to improve our spares posture. This additional emphasis will accelerate the procurement of spare parts for our airlift aircraft (C-130, C-141, and C-5) by two years, and for the E-3A and KC-135 by three years. With this additional funding, we will have, by FY 84, the level of spare parts needed to meet our interim combat sustainability objectives for the C-5. By FY 85, continued investment in this area will provide the spare parts necessary to meet our interim combat sustainability objectives for the C-141, C-130, E-3As and half of the KC-135s. In addition, our war readiness spares kits and base level self-sufficiency spares to sustain effective combat operations by our tactical and strategic forces will be fully funded by FY 84.

Logistics Centralization and Resource Consolidation. - The trend toward increasing centralization of Service logistics has tended to erode the logistics command and control needed to assure support of combat forces. We, therefore, view with concern recent

proposals for creation of new defense agencies, ideas for expanding the single manager concept, and other plans for greater centralization of logistics and administrative functions. While the need to seek peacetime economies is important, the necessity for Service control over logistics resources sufficient to support national security objectives during wartime is paramount.

Tactical Force Modernization

The modernization of our tactical air forces (TAF) was the Air Force's major programmatic priority in the 1970s. Acquisition of up-to-date tactical aircraft, however, was at the expense of much needed spares, depot-purchased maintenance, and munitions as well as both flying hours and training exercises. Unanticipated financial constraints, unexpected inflation, and increasing supportability requirements all combined to penalize our readiness accounts even more severely than we had anticipated as this force modernization program was pursued. Additionally, the ominous events of the last year, particularly the Soviet invasion of Afghanistan and the unstable situation in the Persian Gulf, caused us to reorder budget priorities. At the same time improvements in Soviet arms, both quantitative and qualitative, have resulted in the widening of their numerical advantage and the reduction of the qualitative edge we have traditionally enjoyed in tactical aviation.

Our program strategy for tactical forces involves three steps: in the near-term, to increase the readiness and sustainability of the current force; next, to modernize the less capable elements of the total force; and finally, to build up to the planned force size. The FY 82 amended Air Force budget reflects this emphasis on near-term capability and provides for increased funding for force readiness, sustainability and supportability.

Our tactical fighter aircraft procurement for the amended FY 82 budget — 222 aircraft (42 F-15s, 120 F-16s and 60 A-10s) — while less than we would wish, will establish a reasonable foundation for future expansion. In light of the continued Soviet tactical fighter production — a new aircraft every 7 hours or a total of about 1300 per year — we need to identify and adequately fund a tactical force modernization program that averages at least 300 modern aircraft per year. This program should begin to procure aircraft at higher rates in the FY 85 timeframe.

Quantity and Quality. Our current emphasis on readiness should not obscure the need for additional quantities of aircraft. But the quality of those aircraft must be high. In facing an enemy that is growing in capability, and has historically massed to

achieve success in battle, superior technological capability is essential to victory. To accomplish our wartime mission, we need quality systems in sufficient quantity provide us with the capability to detect and destroy targets regardless of weather, location, or time of day.

The F-15 Eagle is the best air-to-air fighter in the world today. During the past year, we equipped three squadrons in the Pacific with Eagles and worked out plans to base the F-15 in Alaska. The events of the past 18 months have underscored the requirement for more Eagles beyond the 729 previously programmed. The current F-15 force is often double and triple-tasked in support of needs for worldwide air superiority, continental air defense and the rapid deployment force.

The multi-role F-16 will augment the F-15 in the air-to-air role as well as improve our air-to-ground and theater nuclear capabilities. The first squadron of Fighting Falcons became operationally ready this past year at Hill AFB, Utah. MacDill AFB, Florida and Nellis AFB, Nevada have begun receiving the F-16, and we intend to deploy two F-16 squadrons to Korea late this year. Over the next five years F-16s will be introduced in increasing numbers in Europe as well as assigned to the Air Reserve Forces. The budget includes funding for key improvements to the basic F-16 which will enhance the Fighting Falcon's air-to-air and air-to-surface capabilities.

The A-10, with its 30mm armor-piercing cannon and Maverick missiles, can destroy or neutralize enemy tanks and is the first aircraft designed specifically to support our ground troops in combat. Six squadrons are deployed in Europe, and fourteen squadrons are based in the continental United States, including five Air Reserve Force squadrons. Plans were completed this year to station one squadron of A-10s in Alaska, replacing a squadron of F-4s.

Munitions. The efficiency of our new aircraft is ultimately related to the effectiveness and availability of their munitions. This FY 82 amended budget addresses our chronic shortage of modern air-to-air missiles and air-to-ground munitions, and accelerates our program to redress this shortage.

The FY 82 amended budget places high priority on filling our air-to-air missile inventories with continued procurement of the AIM-7M and the AIM-9M. One of the most important tactical munition priorities is to obtain beyond visual range capability

through the expeditious development and fielding of the Advanced Medium Range Air-to-Air Missile (AMRAAM). The FY 82 amended budget funds full scale development of AMRAAM. Initial procurement funding for AMRAAM is now planned for FY 84.

The air-to-ground capabilities of our forces will be enhanced with the initial production of the AGM-65D Maverick and the GBU-15. Unlike earlier models, the AGM-65D imaging infrared (IIR) Maverick can "see" and destroy targets at night and when visibility is limited. The FY 82 amended budget includes funds for the procurement of 136 AGM-88 high speed, anti-radiation missiles (HARM). Equipping the F-4G Wild Weasel with the HARM and AGM-65D will greatly improve the lethality of this defense suppression aircraft. In addition to precision guided munitions, the introduction of production funds for the 30mm gun pod for carriage on our F-4, A-7 and F-16 aircraft along with continued procurement of laser guidance kits, 30mm ammunition, self defense chaff and flares, and Rockeye munitions will improve the firepower and operational posture of the tactical forces. Development funds are included for key programs which address our inadequate anti-armor and airfield attack capabilities.

Electromagnetic Combat. The 1970s saw a rapidly expanding Soviet electromagnetic combat threat in both air defense and radio electronic combat forces. This growth is expected to continue in the 1980s. In order to accomplish our air operations, and to reduce the attrition of our numerically smaller force, these threats must be countered quickly and accurately. We are placing emphasis on developing an effective electromagnetic combat capability to counter, protect, and sustain operations in the enemy threat environment. Combat experience and our associated assessments have led us to a mix of lethal and nonlethal systems to defeat Soviet capabilities. Lethal systems are those that suppress or destroy enemy radars, jammers and communications and thus deter them by imposing a penalty for emitting electromagnetic signals. Nonlethal systems seek to negate enemy command and control nodes and battle management functions through jamming, self protection, and other countermeasures.

The F-4G Wild Weasel aircraft is presently our only dedicated lethal system and is equipped with AGM-45 and -78 anti-radiation missiles, AGM-65A and B and conventional bombs which have a limited capability against radar threats. The AGM-88 HARM and the imaging infrared (IIR) Maverick (AGM-65D) are needed to make the F-4G more effective against the increasing threat. Longer term effectiveness will be enhanced by the acquisition of the Precision Location Strike System (PLSS). Mounted on TR-1

aircraft, PLSS will provide all-weather, highly accurate emitter location and strike of enemy targets. These key dimensions of highly accurate location and the ability to provide accurate strike commands to aircraft or standoff weapons make PLSS the unique centerpiece of theater defense suppression operations in the 1980s. Other lethal programs such as small vehicles which seek out, harass and destroy ground radars are being explored in the Locust and Mini-Drone programs.

In the nonlethal area the EF-111, which electronically counters early warning, acquisition, and ground-controlled intercept radars, is our major jamming system. Plans call for the modification of 42 F-111s to the EF-111 configuration. The FY 82 amended budget provides for 12 modification kits, bringing the total to 33 and leaving nine to be funded in the FY 83 budget. Additionally, the EC-130H electronically counters selected tactical communications. The FY 82 amended budget funds the modification of five aircraft for an interim total of ten systems.

Airborne Warning and Control. The centralized control of our tactical air assets is key to their effective employment. The goal of the tactical command and control system is to provide commanders and battle managers with near real time information for decision making, and then facilitate the dissemination of execution orders. Reliable command and control enhances both interservice and allied coordination. Our most visible and successful program for tactical command and control is the E-3A Airborne Warning and Control System (AWACS). On a daily basis the AWACS force supports the North American Air Defense Command and is forward deployed to Iceland and the Pacific. AWACS provides realistic training for our fighter force during exercises, and was invaluable in the past year during contingency deployments to Korea, Saudi Arabia, and the Federal Republic of Germany. We are planning to begin deployments of AWACS to Alaska where these aircraft will supplement ground-based air defense forces. Our AWACS force will be enhanced by the procurement of two E-3As funded in the FY 82 amended budget. The amended budget provides for the advance procurement of three aircraft in FY 83. The growing appreciation for the E-3A's unique capabilities and increasing worldwide application justifies an increase in the originally planned force size. In the meantime we must do more to increase the alert capability and responsiveness of our AWACS aircraft. Hence, this budget also provides for an AWACS alert facility at Tinker AFB, Oklahoma.

Chemical Warfare. Another serious threat to our forces is posed by the Soviet chemical weapons capability. We may be called upon to operate in a toxic environment and to defend against chemical attack. Through defensive equipment and training, we intend to deny the Soviets a major military advantage from the use of chemical weapons. Air Force people are training with protective clothing, detection and warning instruments, decontamination equipment and shelters. Properly used, this equipment will help us survive attack and to continue operations, although additional and improved chemical warfare defensive equipment is needed. Moreover, a serious limitation is the lack of sufficient collective protective shelters to permit the orderly rotation of personnel to a safe status in a chemical warfare environment.

Although we have renounced the first use of lethal or incapacitating chemical weapons, we should give more serious consideration to their use in retaliation. Our present capability is limited due to a lack of usable munitions and a need for additional persistent agent weapons. Current weapons place large demands on logistic assets for forward deployment. Conversion to binary weapons -- which do not contain toxic substances until the components are mixed together -- would give us substantial deterrent capability while solving the environmental and logistical problems of our present stock of aging weapons.

Rapid Deployment Force

Our ability to deploy forces rapidly in response to worldwide contingencies has been the focus of much recent action by the Joint Chiefs of Staff. A Rapid Deployment Joint Task Force (RDJTF) headquarters has been established at MacDill AFB, with initial planning and exercises focused on Southwest Asia. Though no additional forces have been created, the Air Force has designated specific units for inclusion in the RDJTF. The RDJTF concept allows the specific composition and size of the force to be tailored to a particular contingency and includes support from friends and allies of the United States.

The Air Force has identified four tactical fighter wings; a Strategic Projection Force; and support forces including airlift, reconnaissance, and air rescue units for employment in the RDJTF. The combat readiness and sustained fighting capabilities of these units have been improved, and the funding requested in the FY 82 amended budget will enable us to accelerate these efforts. In addition to addressing RDJTF requirements, we are buying more of the spare parts and munitions needed to keep our entire force more sustainable in prolonged, high-intensity conflict. We have also

conducted deployment and training exercises to enhance the capability of RDJTF-designated units. Examples include deployments to Egypt and Saudi Arabia, as well as Red Flag exercises specifically tailored for RDJTF-designated units.

It is important to note that although the Strategic Projection Force (SPF) supports the RDJTF, it can also perform a unique, stand-alone role in support of theater commanders anywhere in the world. The SPF integrates reconnaissance, intelligence, air refueling, and battlefield force management assets and it relies primarily on the B-52H, which currently can carry twenty-seven 500-pound bombs. We are planning to modify some of these aircraft to carry four times this number. The SPF provides a globally deployable capability that can respond quickly to national tasking. Until general purpose forces can be deployed and employed in significant numbers, the SPF may be our first response to contingencies at great distances from our peacetime operating bases.

The ability of USAF units to perform the rapid deployment mission is currently constrained by shortfalls in mobility, and uncertainty of access to bases and facilities capable of support operations. Continuous efforts are under way to improve readiness, sustainability, and mobility of all USAF units, particularly RDJTF-designated units.

Mobility

The increased requirement to be able to rapidly deploy effective U.S. combat power worldwide places added demands on our airlift assets and makes airlift improvements all the more crucial. In order to prevail in combat, we must provide rapid reinforcement and sustained support for our forward deployed forces. Worldwide mobility is also important in allowing us to respond to the unexpected in areas where the vital interests of the United States are at stake. Working together, airlift and sealift provide the capability to respond to worldwide contingencies, especially when coupled with prepositioning in areas of enduring United States interest. But in almost all instances the urgent demands of a crisis must be met entirely by existing airlift until surface means of transportation can provide the required follow-on support. Airlift is the only means to provide immediate response, including the need to man and augment prepositioned equipment. Airlift makes our mobility posture flexible, visible and responsive. Accordingly, the Air Force is pursuing several programs which will significantly enhance existing airlift capability.

Airlift Requirements. The need for additional airlift capability to reinforce NATO and South Korea rapidly, as well as for timely movement of at least the lead elements of

the Rapid Deployment Joint Task Force is well established. Numerous studies have identified our deficiencies in airlifting both normal and outsize cargo both intertheater and intratheater. These shortfalls stem from increases in airlift requirements over the past decade. First, our warning time has been shortened because improved Soviet offensive capabilities place a premium on bringing U.S. power to bear quickly. Second, although emphasis has been placed on prepositioned equipment and fast sealift, the operational demands for early arrival of substantial equipment and manpower have increased the need for airlift. Third, Army equipment modernization has caused increased weights and percentages of outsize cargo. Fourth, we must be able to respond to crises not only in Europe and Korea but worldwide. Finally, uncertainty about en route landing and overflight rights as well as airfields and facilities in the objective areas has further complicated the movement of men and equipment.

Our near term needs are being addressed by modification and increasing the utilization rate of existing airlift assets. The requirement for a new transport aircraft, the C-X, is described in a separate section (page 38).

C-141B. The C-141 stretch program will add the load equivalent of 90 C-141s to our airlift force with only a slight increase in fuel consumption, manning, and operations and maintenance costs. This programmed modification adds air refueling capability and a 30 percent increase in the C-141's cargo carrying capacity. As of April 1981, 118 of the 270 C-141s had been modified and delivered to the Air Force. The production rate continues at ten per month and, thus far, the program is running ahead of schedule and under programmed cost.

C-5 Wing Modification. Over the past several years the Air Force has made significant progress in maintaining and increasing the capability of the existing airlift force. The C-5 wing modification, for which we have requested $187 million in procurement funds in the FY 82 amended budget, will add 30,000 hours of service life to the C-5. This modification to extend the life of our only existing outsize-capable cargo aircraft is ahead of schedule and under budget for the development phase. In 1980 the program development, test and engineering phase was highlighted by 15 flights of the first modified aircraft. Production line modification of all remaining 76 C-5s will be accomplished between FY 82 and FY 87.

Civil Reserve Air Fleet. Even given the success of our airlift enhancement programs it is clear that we face a significant long term shortfall in meeting our total

airlift needs. For this reason, we must place renewed emphasis on, and commitment to, the Civil Reserve Air Fleet (CRAF), which can provide an economical remedy to a larger portion of our emergency airlift deficiency than it now does. In August 1980 United Airlines became the first airline to commit a wide-body aircraft, a DC-10, to the CRAF enhancement program. This program adds cargo features during the initial manufacture of long-range wide-body passenger aircraft (DC-10s, B-747s, and L-1011s). However, in view of the present reduction in airline procurement of such aircraft, we believe that the most expeditious way to increase emergency oversize and bulk cargo capability in the near future is to retrofit recently delivered civil aircraft.

Retrofit will enable us to meet our current program objective of 65 additional cargo capable, wide-body CRAF aircraft. With suitable incentives and minimization of risks to the carriers, there is substantial industry support for such a retrofit program. If airline participation in the program is to increase further over the long term, we must obtain new legislation providing the authority to exercise certain financial incentives. We will work with the Congress in preparing this legislation with the aim of obtaining, as soon as possible, the flexibility our experience has shown we need in order to maximize the CRAF capability.

Other Airlift Enhancements. In addition to the C-141B, C-5 wing modification and CRAF, more spare parts and war reserve materiels are being procured to increase wartime utilization rates of our present airlift forces. Additional and improved materials handling and data processing equipment will also permit more efficient cargo handling. We are also aggressively pursuing programs to preposition combat support equipment and materiel at overseas locations in order to reduce dependence on strategic airlift during early days of a deployment.

Strategic Enhancements

ICBM Modernization. Our Minuteman and Titan missiles continue to be a significant element of the nation's strategic deterrent. Their high alert and reliability rates, coupled with their short flight times, accuracy and effectiveness against hardened targets make them a unique part of our strategic posture. To preserve these qualities while we develop and deploy the M-X, we are making modest improvements to these ICBMs.

We are deploying the Mark 12A reentry vehicle on a portion of the Minuteman IIIs. This upgrade provides higher yields and more fuzing options than the warhead it

replaces. Procurement of this reentry vehicle will be completed in FY 82 at a cost of $38M; deployment should be completed in early 1983. Qualitative improvements to Minuteman power capabilities and to the command and control systems for the Minuteman and Titan II are also scheduled. Further, certain Titan II safety and supportability recommendations from the Titan II Weapon System Review Group are funded in the FY 82 amended budget.

Our FY 82 amended budget request includes $45M to continue the Minuteman Extended Survivable Power program which will provide lithium batteries to 550 Minuteman III sites, thereby extending the endurance of the silos fifteen-fold. To provide a highly survivable post-attack retargeting capability for a portion of our Minuteman III force, we plan to equip EC-135 aircraft with the Airborne Launch Control System (ALCS) Phase III. While ALCS currently has the capability to launch Minuteman missiles, Phase III will allow remote retargeting and direct alert status reporting from the missile silos. The FY 82 allocation of $32M will fund ground testing of ALCS equipment and the procurement of aircraft modification kits. Delivery of the first modified aircraft is scheduled for early 1984. Other new command, control, and communications systems will provide improved communications capabilities during and after a nuclear attack.

Bomber Modernization. The B-52 has been the backbone of the airborne strategic deterrent for twenty-five years and, with certain modifications and improvements, this weapon system is expected to remain an effective element of our strategic nuclear forces through this decade. Some of the most significant of these planned improvements are the modification of the B-52G to carry and deliver the air-launched cruise missile (ALCM), as well as to extend its survivability by improving its self-defense capability. This modification will provide increased bomber targeting and routing flexibility while reducing aircraft exposure to enemy defenses. After competitive flyoff, the Boeing AGM-86B was selected for ALCM production.

ALCM. The initial ALCM deployment concept calls for the loading of 12 ALCMs externally on B-52Gs while retaining their internal load of gravity bombs and short range attack missiles. This configuration will support the tactic of "shoot and penetrate," help prevent the Soviets from concentrating their defense against either the bomber or the cruise missile, and provide maximum deliverable megatonnage during the ALCM transition period. The FY 82 amended Budget requests $590 million for procurement of 440 ALCM missiles.

The initial operational capability of the first squadron of ALCM-equipped B-52Gs is scheduled for December 1982. By FY 86, B-52G modifications will permit eight additional cruise missiles to be carried internally in the place of gravity bombs and short range attack missiles. Current plans call for the procurement of 3,418 ALCMs in order to equip all B-52Gs with 20 cruise missiles each by 1990. The FY 82 amended budget request includes $365.1 million for the B-52G ALCM-related modification. Also included is the research and development funding for cruise missile carriage on the B-52H.

Strategic Command, Control and Communications. The operational improvements to our existing strategic arsenal addressed in this report will not, of themselves, ensure the maintenance of a credible deterrent to nuclear war. Of equal importance is upgrading our strategic command, control and communications systems. Rapid notification of our nuclear commanders is vital to the survival and employment of strategic forces. Our command, control and communications systems should be capable of providing unambiguous warning and attack assessment information to the President or his designated successors — the National Command Authorities. These links should be two-way so that force status information can be passed to the National Command Authorities, and command and execution decisions can be passed to the appropriate forces.

Today, our military capability is bound together by a network of automated command, control and communications systems conceived for the most part in the late 1950s. Many are located at fixed sites and depend on ground communications networks. In peacetime they are reliable and effective; in wartime they are highly vulnerable to attack. The growing Russian threat and recent Presidential Directives mandate a strategic command, control and communications system that is operational through all phases of conflict, and appropriate improvements to these systems are required.

During the first half-hour of a nuclear attack launched today, many ground-based sensors and communications centers would be destroyed or rendered inoperable. There would be massive outages of the commercial circuits and power grids we now use. Electromagnetic pulses and jamming would be expected to impede seriously the use of any remaining communications.

In order to improve strategic communication between the National Command Authority and our nuclear commanders, we should augment our current communications

systems with airborne and space-based systems and rely less on vulnerable ground-based systems. We are proceeding, in concert with the other Services and Defense agencies, on several programs to improve our capabilities. The result of some of these programs is already evident.

We received the first of the planned six E-4B Advanced Airborne Command Post aircraft in January 1980. These aircraft will support Strategic Air Command and National Emergency Airborne Command Post requirements by providing increased airborne endurance, protection against electromagnetic pulses, and jam resistant, two-way communications.

The Air Force Satellite Communications System became operational in 1979. With completion of the full deployment of this system in 1983, we will have more survivable worldwide communications to link ground and airborne command posts with the nuclear commanders. The ability to transmit, receive and process force direction and status information will be improved significantly when the SAC Digital Network replaces the current aging system. But even the Air Force Satellite Communications System will not give us the jam-resistant, survivable command, control and communications network required to provide essential wartime connectivity in the threat environment of the 1990s, hence the importance of obtaining a follow-on space-based system to provide improved hardening and jam-resistance.

Our strategic command, control and communications requirements for the 1980s are well-defined. The technology is available and we are now beginning to change requirements into operational systems.

Aerial Refueling. Additional aerial refueling capability is needed to meet expanded requirements for our strategic bombers, airlift forces and tactical aircraft. Additional tanker support is now needed to optimize bomber penetration at low level. This requirement will increase when the B-52Gs begin to carry air launched cruise missiles since these externally carried weapons will increase drag and offset fuel weight, thereby decreasing range. Compounding the tanker deficiency is our requirement to refuel fighters and airlifters on conventional contingency deployments and employments. The requirement to deploy forces rapidly to trouble spots and to resupply them is critical to deterring hostile actions and to supporting our war-fighting capabilities if deterrence fails. Our present fighter force is entirely air refuelable, and by 1984 the same will be

true of all our strategic airlifters. The complementary modernization of the tanker force is necessary to use our rapid deployment capabilities fully. The execution of both strategic strike and contingency missions would be seriously degraded without modernization of our tanker force.

Our modernization needs include reengining of KC-135s and the procurement of KC-10s. These programs will help satisfy growing refueling requirements, reduce environmental problems, and provide a flexible tanker force to satisfy a wide range of strategic and tactical missions. Specifically, there are a number of operational and environmental limitations associated with the KC-135A. These include limited thrust and fuel offload capabilities as well as excessive fuel usage, engine noise and emissions. A peculiar requirement and a chronic maintenance problem of this 25-year old aircraft is its use of distilled water to boost thrust during takeoff. Obtaining sufficient quantities of distilled water for KC-135 operations would be a serious problem in many parts of the world, particularly the Middle East. Reengining this aircraft with CFM-56 engines would provide substantial improvements. Fuel offload capabilities at all refueling ranges would be increased and the need for water augmentation would be eliminated while increased engine thrust would allow the aircraft to operate from shorter runways. Additionally, the reengined KC-135 is 25 percent more fuel efficient, six times as quiet and exhausts significantly smaller quantities of pollutants than the current KC-135A. We would save 180,000 gallons of fuel per aircraft year through reengining, an important consideration as fuel costs continue their upward spiral. If we were to reengine the entire fleet of 615 available tankers, we would gain the equivalent of 308 additional refuelers and save 110 million gallons of fuel each year.

The KC-10 has the unique capability of simultaneously providing both long-range aerial refueling and airlift support. It will permit deployment and reinforcement of U.S. military forces without dependence on uncertain intermediate foreign landing rights, and its large cargo and fuel offload capacities will permit us to deploy tactical fighters along with their support equipment and personnel. When not engaged in refueling, the KC-10 will also enhance our intertheater airlift capability in the movement of bulk and oversize cargo. A mix of KC-10s and reengined KC-135s will provide the necessary modernization to meet present and future aerial refueling needs. The FY 82 amended budget request includes $259 million to procure the initial modification kits to begin KC-135 reengining and related aircraft modifications and $437 million for the procurement of 8 KC-10 aircraft.

As we look through the 1980s and beyond, we are confronted with the reality that airlift and air refueling are key elements in any force projection plan. Our current programs are designed to narrow the current gap between capabilities and requirements, essential steps to bring our military posture into closer harmony with the demands of national strategy.

NATO Initiatives

The U.S. commitment to maintain and improve readiness in NATO remains strong. The NATO Long Term Defense Program (LTDP), an Alliance-wide programming framework, permits coordinated national responses to key force goals in such areas as readiness, command and control, and sustainability.

Faced with the rising cost of maintaining the force structure needed for the defense of NATO, we and our allies are continuing efforts under the LTDP and other programs to design and develop common and compatible procedures, training programs, munitions and systems. We concluded an agreement in FY 81 to conduct Euro-NATO Joint Jet Pilot Training at Sheppard AFB. The ongoing NATO program of aircraft cross-servicing is increasing our flexibility to refuel and rearm our aircraft at other allied bases.

Under the collocated operating bases (COBs) concept, we have identified allied air bases that will serve as operational locations for Air Force augmentation aircraft deployed into the European theater. When available, COBs will reduce significantly the overcrowding at our main bases and make them less lucrative targets.

Our FY 82 amended budget requests funds for construction of minimum essential facilities (fuel and ammunition storage plus dispersed parking) at COBs. This represents a very effective use of resources, since for a relatively small outlay of U.S. monies, we obtain the use of extensive allied air bases which were constructed at no cost to the United States. Additional military construction funds will be needed to complete this important project. Furthermore, if we could prefinance NATO-eligible facilities at allied air bases, we could speed the COBs program, thus more rapidly improving our readiness and operational capability in NATO.

Air Reserve Forces

The contribution of the Air Force Reserve and the Air National Guard — known collectively as the Air Reserve Forces (ARF) — to our Total Force readiness is often underestimated; in fact this is one of the most effective investments in our defense budget. Under the Total Force policy, the Air Reserve Forces are full partners with their active duty counterparts. They perform a large and important share of the day-to-day activities of the Air Force. They possess more than 60 percent of the air defense interceptors and tactical airlift, 50 percent of the reconnaissance aircraft, 34 percent of the fighters, 49 percent of the strategic airlift aircrews and 21 percent of the tanker aircraft.

ARF units, comprised of experienced, proficient, professional personnel, are tasked to respond quickly and to meet the same standards as active duty units. ARF fighter wing equivalents are programmed to increase from 11 in 1980 to 14 by the end of FY 86. As the ARF contribution to the Total Force increases, the need for continuing modernization of Air Reserve Forces becomes increasingly important. Therefore, more capable aircraft — the A-10, F-4 and the F-16 — are being programmed for the ARF.

Manpower and Personnel

Correcting deficiencies in spares and weapons systems will not, in itself, ensure a strong, ready Air Force. Equally important — and perhaps paramount in this decade — is the need to attract and retain the best qualified people to operate our increasingly complex systems. We are working hard to ensure that sufficient numbers of qualified people are attracted to the Air Force in the 1980s — not just for a few years, but for careers.

Manpower Requirements. We are beginning to increase our strength to meet the challenges of the 1980s, after experiencing a declining end strength since FY 68. In FY 80 we hit our lowest level of military personnel since FY 50 and will hit our lowest level of civilian personnel in FY 81. The military increases we are programming in FY 81 and FY 82 are to provide support, maintenance, and training for the modernization of our tactical fighter force, improved force manning in our field units and for the introduction of new weapons systems such as ALCM, GLCM, and TR-1. The increase in civilians is primarily the result of conversion of military positions to civilian, increased workloads at

our depots, and increased technician requirements to support modernization of our Air Force Reserve.

The manpower requested in the FY 82 amended budget is the result of a rigorous prioritization of scarce resources and falls short of needed levels in various skills and specialties. These shortfalls are a matter of concern and we will work with the Congress to resolve them. An important factor in determining manpower requirements is that peacetime workloads be balanced with wartime demand. We need to have sufficient military personnel in peacetime with the proper mix of skills and experience both to accomplish peacetime training and to meet wartime combat requirements.

Recruiting. During this decade we are faced with a shrinking market of eligible recruits and increasing competition from civilian employers. In this environment, we will need to recruit nearly 87,000 enlisted men and women in FY 82. That figure represents some 13,000 more people than we recruited, on the average, each year from 1974 to 1981. Our recruiting objectives continue to increase in FY 83 and beyond. Nevertheless, we want to maintain our high enlistment standards, which pay off not only in performance but also result in higher retention rates, lower first-term attrition, and lower training costs.

Our principal concern in officer recruiting continues to be attracting sufficient numbers of technically skilled people. Although the Air Force expects to be near its authorization in physicians by the end of FY 81, shortages will continue to exist in critical specialties. The Uniformed Services Health Professional Special Pay Act of 1980 appears to have favorably influenced both recruiting and retention; however, it is too early to quantify the results.

Our accessions of scientific and engineering graduates are not keeping pace with losses. while our requirements are increasing. We fell 891 engineers short of our recruiting goal in FY 80. Once again, compensation is a key factor: the average engineering school graduate receives offers of $20,000 from industry, compared with $15,400 from the Air Force. We are redoubling our efforts to recruit and retain these officers whose role is key in an Air Force of expanding technology. To compensate for the wide gap between a second lieutenant's starting salary and the starting salary of an engineer/scientist in the private sector, an accession bonus is urgently needed to attract these officers and continuation pay is needed to keep them. A legislative proposal to provide these entitlements is being prepared, and we urge your support.

Training. Over the past decade, the level of initial and advanced skill training for enlisted personnel was reduced about 35% to an unacceptable level for maintaining desired readiness. To correct this training deficiency we are programming an increase in the average length of our skill training courses in the FY 82 budget amendment.

Reenlistment and Retention. In recent years, many of our most skilled people who make a valuable contribution to our readiness posture have chosen not to continue Air Force careers. These people have left us at the point when they were ready to advance to assume increased leadership and supervisory roles. There is little doubt that the alarming exodus of mid-career officers and enlisted people has been caused, in large part, by inadequacies in the military compensation system.

The improvements contained in the Nunn-Warner Amendment and the 1981 DOD Appropriation Act represent the most significant compensation improvements in nearly a decade. They represent the first critical steps toward resolving the pay inadequacies documented in the 1979 Defense Department Pay Adequacy Study, and have helped turn the tide. While expressing our appreciation for the support of the Congress we emphasize that these positive and helpful actions are only a first step toward restoration of pay comparability — a critical factor affecting the All Volunteer Force.

In FY 80, our second term and career reenlistment rates improved although both fell short of our goals. While the aggregate enlisted manning is adequate, there are important skills in which we continue to have severe shortages in the middle grade supervisory levels. These skills, which are highly transferable to the civilian sector, include communications-electronics, intelligence, avionics, aircraft systems maintenance, mechanical-electrical and security police. A major factor in the Services' ability to attract an adequate supply of volunteers to these duties is that we have been able to adjust and expand our selective reenlistment bonus (SRB) program to keep pace with our requirements. We need to maintain a viable and flexible SRB program to ensure that we can retain the required numbers in these critical skills if the civilian job opportunities improve and demand for these skills increases.

Officer retention also improved in FY 80 over the decreasing retention trends of FY 78/79, but still left us with shortages. The continuation rate in FY 80 for pilots in the 6-to-11 year group was 42 of 100 compared with a FY 79 retention rate of 26 of 100. Although this was an improvement, we are still below the retention rate of 48 percent which we enjoyed in FY 77, and ended FY 80 about 1100 pilots below our

authorization. We were also over 300 navigators below authorization, although the 6-to-11 year continuation rate was nearly 90 percent for navigators. Engineers had a continuation rate of 53 percent in years 6-to-11, yet we now have 1,100 vacant engineer positions.

We believe that the improvement in pilot retention in FY 80 can be attributed in large part to economic factors such as reductions in airline hiring and the furlough of airline pilots. The facts remain, however, that over the past three years the Air Force has lost an average of five pilots for every two pilots we have trained, and we expect the airlines to hire an average of 2,000 each year during the 1980s. Continued attention to flight pay improvements will be necessary to prevent a resumption of the pilot exodus of the recent past. Moreover, we ask your support in providing the necessary funds to implement the aviator bonus for both pilots and navigators.

Compensation. We must now follow through and take the next steps if we are to sustain the modest retention gains experienced in 1980. Since 1972, military entitlements have failed to keep pace with inflation and pay levels in the private sector. Even with the compensation initiatives of last October, military pay is still 14 percent below the cumulative consumer price index and 5.3 percent below the civilian standard used to gauge comparability. To restore comparability to 1972 levels, an across-the-board pay raise of 5.3 percent is needed in addition to the normal comparability increase granted through the annual pay raise adjustment process. This important act will provide a strong signal of the nation's continued commitment to all Service members and is essential to maintain the momentum needed to rebuild our career force and recruit adequate numbers of qualified youth.

G.I. Bill. Traditionally, education and training programs have proven to be extremely valuable to the military Services. The termination of the G.I. Bill education entitlements for new entrants after 1976 substantially reduced the attractiveness of military service for many high quality personnel, while the contributory system which replaced it has proven to be conspicuously unsuccessful in inducing Air Force enlistments and is currently used by only six percent of AF eligibles. While an attractive enlistment incentive, the G.I. Bill made it more attractive to separate to take advantage of the earned educational entitlements. Therefore, large numbers of people entered military service, completed one tour, and left to use their benefits.

The Air Force, along with the other Services, strongly supports a return to a non-contributory type of educational program which incorporates significant incentives for members to remain in the Service. It includes a system of tiered benefits which would increase with additional service, authorize in-service use, and provide for transferability of benefits to spouses and dependents. We believe that the cost of such a program would be largely offset by reduced accession and training costs, while making the Armed Forces more competitive with civilian employers. In addition, the current 31 December 1989 termination date of the old G.I. Bill works at cross purposes with our retention and compensation efforts and should be extended immediately.

Increased Permanent Change of Station Reimbursements. Contributing to our retention problem is the lack of adequate reimbursements for personnel required to make a permanent change of station (PCS) move. The 1979 Department of Defense Pay Study documented that military members incur over $1 billion (Air Force portion $280 million) a year in out-of-pocket costs in conjunction with government-directed PCS moves. These financial burdens, combined with other military pay inadequacies and soaring house ownership costs, have increased the reluctance of military personnel to make a permanent change of station move and, in some cases, forced them to separate to avoid additional financial sacrifices.

A recent General Accounting Office report confirmed DOD's assessment of the gross inequities that exist between the military and civilian travel reimbursements and urged the DOD to take immediate corrective steps to rectify the disparities. Based on 1 October 1980 entitlements, for example, an enlisted member in pay grade E-7 ordered to relocate from Washington D.C. to San Francisco, California received $1,300 for the move while a GS-9 who voluntarily made the same move would be entitled to receive up to $13,000. Failure to provide immediate increases in permanent change of station reimbursements will seriously detract from the Services' intensive retention efforts and increase the propensity of experienced mid-career officers and enlisted personnel to separate from the Service.

Health Benefits. Health care is a primary factor in the career decision for many Air Force members. Serious deficiencies in our present program affect both our wartime readiness posture and the morale of Air Force people in peacetime. Correcting these deficiencies during peacetime would enhance our wartime capability by bolstering staff competence and by assuring active duty members that their dependents would be well

cared for in their absence. Improving our peacetime capability would also save Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) dollars since corresponding care in a military treatment facility can be provided at less expense.

Specifically, we seek to expand our construction program to provide more adequate hospitals and clinics. We have increased support staffs so that health care providers can be used more effectively; and more importantly, we seek to obtain formal recognition and establish entitlement of dependents and retirees to health care in our own facilities rather than being treated on a space available basis as is now the case. Finally, enactment of the Dependent Dental Care program, considered by the Congress in the last session, is essential to enable military medical programs to keep pace with plans commonly offered in the private sector.

AF Families. Research has shown that the families of Air Force members play an important role in career decisions, as well as provide a vital source of strength that supports the accomplishment of the Air Force mission. Meeting family needs such as child care, education programs, housing, medical and dental care, assistance in spouse employment, and ensuring a reasonable standard of living helps us attract and retain good people and builds a stronger Air Force. With these facts in mind we established an Air Force Family Matters Office and conducted an Air Force-wide conference on families last fall. The report of the conference serves as the basis for an agenda of family-support efforts in the 1980s. Continued emphasis in this area can contribute to productivity and retention of Air Force members and is necessary to maintain a high level of support for the Air Force as a way of life.

General Officer Reduction. The reduction of Department of Defense general/flag officers from 1119 to 1073 was deferred to the end of FY 81 by the FY 81 DOD Authorization Act. Additionally, in the Senate report to accompany the Act, the Department of Defense was required to report by 1 March 1981 on a methodology for reviewing and validating at least 25% of the general/flag officer positions annually. The House Armed Services Committee, in its report to accompany the Defense Officer Personnel Management Act, added the requirement that senior executive service billets be included in the quadrennial review of general/flag officer positions. The Air Force believes any reduction should be deferred pending the outcome of a complete review of all positions.

IV. PROGRAMMATIC PRIORITIES - INITIATIVES FOR THE 1980s

In the face of the continuing buildup of Soviet strategic offensive capabilities, we must improve the survivability and effectiveness of the Air Force elements of our strategic nuclear forces. Accordingly, our highest priority continues to be the modernization of our land-based intercontinental ballistic missile (ICBM) and bomber forces. The so-called strategic Triad, composed of land-based and sea-based ballistic missiles and manned bombers, with each element providing unique advantages and complicating Soviet attack calculations, has served the nation well for many years. In an absolute sense, the United States is more powerful now than at any other time in its history. Yet power is relative and our strategic nuclear forces must be measured against those possessed by potential adversaries, notably the Soviet Union. Given the unrelenting vigor of Soviet strategic modernization efforts, the improvement of our strategic forces is essential if we are to continue to meet our deterrence and parity objectives.

Soviet investments in strategic forces have far surpassed those of the United States in the past ten years. The Central Intelligence Agency has estimated that during the 1970s, Russia devoted more than two and one-half times as many resources to strategic forces as did the United States. In 1980 alone, the Russians outspent us — by nearly a three-to-one margin — to upgrade and improve their strategic forces. And there are no indications that this feverish pace will abate in the coming years. This concentrated Soviet investment, contrasted with years of constrained U.S. spending, has brought about a shift in the strategic nuclear balance from one of clear U.S. superiority to one of at best rough parity. Unless we take prompt action to restore the survivability of our land-based ICBMs and to modernize our strategic bombers, we face the ominous prospect of clear inferiority in coming years.

While the Soviet Union is improving all aspects of its military capabilities, the most alarming trend has been the expansion and modernization of its land-based ICBM forces. Over the past decade, our estimates indicate the Soviet effort in ICBMs has exceeded that of the U.S. by a factor of four. As a result, the Soviet Union now possesses a clear and growing advantage in its ability to destroy hard targets, thereby posing a particularly serious threat to the U.S. land-based ICBM force and its associated command, control, and communications network.

In the face of this growing threat, concerted efforts will be required in the 1980s to improve the survivability of our strategic forces and to retain essential equivalence with

the Soviet Union. The Air Force continues to support efforts to restore the strategic balance through strategic force modernization programs, and attempts to bound Soviet strategic forces by pursuing equitable and verifiable arms control agreements. We believe the early deployment of the M-X missile in a survivable basing mode is the most effective way to increase the retaliatory capability of the ICBM force. Deployment of the Air Launched Cruise Missile (ALCM) and the bomber modernization programs discussed earlier, together with the development of a new long range combat aircraft, are likewise essential strategic enhancements.

M-X

The growing vulnerability of our Minuteman and Titan ICBM forces to the increased number and improved accuracy of Soviet warheads demands that we take prompt steps to restore ICBM survivability. We must deploy the M-X missile in a survivable basing mode without delay. So based, the M-X will provide flexible retaliatory capabilities consistent with our countervailing strategy. The M-X will be approximately twice the physical size of the Minuteman III, will have increased throwweight, and will be able to carry a payload of up to 12 independently-targetable and highly accurate reentry vehicles, although the planned deployment is 10 reentry vehicles.

The M-X system as now proposed provides not only a new and highly capable ICBM, but also a new approach to survivability — location uncertainty. Our current planning calls for deployment of a survivable system of 200 M-X missiles in 4,600 shelters. To increase survivability, each missile would be deployed within a cluster of shelters and could be moved among these shelters to preserve missile location uncertainty. Since the Soviets would not be able to determine which shelters contained missiles, they would have to target all 4,600 shelters to destroy the 200 missiles. In other words, the Soviet Union would be forced to expend at least 23 warheads in order to neutralize each M-X missile. This unfavorable exchange ratio due to missile location uncertainty provides the key to deterring such an attack. Moreover, in the face of an expanding Soviet threat the number of surviving M-X reentry vehicles could be held constant by deploying more protective shelters, more missiles or by deploying a specially designed, deceptively based anti-ballistic missile (ABM) system, or some combination of these measures.

The M-X is presently in full-scale engineering development. The initial operational capability is planned for 10 missiles in mid-1986, and the full system will be operational by late 1989. In the FY 82 amended budget we have requested $2.9 billion for the M-X

program, of which research and development funds amount to $2.4 billion and funds for technical facility construction amount to $.4 billion, with the remaining $.1 billion to be used for basing facilities design. Planned activities include designing, fabricating and testing the M-X in the multiple protective shelter basing mode. We have completed preliminary design review on the four stage missile and its guidance and control system, and system design review has been completed on the basing mode.

The development and deployment of the M-X will demonstrate our nation's resolve to maintain an equitable strategic balance with the Soviet Union. At the same time, we are sensitive to the socio-economic and environmental concerns about M-X basing which have been expressed. Accordingly, in compliance with the National Environmental Protection Act, the Air Force has carried out a detailed evaluation of the environmental impact at alternative basing locations. This study concludes that while the impact of the M-X program on the environment and communities in the preferred basing locations will be substantial, these effects can be managed and minimized. The Air Force is working closely with federal agencies and state and local officials in the prospective deployment locations to address these important environmental issues.

Given the scope of the M-X program, the Secretary of Defense has directed a thorough review of M-X basing options. This review is expected to be complete by 1 July 1981, at which time a decision on the basing mode will be made.

New Strategic Aircraft

The modifications planned for our B-52 force, in particular the fitting of ALCMs on the B-52G as discussed earlier, will increase the effectiveness of our aging bomber force. However, in view of the limited capabilities of the B-52 force, the continuing improvements in Soviet air defenses and the expanding requirements that we call upon bombers to fulfill, we need to develop and field a new long-range combat aircraft. Increases in worldwide commitments and in mobile targets underscore the pressing need to maintain and enhance this element of our strategic forces, which provides the unique capability to respond quickly and reliably with nuclear or conventional weapons against a wide range of target systems. Manned strategic aircraft can not only execute preplanned options but can also provide quick response to changing circumstances. They can also contribute to deterring war and coercion through their capability to recover and reconstitute during a protracted conflict and their ability to perform real-time, all-weather damage assessment and strike missions against imprecisely located targets.

Recent events have made more clear the urgent requirement for a responsive worldwide counter-intervention capability against enemy units and facilities in areas critical to U.S. security objectives (e.g. Mideast scenario) that can be provided by long-range bomber aircraft . Additionally, there is a continuing need for augmentation of NATO-theater forces and assistance to naval forces in maritime operations, including surveillance, attack, and mine laying. Strategic aircraft, capable of long range operations from the continental United States or secure forward bases, provide a unique capability to operate across the spectrum of non-nuclear conflict.

The requirement for a new strategic aircraft has existed for some time. The FY 81 Congressional Authorization Bill required the Department of Defense to plan for the development of a multi-role bomber with an initial operational capability not later than 1987. The current bomber program centers on an aggressive evaluation program whose goal will lead to selection of a candidate multi-role bomber or long range combat aircraft (LRCA) as we have called it. Near-term candidates include B-1 variants and a stretched version of the FB-111B/C. Longer-term alternatives address advanced technology designs. We expect the Secretary of Defense to recommend a candidate LRCA to Congress in June 1981.

The Air Force LRCA program combines funding from the previous Cruise Missile Carrier Aircraft, Strategic Bomber Enhancement and Bomber Penetration Evaluation programs with that appropriated by Congress for FY 81. The amended FY 82 budget includes approximately $2.4 billion in LRCA funding. These funds protect the option to continue the development of a LRCA and provide for its acquisition to meet the Congressionally mandated initial operational capability of not later than FY 87.

Airlift Modernization

As mentioned earlier, to protect our vital interests around the world, the United States is strengthening its ability to project and employ quickly a substantial expeditionary force. Air Force strategy is directed toward the timely insertion of new forces and the rapid reinforcement of in-place forces in trouble spots throughout the world. Yet, as outlined earlier, serious deficiencies are evident in our airlift capability. Several programs (e.g., C-141 and C-5 modifications and CRAF enhancement) are already under way and are described elsewhere in this statement (pages 16-19). However, they do not represent an adequate solution to this problem. Simply stated, additional airlift aircraft are needed to fulfill the requirements for prompt

reinforcement of Europe, the Persian Gulf, or other distant regions vital to U.S. interests.

By this summer, we will have developed an optimum strategy for procuring this additional airlift, which may involve a mix of options. We may choose to acquire commercial aircraft (e.g., Boeing 747, McDonnell-Douglas DC/KC-10) with potential application to a portion of this requirement, and it may also make sense to reopen the C-5 production line. At the same time, recent world events dictate that we seriously consider even more flexible military airlifter, the C-X. The funding to proceed with the mix of transport aircraft ultimately selected to provide urgently needed additional airlift capability is included within the C-X line of the FY 82 budget request.

The C-X, which could have an initial operational capability of FY 87, will be designed to airlift, over intercontinental distances, the full range of military equipment, including outsize equipment, nonstop directly into the forward area. It will be an air refuelable, inter- and intratheater aircraft, able to operate into and from small, austere airfields, greatly improving our deployment capabilities and providing a vitally needed capability to airlift large and heavier equipment intratheater. Last fall, we requested industry proposals for such an aircraft, and we are now evaluating the various designs that have been submitted.

Once we have selected a C-X design, this summer we will determine the best way of updating our airlift force over the mid-term and longer term.

Theater Nuclear Force Initiatives

In response to Soviet deployments of the SS-20 mobile intermediate range ballistic missile and the Backfire bomber, NATO has agreed to a long-range theater nuclear force modernization program which involves Air Force development and deployment of ground launched cruise missiles (GLCM) in Western Europe with an initial operational capability of late 1983. The GLCM weapon system is composed of a single warhead missile, a transporter-erector-launcher and a launch control center. As presently conceived, the GLCM force will be organized into flights of 16 missiles each, with from three to seven flights deployed in conventionally hardened facilities at bases in the United Kingdom, the Federal Republic of Germany, Italy and possibly Belgium and the Netherlands. These missiles will provide a survivable, highly accurate, all-weather nuclear system that can deploy rapidly from main operating bases to predetermined dispersal areas.

GLCM has a range of 2,500 km and will be capable of striking fixed targets throughout Eastern Europe and the western USSR. It could enhance flexibility by allowing some NATO assigned "dual-capable" fighter aircraft to be released from early commitment to a nuclear role thereby freeing them for conventional missions. Thus, addition of this theater nuclear system will help offset the growing Soviet theater nuclear threat and will significantly add to our own theater capabilities. The $329 million requested in the FY 82 amended budget provides for the procurement of 54 missiles.

Combat Helicopter Modernization

Modernization of the Aerospace Rescue and Recovery Service is required to overcome a shortfall in the number of combat-capable helicopters, to upgrade capabilities to cope with increasing threats, and to replace aircraft that are reaching the ends of their useful service lives. As a near-term measure to augment our combat rescue force, we have requested $63 million in FY 82 to procure 12 hoist-equipped Army UH-60A Black Hawk helicopters. Our longer range objective is to develop the H-X, a night/adverse weather UH-60A derivative designed to meet Air Force combat rescue and special operations mission requirements. This Black Hawk derivative will incorporate inflight refueling, extended range tanks, precision navigation, a forward-looking infrared sensor, and terrain-following radar. To begin the development effort, we have requested $18.9 million in FY 82. The H-X initial operational capability is planned for 1986.

Next Generation Trainer

The Next Generation Trainer (NGT) program is an effort to modernize or replace the Air Force's T-37 primary training aircraft. Forecasted increases in our pilot training requirements and a shortfall of T-37 aircraft in the mid-1980s dictate the need for an NGT with an initial operational capability of FY 87. The essential design characteristics include twin engines, side-by-side seating and cockpit pressurization with significant improvements in performance, maintainability and noise pollution. The FY 82 amended budget requests $14.6 million to ensure the FY 87 initial operational capability can be met.

Space Operations

The United States is becoming increasingly dependent on space-based assets to conduct effective and efficient military operations. It is difficult to imagine how we would operate on the modern battlefield or conduct effective strategic defense without

surveillance, warning, communications, meteorological and navigation support from satellites. The technology of space operations could become as vital to national security in the next decade or two as operations in the air are today.

Transition to the Space Shuttle will profoundly change the way we operate in space. In view of this, the Air Force must take the necessary steps to develop both the military doctrine and the operational capability to exploit this new technology.

Organizational and operational arrangements also need to be made to enhance our ability to operate in space. Some significant steps have already been taken in this direction. A Space Division has been established in the Air Force Systems Command with the mission not only to develop new spacecraft related to the national security, but also to pioneer means by which these payloads and related ones can be flown on the new Space Shuttle vehicle. Plans have been made for the construction of a Consolidated Space Operations Center to be located in the Colorado Springs area close to the Headquarters of the North American Air Defense Command, which already has significant operational responsibilities in space. This Center is destined to be the mission control for Space Shuttle flights related to national security. Other operations of various satellites in orbit will also be controlled from this Center.

High on our list of priorities in space is to take all reasonable steps to protect American space systems vital to national security from a possible Soviet anti-satellite threat. Protection is also necessary for satellite ground stations and their essential communications links. A second important measure is to develop our own capability to destroy satellites of potentially hostile nations. We are developing a prototype anti-satellite weapon that consists of a modified short-range attack missile, an ALTAIR rocket second stage and a miniature vehicle warhead. The launch platform for this anti-satellite weapon would be the F-15. We are also investigating the potential development of high energy directed beam weapons for applications in space. Additionally, the possibility of exploiting the space environment for other national security operations must be vigorously pursued.

Finally, it would be a serious omission to discuss space operations without mentioning how U.S. satellites contribute to worldwide peace and stability. Satellites serve a number of critical purposes in this regard, chief among them being their usefulness in helping to verify compliance with arms control and other international agreements.

V. EVOLVING NEW REQUIREMENTS IN STRATEGIC DEFENSE

Atmospheric Defense

Over the past two decades we have witnessed a very real reduction in the capability of our air defense system to provide atmospheric surveillance and to provide adequate warning of and defense against penetrating aircraft. During this period we have drastically reduced the number of aircraft dedicated to air defense from 2,600 aircraft in the early 1960s to less than 300 today. Moreover, we have done little to modernize the few aircraft currently allocated to air defense. Furthermore, our warning and surveillance systems have been reduced in numbers and have not kept pace with improvements in Soviet penetration capabilities.

Our North American air defense forces are not capable of adequately controlling access to North American airspace. Because of successive reductions in strategic air defense forces, there are critical deficiencies in our ability to detect, warn and defend against even a small scale bomber attack. While we do not recommend replicating the massive Russian air defense structure, we should pursue the objectives of limiting damage to strategic retaliatory forces, command, control, and communication nodes, and exercising control of access to North American airspace. It is important to distinguish between the longer range goal of acquiring air defense forces fully capable of defeating a consequential bomber attack and the immediate need to formulate a policy and to take visible initial steps which will deter the Soviet Union from setting out on a course to acquire a significant intercontinental bomber force. Our primary objective is to deter the Soviets from exploiting perceived weaknesses in this area.

Several developments have increased our vulnerability to intruding aircraft. The TU-26 (Backfire) bomber has given the Soviets a significantly improved penetration capability. Furthermore, the USSR is also capable of developing and deploying a long range cruise missile, and we anticipate that Soviet bombers will be equipped with such systems during this decade.

The first step in deploying a credible air defense capability is to modernize our warning and surveillance systems to provide reliable, timely, and unambiguous indication of a Soviet bomber/air-to-surface missile attack. Several steps are being taken in the FY 82 program, but more are needed.

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To protect the eastern and western approaches to North America, the program includes funds for continued development and deployment of two large Over-the-Horizon Backscatter (OTH-B) radars — one on each coast. These radars can detect large aircraft with high certainty at ranges on the order of 1,800 to 2,000 nautical miles and should prevent hostile aircraft from attempting to "end run" existing north-looking surveillance systems. Since this radar system depends on scattering of radar waves by the ionosphere, however, it may not be a technically feasible solution for north-looking warning and surveillance because of the frequency of ionospheric disturbances in northern Canada.

To improve surveillance of our northern approaches, several options are under active consideration. These options include upgrading and gap-filling the current Distant Early Warning (DEW) line, deploying north-looking OTH-B or deploying a space-based radar. During FY 82 and beyond, until a decision can be made on OTH-B capabilities — based on a thorough operational and technical review, the DEW line will be maintained at 31 radar stations. Modernization and upgrade of the Alaskan radars, an extension of the DEW line to the west, is also included in the program.

To back up ground radar systems, the E-3A Airborne Warning and Control System (AWACS) is essential to ensure survivable surveillance and to meet command and control requirements for employment of our air defense forces. The E-3A aircraft will be positioned to direct any air battle that might result from an attack by Soviet bombers. It is extremely important to have enough E-3As available to ensure a credible air defense system. The currently programmed E-3A force must be expanded if we are to maintain a core force in the United States while satisfying major contingency roles abroad. Moreover, the alert capability of the available E-3A force must be improved to generate aircraft on warning. We are also investigating an optimum basing plan to improve surveillance response and to protect the E-3A against a Soviet attack.

The present dedicated interceptor force, comprised of F-106, F-101, and F-4 fighters, has limited radar capabilities which are susceptible to electromagnetic countermeasures. Furthermore, the F-106s, the mainstay of the the interceptor force, are becoming increasingly difficult and costly to maintain. Two F-15 squadrons will begin to replace the aging active F-106 force in the future.

A highly visible — but reasonably constrained — initiative toward credible air defense would be to acquire a larger force of E-3As and F-15s than is currently programmed. This would ensure the continuous availability in the continental United

States of a pool of assets which, although multiply-tasked in our war plans, could be readily designated by the Joint Chiefs of Staff for the continental United States air defense mission if circumstances dictated. These designated forces, properly based and augmenting a smaller core of NORAD-assigned forces, would provide a flexible capability for worldwide air superiority, where and when needed.

These programmed systems and alternative options have been incorporated in the Air Force Air Defense Master Plan. The type of flexible capability provided by the Master Plan and reinforced by a publicly renewed commitment to a realistic air defense posture would, in our judgment, cause the Soviets to think twice before embarking on a dedicated, intercontinental bomber program.

Missile Defense

Our increased concern over the manned bomber threat parallels our continuing concern for the problems of ballistic missile warning and assessment, as well as missile defense. Our current warning systems consist of both space-based and ground-based sensors and an extensive network of facilities for the processing and discrimination of warning information.

We believe that, in the long run, space-based surveillance systems will provide the most effective and timely early warning capability. Thus, we are continuing to improve our present systems and are actively pursuing new, more accurate and survivable systems for future deployment.

In the meantime, however, we must continue to rely on our ground-based systems. Some of these systems were designed and built nearly 20 years ago and are badly in need of modernization or replacement. During this past year we have begun to replace the aging Missile Impact Predictor computers at the Ballistic Missile Early Warning (BMEWS) sites in Alaska, Greenland, and England. We will soon initiate improvements to the BMEWS radars at Thule and Fylingdale which will allow them to track larger numbers of objects with a considerable improvement in the accuracy of their impact predictions. We have also recently completed the deployment of two new Phased Array Submarine Launched Ballistic Missile Early Warning Sites in Massachusetts and California. These new PAVE PAWS systems provide a substantial improvement in SLBM attack warning capability and have allowed us to close five old sites which were becoming increasingly costly to maintain.

The extensive and complex network for the processing and dissemination of warning information has been the subject of much recent attention because of a series of false attack alerts. The specific problems which caused these particular events have been identified and are being addressed. In addition, the Air Force has recently completed a comprehensive examination of our missile attack warning network and we are now implementing the recommendations of the resulting report.

Advances in electronic technology and new developments in sensors may make it possible in the coming decade to build an affordable anti-ballistic missile (ABM) system. Conceptually, we envision a system sufficiently accurate to require only conventional warheads to destroy incoming reentry vehicles. Precious nuclear materials needed for offensive weapons would not have to be diverted for use by such an ABM system. Such a system could also have the advantage of testing and deployment without adverse environmental impact. It is true that the deployment of this type system would require a revision of the Anti-Ballistic Missile Treaty currently in force between the USSR and the United States. But the technical developments may alter the situation sufficiently for it to be advantageous to examine extension of the treaty. It is quite possible that, in an era of "essential equivalence" of nuclear strategic systems, the stability of the strategic balance may be enhanced rather than degraded if both sides have all or at least a portion of their land-based strategic missile forces protected by non-nuclear, point defense anti-ballistic missiles.

Space Defense

Space systems have become an integral part of the military force structure, and operations are continuing to expand rapidly. The Air Force is pursuing a balanced space defense effort. Accordingly, we are improving our space surveillance and operational facilities. As previously mentioned we are also continuing work on the development of a baseline U.S. anti-satellite capability. Efforts are also under way to make space-related assets more survivable. In addition to the command, control and management enhancements, there are areas covering broad technological efforts that could be applied to many space assets. Studies are under way which may lead to the placement of a spacecraft surveillance system in space where it will not be subject to the geographic limitation or vulnerabilities of ground systems. This surveillance system would include a cataloging subsystem to maintain a data base on spacecraft and debris; identify and track hostile threats to U.S. spacecraft; and prevent collisions between spacecraft.

Continuing development of the Space Defense Operations Center (SPADOC) will also provide a focal point for monitoring the status of all important U.S. space systems, as well as identifying threats to those systems. Control of a U.S. anti-satellite weapons system would be centered here when it becomes operational. SPADOC will also provide operational control of the Spacetrack network and other sensors that provide orbital elements on satellites.

VI. CONCLUSION: FACING THE FUTURE

Technology Base

Part of the genius of the United States has been our formidable ability to develop technology that has made us strong economically, agriculturally, and, of course, militarily. The Air Force itself is the offspring of technology, born of the major technological innovation of this century — powered flight. As the most technology-intensive of the military Services, we bear a special responsibility to act as the "cutting edge" in creating new technology through our research and development programs.

To maintain the strength of our nation into the twenty-first century, we must preserve our lead in technology, one of the clear advantages we have enjoyed over Russia. For some time now, the Russians have been expending considerable resources to establish a technology base that rivals our own. Unless we respond and maintain technology as one of the more important defense weapons in our arsenal, we will reach a point where we no longer have the qualitative edge to offset the numerical superiority of our major adversary. The Air Force is aggressively pursuing a number of exciting technologies that hold great promise and have considerable potential for weapons systems application.

High Energy Lasers. Much progress has been made in the development of high energy lasers in the past decade. Depending upon conditions, we now have lasers that can do real damage at ranges of a few miles. We have taken a high energy gas dynamic laser and mounted it in a large airplane, the KC-135. This system will shortly be ready to test the concept that lasers can be used to shoot down air-to-air and possibly surface-to-air missiles. Having done this we will have a "proof of concept" demonstrating that directed energy weapons can protect aircraft from sophisticated but relatively cheap anti-aircraft missiles. Should this prove possible, a new era of aerial warfare will open in which combat aircraft can once again actively defend themselves.

But, high energy lasers have much broader potential applications. Lasers work better at higher altitudes because atmospheric absorption and propagation effects become less important. Thus, in the longer term, the deployment of high energy lasers in space should be seriously considered because of the prospect of their ability to damage or destroy ICBMs and high flying aircraft. While it is true that space-based lasers have important applications, it must be remembered that we are at least two decades away from being able to field weapons of this type. It is also true that one way to achieve the objective of deploying high energy lasers in space is to deploy them first on high flying aircraft. Some of the technical problems that will be faced when placing laser weapons in space — such as lightweight construction and control systems applicable to moving platforms — must also be dealt with when lasers are mounted on large aircraft. Therefore, the aircraft test program is a step in proving the practicality of high energy lasers.

Sensors. Lasers are a part of another important area of technology — sensors. In one sensor program, a modulated laser beam is used to provide range data analogous to radar. From this information, a three dimensional picture can be constructed for target acquisition and identification. Infrared sensor development includes research into changing infrared imagery to electrical impulses. Through this type of sensor a target could be acquired and identified through its heat "picture." Our ability to improve sensors significantly depends in large measure on the success in another area of technology — micro-processors.

Micro-Processors. The scientific and industrial communities have made great strides in increasing the computational ability while reducing the size and power requirements of micro-processors. We have taken advantage of these developments in the basic design of aircraft in order to increase capability without penalties in size and weight; witness the F-16. In the years to come, revolutionary developments will radically improve aircraft capabilities in navigation, communications, electronic countermeasures, and weapons employment. Our efforts in very-high-speed circuitry are key to future success and continued leadership in this area.

Very-High-Speed Integrated Circuits. Integrated circuit technology is the keystone of modern avionics, yet our requirements continue to outpace current technology. The three Services, with the Air Force as leader, have joined forces to provide the technology for the next two generations of integrated circuits.

We have started the detailed design of the first generation very-high-speed integrated circuits, their fabrication and processing, and the design of the equipment in which they will first be used. We plan to apply this work to an advanced development program and will build devices to validate fabrication processes.

Through these circuits we expect to reduce the weight and cost of avionics equipment while increasing their capability and power. We intend to build radar signal processors for automatic target cuing; automatic image processors for infrared and terminal weapons guidance systems; electronic warfare signal sorters; and many other devices to improve combat capability.

Synthetic Materials. Many exotic minerals such as cobalt, chromium, tantalum and titanium are essential to the production of new weapons systems. Yet, even as the demand for these strategic minerals increases, international supply has become more uncertain. We have, therefore, established a vigorous materials technology program which we hope will solve our increasing need for lighter, cheaper and stronger materials.

One result of our research and development in this area is a fiber-reinforced composite material for use in next-generation aircraft. Its use would reduce weight by 10 to 30 percent and permit operations in temperature ranges beyond those of aluminum. We plan development programs which, we believe, will prove these materials are suitable for primary structures of large combat aircraft.

Energy. Technology also promises to point the way to great savings in the field of energy. The Air Force consumes more than half the fuel used by the Department of Defense, and we are working hard to conserve this scarce resource. Through management initiatives we have decreased our energy usage by 35 percent since 1973. Technology holds the promise of further significant reductions. For example, we are emphasizing research programs to increase the fuel efficiency of jet engines and are preparing to use jet fuel from domestic sources, such as shale, when it becomes available. Also, as part of the M-X system design, we hope to obtain the majority of the energy needs for the M-X system from renewable sources -- solar, wind, geothermal, and photovoltaic. Our research and development in conjunction with the Department of Energy on this project will make these energy sources more accessible and cost effective for the entire nation.

Summary

These are several examples of new things that are being done. They are by no means exhaustive and have been spotlighted merely because the results are clearly of importance to the future of the Air Force. It is important to remember that a primary function of leadership is to provide a vision of the future for our people, a vision to which they can apply their strength and will. The Air Force must continue to be the first line of defense in times of trouble and the mainstay of the nuclear strategic deterrent forces on which the peace of the world depends. Finally, to maintain our country's strength, the Air Force must continue to be at the cutting edge of technology.

Although we have focused on the technology base, there has been growing concern over the capabilities of our defense-related industries to respond rapidly to wartime surge requirements. This concern stems from the fact that, for example, assuming 18 months under surge conditions the Air Force could only expect to gain a total of 22 more A-10s and no F-15s and F-16s beyond those in the currently contracted delivery schedule. With proper funding, that output could increase, but we would not begin to see significantly larger numbers flying for at least three years. The Air Force supports ongoing congressional actions, including multi-year contracting, to improve the surge capability of our defense industrial base.

We look forward to working with the Congress during the review of our FY 82 amended budget. We seek your support for the programs we have outlined which are critical to the security of the United States.

APPENDIX

FY 81 AIR FORCE PROGRAM SUPPLEMENTAL BUDGET REQUEST.

The Air Force is requesting $4.44 billion to supplement the FY 81 budget. Of this amount, $2.68 billion is needed to fund requirements or activities which could not be foreseen and precluded orderly budget planning. The remainder includes $1.07 billion in readiness funding and $646 million for modernization programs previously reduced, and allows $42 million for quality of life improvements.

In many cases we have had to absorb unbudgeted requirements, a situation which often necessitated reprogramming funds from high priority programs. The result, of

course, is a reduction in the capability of the Air Force to perform some of its assigned missions. Selected items included in our supplemental request are:

Fact of Life Increases.

Higher than projected inflation and greatly increased fuel costs continue to erode the funds available to support Air Force programs. Our operation and maintenance accounts are particularly hard hit, reducing the resources available to support operational flying. The supplemental request for $586 million covers increases in the stock fund prices for items such as cost of petroleum products used for the operation of aircraft and vehicles. For the same reason, an additional $155 million is needed to pay increased utility bills, as well as indirect fuel costs which drive up APO mail rates, vehicle costs, airlift service industrial funding tariff rates and industrial fund operating costs. Funding is also requested to accommodate cost growth in the ground launched cruise missile (GLCM) program to keep this critical NATO nuclear force modernization program on schedule. In addition, funding is requested to begin implementation of Titan II safety and supportability recommendations which resulted from the investigations of the Titan accident at Little Rock AFB. Funds are also requested in FY 82 Amendment to continue this effort.

The Supplemental also includes $65 million to support the unprogrammed CY 80 deployments of tactical air units to Europe and the Middle East in support of national security objectives — deployment of E-3A AWACS aircraft to Europe and Saudi Arabia and fighter aircraft to Egypt.

The remainder of the "fact of life" items in our Supplemental request includes the restoration of aircraft modification funds which had been reprogrammed to fund higher priority spares requirement; $322 million to comply with revised budgetary guidelines for the depot maintenance industrial fund; additional monies for certain critical programs to avoid delays in deployment or modernization (e.g., M-X military construction program design); programs which should be accelerated because of increased threats (e.g., beddown of F-16 and A-10 aircraft in Korea); and additional monies required to fund the 1 October 1980 civilian pay raise and military personnel funding shortfall.

Quality of Life.

Retention of our skilled personnel is the prerequisite for whatever else we do to improve our forces. While the compensation improvements voted by the Congress last

year represent very welcome steps toward resolving pay inadequacies, more needs to be done to attract and retain quality people.

Inadequacy of military pay is a principal reason for the loss of mid-career officers and enlisted personnel from all Services. Unless these losses are greatly reduced, readiness may be adversely affected. The Department of Defense has requested restoration of military pay to the 1972 comparability level effective July 1981.

Although significant funding for people programs is contained in the FY 82 Amendment, the Air Force is also requesting a total of $42 million in the FY 81 Supplemental for these programs. These funds will help pay for the cost incurred by military members when they move, and will begin to fund the Aviation Continuation Bonus designed to improve rated officer retention and, thus, reduce the aviator shortfall.

Readiness.

The Supplemental request for improvements to readiness totals $1.04 billion. These funds will permit increased operational flying and further reduction of the spare parts and depot maintenance backlogs. We will be able to restore more than 54,000 flying hours which had been cut to fund engine and parts repair and transportation. Despite the major emphasis in the FY 81 budget on improving our spare parts situation, the combined effects of inflation, longer production lead times, and increasing item failure rates caused by an aging aircraft fleet are hindering progress. We are requesting an additional $534 million to procure replenishment spare parts. When combined with the funding requested for FY 82, peacetime operating stocks and war reserve supply kits will have been fully funded for our tactical fighters, thereby raising our aircraft mission capable rates. Also included in the above figure are additional funds for replenishment spares for the C-5 which will enable us to increase the utilization rates of this strategic airlift aircraft.

In order to improve the ability of our tactical aircraft to meet wartime sortie requirements, additional funds are needed for spare engines. Due primarily to the adjustment of predicted wartime attrition rates, we now have a shortfall of TF-34 engines and associated auxiliary power units to support the A-10. We are requesting $74 million to procure the needed engines. The remainder of readiness-related Supplemental funding focuses on improving Rapid Deployment Joint Task Force (RDJTF) activities and the procurement of critical conventional training munitions in support of readiness initiatives throughout the Air Force.

Modernization Activities.

Because of the tactical aircraft production already budgeted for FY 81, and the fact that we are halfway through this fiscal year, the force modernization aspect of our Supplemental request is relatively modest. We plan to fund long lead time items affecting F-15 and A-10 procurement that will permit us to bring our FY 82 aircraft procurement rates up to more acceptable levels, to accelerate the purchase of badly needed air-to-air and air-to-ground missiles and to continue a joint United States/United Kingdom program to develop specialized munitions to attack enemy airfields. We are requesting $61 million to purchase used 707 aircraft to be used for missile launch control, range instrumentation and spares. We also seek to restore funding for the Precision Location Strike System, and to initiate funding for the modification of B-52H aircraft designated to support the RDJTF.

TABLE I

Total Obligational Authority (TOA)
(Millions of $)

	FY 81 W/SUPP	FY 82 W/AMEND
RDT&E	7,107	9,398
Procurement:		
Aircraft	10,415	14,752
Missile	3,350	4,658
Other	3,142	5,196
Military Construction	985	2,225
Military Personnel	10,059	10,557
Operation and Maintenance	15,190	16,882
Reserve and Guard	2,923 *	3,208 *
Stock Fund	28	108
TOA	53,199	66,985
Legislative Contingencies	124	1,678
Total TOA	53,323	68,663 **

*Includes $2,147 in FY 81 and $2,368 in FY 82 for Operation and Maintenance.

**Totals may not add due to rounding.

TABLE II

Personnel End Strengths
(In Thousands)

	FY 81 W/SUPP	FY 82 W/AMEND
Active Duty Military	569.0	586.8
Civilian		
Direct Hire	230.3	234.3
Indirect Hire	13.5	13.1
Selected Reserve		
AFR	60.8	64.0
ANG	98.1	99.1

Personnel Costs
(Millions of $)

Active Duty Military	10,059	10,557
Civilian	5,291	5,410
Selected Reserve		
AFR	277	299
ANG	387	418
AF TOTAL	16,014	16,684

TABLE III

SELECTED KEY PROGRAMS
(Millions of $)

	FY 81 W/SUPP			FY 82 W/AMEND			
	RDT&E	PROC(QTY) **		TOTAL	RDT&E	PROC(QTY) **		TOTAL
Aircraft (3010)								
LRCA	260		-	260	302	1,942	(TBD)	2,244
A-10	33	524	(60)	557	14	542	(60)	556
F-15	11	957	(42)	968	57	1,227	(42)	1,284
F-16	42	1,836	(180)	1,878	42	1,657	(120)	1,699
KC-10	—	312	(6)	312	—	437	(8)	437
E-3A(AWACS)	63	242	(2)	305	53	270	(2)	323
TR-1	—	98	(4)	98	—	114	(6)	114
B-52(Mods)	120	478		598	141	471		612
KC-135(Reeng)	16	103	(1)	119	25	234		259
C-5(Wing Mod)	11	164	(12)	175	16	187	(18)	203
C-X	34	—	—	34	246			246
UH-60A	-	27	(5)	27	-	63	(12)	63
Missiles (3020)								
ALCM	107	542	(480)	649	69	590	(440)	659
GLCM	108	148	(11)	256	80	329	(54)	409
M-X/Adv Tech	1,492	—		1,492	2,423	—		2,423
Air-to-Air		279	(2,485)	279	—	360	(3,360)	360
Space Systems (3020)								
Navstar GPS*	126	—		126	166	74		240
Space Shuttle	246	117		363	266	212		478
DSCS	33	80		113	40	130		170
AFSATCOM	31	6		37	50	—		50
Def Sup Prog	88	52		140	146	230		376

*Includes Space, Control, and User Equipment Segments.
**Procurement cost excludes initial spares.

TABLE IV

Research, Development, Test and Evaluation (RDT&E)
by Category
(Millions of $; funds in parentheses show funding for selected major systems)

	FY 81 W/SUPP	FY 82 W/AMEND
STRATEGIC PROGRAMS	2,775	3,866
B-52 Squadrons	(120)	(141)
ABRES	(97)	(49)
ALCM	(107)	(69)
AFSATCOM	(31)	(50)
M-X	(1,492)	(2,423)
MM Improv (Include MK-12A)	(53)	(33)
LRCA	(260)	(302)
TACTICAL PROGRAMS	1,494	2,053
GLCM	(108)	(80)
CASWS	(47)	(15)
F-16	(42)	(42)
AWACS	(63)	(53)
INTELLIGENCE AND COMMUNICATIONS	932	1156
Defense Sat Com System	(33)	(40)
Navstar GPS	(126)	(166)
TECHNOLOGY BASE	580	638
ADVANCED TECHNOLOGY DEVELOPMENT	279	361
MANAGEMENT AND SUPPORT	1,047	1,324
Space Shuttle	(246)	(266)
Space Booster	(29)	(19)
TOA	7,107	9,398

TABLE V

Missile Procurement
(Number of missiles in parentheses)
(Millions of $)

	FY 81 W/SUPP		FY 82 W/AMEND	
Minuteman, Titan and C^3		140		90
GLCM	(11)	148	(54)	329
ALCM	(480)	542	(440)	590
Sidewinder	(1,280)	102	(1,800)	133
Sparrow	(1,205)	177 *	(1,560)	227 *
Maverick	--		(490)	232
HARM	--		(136)	89
Rapier		90		133
Target Drones		2		17
Modifications		113		140
Initial & Replenishment Spares		158		204
Space Programs		530		891
Special Programs		1,329		1,567
Industrial Facilities		19		16
TOA	(2,976)	3,350	(4,480)	4,658

*Does not include spares

TABLE VI

Aircraft Procurement
(Number of Aircraft in parentheses)
(Millions of $)

	FY 81 W/SUPP		FY 82 W/AMEND	
LRCA		-	(TBD)	1,942
A-7	(6)	110	-	-
A-10	(60)	524	(60)	542
F-5	(0)	7	(3)	23
F-15	(42)	957	(42)	1,227
F-16	(180)	1,836	(120)	1,657
MC-130H	-	-	(0)	33
KC-10	(6)	312	(8)	437
E-3A (AWACS)	(2)	242	(2)	270
TR-1	(4)	98	(6)	114
C-130H	(6)	69	-	-
CTA			-	4
H-60	(5)	27	(12)	63
ALCA/ARIA Control Acft	(7)	24	(-)	-
Modifications		1,914		2,132
Aircraft Spares & Repair Parts		2,767		4,266
Support Equip & Facilities		1,529		2,041
TOA*	(318)	10,415 *	(253)	14,752 *

*Does not add due to rounding.

TABLE VII

Other Procurement
(Millions of $)

	FY 81 W/SUPP	FY 82 W/AMEND
Munitions and Associated Equip	344	1,124
Vehicular Equipment	158	340
Electronics & Telecommunications	700	1,127
Other Base Maint & Support and Selected Activities	1,940	2,606
TOA	3,142	5,196 *

*Does not add due to rounding.

TABLE VIII

Operation & Maintenance
(Millions of $)

	FY 81 W/SUPP	FY 82 W/AMEND
Strategic Forces	2,785	3,182
General Purpose Forces	3,306	4,015
Intelligence & Communications	971	1,165
Airlift	1,056	1,201
Central Supply & Maintenance	5,174	5,173
Training, Medical, and Other	1,530	1,778
Administration & Associated Activities	361	347
Operation & Maintenance/Guard & Reserve	2,147	2,368
Support of Other Nations	6	22
TOA	17,337 *	19,249 *

*Totals may not add due to rounding.

Biographical Sketches

VERNE ORR
SECRETARY OF THE AIR FORCE

Mr. Verne Orr became the Secretary of the Air Force in February 1981.

Mr. Orr was born November 12, 1916, in Des Moines, Iowa. He moved to California with his family and graduated from Pomona (California) College with a bachelor of arts degree in 1937. He earned his master's degree in business administration from the Stanford University Graduate School of Business in 1939.

In April 1942, Mr. Orr was called to active duty as an ensign in the Supply Corps of the United States Naval Reserve. He served in both the American and Pacific theaters of operations and was released from active duty as a lieutenant in November 1945. Secretary Orr was honorably discharged from the Naval Reserve as a lieutenant commander in 1951.

Following his release from active duty, Mr. Orr became a partner in his father's automobile dealership in Pasadena, California. He remained there until 1960, at which time he began a two-year affiliation with a family investment business. From 1963 to 1966, he was president of Investors Savings and Loan in Pasadena.

At the invitation of then-governor Ronald Reagan, Mr. Orr served as California's director of motor vehicles, a position he held until 1969. After serving briefly as the state's director of general services, he began a five-year term as California's director of finance which ended in 1975.

From 1975 to 1980, he taught government finance courses at the University of Southern California Graduate School of Public Administration. In 1977, he established a small real estate partnership with his son. He served as a deputy director of the Reagan for President Committee and deputy director of the Office of the President-Elect during the transition. He was named comptroller of the Reagan Presidential Campaign in March 1980 and deputy director and comptroller of the Reagan-Bush Campaign in July 1980.

Mr. Orr's civic activities include president of the Pasadena Merchants Association, president of the Kiwanis Club of Pasadena, president of the Family Services Association of Pasadena, president of the United Way of Los Angeles County, and foreman of the Los Angeles County Grand Jury. California Governor Jerry Brown named him a regent of the University of California in 1977, and he is presently director of the Huntington Memorial Hospital and Huntington Institute for Medical Research.

He has been honored as Phi Beta Kappa, Salvation Army Man of the Year in Pasadena for 1970, and is an honorary member of the Pasadena Chamber of Commerce, Pasadena Kiwanis Club, Pasadena Rotary Club, and Pasadena University Club.

Mr. Orr is married to the former Joan Peak of Des Moines and they have two children: Carolyn and Robert Vernon.

GENERAL LEW ALLEN, JR.
CHIEF OF STAFF OF THE AIR FORCE

General Lew Allen, Jr., is Chief of Staff of the United States Air Force. As Chief of Staff, he is responsible for the management of the world's most advanced defense systems and the men and women who employ them. Concurrently, he is a member of the Joint Chiefs of Staff, the principal military advisors to the President, the National Security Council, and the Secretary of Defense.

During more than thirty years of the Air Force service, General Allen has held a variety of operational, scientific, and management positions. His broad range of experience also includes key command assignments in intelligence and systems acquisition.

Initially, General Allen flew B-29 and B-36 aircraft assigned to the 7th Bombardment Group of Strategic Air Command. He attended the Air Tactical

Course and returned to the 7th Bombardment Group as an instructor and Assistant Special Weapons Officer.

Following graduate training in nuclear physics and upon receiving his doctorate in physics, General Allen was assigned to the Los Alamos Scientific Laboratory where he conducted experiments in thermonuclear weapons design and the effects of high altitude nuclear detonations. In 1957, he was assigned to Kirtland Air Force Base, New Mexico, where he was a science advisor and the director for major experiments in nuclear weapons development.

In 1961, General Allen was assigned to the Space Technology Office of the Director of Defense Research and Engineering. He then served in the Office of the Secretary of the Air Force as Deputy Director for Advanced Plans, Directorate of Special Projects. He moved to the Pentagon in 1968 as Deputy Director of Space Systems and in June 1969 became Director.

After serving briefly as Chief of Staff for the Air Force Systems Command, General Allen was appointed in 1973 as Deputy to the Director of Central Intelligence for the Intelligence Community. Later in 1973 he became Director, National Security Agency/Chief, Central Security Service at Fort George C. Meade, Maryland. In 1977, he assumed command of the Air Force Systems Command.

General Allen served as the Vice Chief of Staff, United States Air Force, from April 1, 1978, until he became the Chief of Staff on July 1, 1978.

General Allen graduated from the United States Military Academy at West Point and received his pilot wings in 1946. He attended the University of Illinois from 1950 to 1954, earning a master of science in nuclear physics and a doctorate in physics.

He is a command pilot and wears the Master Missileman Badge. His military decorations and awards include the Defense Distinguished Service Medal with oak leaf cluster, the Air Force Distinguished Service Medal, the Legion of Merit with two oak leaf clusters, the Joint Service Commendation Medal, and the Order of National Security Merit from the Republic of Korea. He has also been awarded the National Intelligence Distinguished Service Medal.

General Allen is married to the former Barbara Frink Hatch of Washington, D.C., and they have five children and three grandchildren. His hometown is Gainesville, Texas.

PERSONNEL LOSSES

Senator STEVENS. General Allen or General Browning, I know you have prepared statements.

General BROWNING. I have nothing to add.

General ALLEN. I will make only a few remarks and submit to questions.

We are pleased that the retention data we have at the moment reflects great improvement. It needs to be, because it was low in the past year and we lost many skilled people in the middle management level of our NCO grades and in the middle level of our officers ranks. These were serious losses and it will take us some years of improved retention rates to restore the skill levels which we desire in our units.

However, we have been getting very good people—bright, intelligent and hard-working young people—and we have retained a number of the most senior NCO's which will provide an adequate base of training and supervision. So, we have been keeping our heads above water and have not had to lower readiness of our units due to shortages of technical personnel, but it has been a near thing.

We are very grateful for the action of the Congress that has allowed us to restore the situation in the benefits area, but more than that, by the change in the attitude of the American people which has clearly given service people an idea that the American public appreciate their contributions to the Nation more than it did in the past. It is not a matter of pay and benefits; it is a matter more of patriotism, dedication and motivation, and it is much better now than it has been in previous years.

So there is no question that the morale is up.

Our situation with respect to technically trained people in getting better, and we have a great obligation to continue these favorable trends.

In the general area of the budget, we, of course, have been terribly concerned for the last year and a half over the increasing confidence which the Soviet Union displays in its increasing military power. That confidence is based, in their view, on a lot of things. Our concern centers on the nuclear forces that they have been able to create over the last few years, on the very competent general purpose forces which they have, and on their new-found ability and confidence in projecting those forces to areas of the world outside of the Soviet Union—such as they have done in Afghanistan.

As we tried to address the implications of those Soviet actions, we found considerable deficiencies in our military capability. The real growth that is present in the 1982 amended budget and the added funds that are available in the 1981 supplemental are very badly needed to correct our real and present deficiencies.

We have applied those funds with a set of priorities in mind. They include a very high priority to people. They include, as another extremely high priority, increasing the combat capability—in the main, the sustainability—of our existing combat forces. We allowed it to deteriorate to a point where it was not nearly where it should be. So, we have placed a large amount of additional funds

into the area of replenishment spares—purchases that are associated with keeping aircraft operating during a period of hostilities.

We have also tried to redress the serious underfunding situation which we have had for several years in our operation and maintenance accounts. Those accounts permit us to operate the force with reasonable effectiveness and efficiency. So, we did give very high priority to restoring those nuts-and-bolts, bread-and-butter aspects of our forces.

In addition, we have tried to initiate programs which are important in the longer term—the necessary movements in our fighting capability. Those occur in several areas. Our highest priority concerns strategic nuclear forces because the balance between the United States and the Soviet Union is deteriorating and is certainly not what we should find acceptable at all. In general-forces, we need, over a period of years, to have both a steady modernization of our older equipment and some increase in the number of forces available. We also have serious deficiencies in mobility and airlift. This relates to our ability to deploy forces rapidly, if required, to parts of the globe—including NATO reinforcement. It relates to newly focused attention on the possibility of employing combat forces in Southwest Asia. Therefore, we place priority on improving those kinds of things.

With those few remarks, I will be prepared to answer questions.

MX DECISION

Senator STEVENS. It is obvious, Mr. Secretary and General Allen, from the paper this morning, we would be obliged to ask, what is happening on the MX, in view of the opposition developing in the Mormon Church in Nevada and Utah?

Secretary Orr. The MX question at this moment lies in the hands of the Secretary of Defense, who, as you know, has appointed a distinguished committee—not consisting of in-house people, but of people who are from outside the Department—which is looking at all the alternatives, particularly in the basing mode.

Mr. Weinberger has stated publicly from time to time his anxiety and desire to look into possible basing aboard ships, and that is one of the considerations which has long been studied.

The Air Force position is simply this: Having studied some 30 or 35 different basing modes over a 7-year period covering three administrations, it seems that the multiple protective shelters in the areas of Nevada and Utah appear to be the most acceptable option. However, that now will be subject to the close scrutiny of the independent committee, and their report is expected somewhere around the 30th of June.

In a meeting this morning, Defense Secretary Weinberger expressed the view that, at the present time, the opposition from the Mormon Church—while fully understandable—is a bit premature, because the committee has not yet come in with its recommendation.

SPENDING FUNDS ON SINGLE MX BASING MODE

Senator STEVENS. My amendment for two years has prevented, or at least attempted to prevent, us from getting locked into any one

option as we spend money on MX. Are your familiar with that amendment?

Secretary ORR. I am familiar with the problem of spending money on a single basing mode before we have decided upon it, Senator.

Senator STEVENS. My preliminary analysis of expenditures indicates that that may have been ignored. I think on three occasions the Senate passed, and the House agreed to, an amendment that said we did not want funds spent on MX that would lock us into one basing mode; yet as I review it, that appears to have been done anyway. The mode is the land-based mode, which is the persistent request from the Air Force.

Have you had any analysis to see how the money has been spent?

Secretary ORR. Yes, sir. In the last 30 to 45 days, since the committee under the Secretary of Defense was formulated, I have instructed our staff to bring every single new contract to my desk for a very close scrutiny as to its purpose.

Now, we are also locked in by congressinal order, it is my understanding, to an IOC of December 31, 1986. So there is a balancing act on how little we can spend and still meet the obligation for that date.

I am trying very hard not to waste money because any money spent on a basing mode, if it is not selected, is wasteful expenditure.

Senator STEVENS. Well, I am not sure that is the case. It seems to me that is the decision that the Air Force has made and they are going right ahead and spending money on the land-based mode, the mode that was proposed to us 3 years ago and rejected, and 2 years ago and rejected, and last year and rejected. They are still spending it on one mode, on the basis that that is cost efficient.

Yet we have not seen any final decision yet on that deployment mode and therefore felt that we should prohibit the expenditure of funds on any contract that would, in effect, lock us into one deployment mode.

Secretary Orr. It was not one specific site; it was one specific mode.

Senator STEVENS. Will you get that language and we will put it in the record. But I would like to have the language right now. It was a very controversial item that suddenly was accepted on the basis that someone advised the Air Force that they could ignore it.

I would like to have a study and I would like to know of any money that has been spent contrary to those three amendments. It is not one; it is three. It is not you, sir, but our friends, and they are my friends, in the uniformed services, who somehow or other have ignored some of these directions that came out of Congress. I don't know on what basis that was done unless somehow or other there is an interpretation that it is not binding upon the Department.

Have you had any such interpretation that the amendment was not binding on the Department?

Secretary Orr. No, sir; I would not be aware of anyone in the Air Force who would make such an interpretation.

Senator STEVENS. Some of us believe that even if we had some redundant spending, we would be better off to have another option,

in view of the direction the country was taking on the land-based mode that had been proposed by the Department in the past.

It appears that we may have spent our money solely upon this land-based mode that is going to be rejected. If that is so, we will be 2 years behind.

Secretary Orr. We are spending a considerable sum of money on the missile itself, which is compatible with—the last I saw—some 17 different modes. Now, there are a number of modes that the present missile is not suitable for, but there are a large number of options for which it is suitable.

Senator STEVENS. Maybe we will have to take the money out from the MX II in order to get the attention of the Air Force because it is, to me, an absolute waste of money to have a missile ready that there will be no way to deploy it. We were going solely on the land-based mode and it seems to me the Air Force continues to go on a land-based mode, that one mode of the Racetrack or modified Racetrack, which is entirely unacceptable, in my opinion, and I made that judgment 3 years ago.

Everyone cautioned against trying to defeat that at the time because of the problem of defeating the missile itself if we did, so we accepted this other compromise and it appears it has been ignored.

The other thing is that I did write a letter—and I am going to yield to my friend here, because we have a rule about 5 minutes here.

Senator RUDMAN. I didn't think that applied to the chairman.

OTA STUDY

Senator STEVENS. I try to abide by the rules, too.

I wrote you a letter about the OTA study on the MX system. Did you get that letter, sir?

Secretary Orr. Could you just briefly tell me about that?

Senator STEVENS. The OTA was proceeding on the MX and we did have a preview for Members of the Senate, so they could see what was being done. As a result of that, at least two Members of the Senate, in writing, and some others orally, asked me to expand, as I am chairman of the OTA also, to expand that study. We did request—or the board of OTA requested an expansion of the study, and we ran into a brickwall, that the Air Force would not give them the information.

I wrote a letter asking you to give that information.

Secretary Orr. That meeting was to have been held April 29 or April 30, and I did respond to that letter. I received assurance from the Air Staff that they would cooperate fully and I so informed you.

Senator STEVENS. I haven't gotten any response, and to my knowledge we are not getting the information yet, so I would like to know, are we going to get the information we need to make the study? And that may require a classified hearing if we go into the details of it, but the information we sought was classified, as we were told.

I am not saying it personally; the staff of the OTA was making the request.

Secretary Orr. There was to have been a meeting held the 29th and 30th of April, and I received assurance from our staff that we would have personnel there ready to answer your questions. I will look into it as soon as I get back.

Senator STEVENS. I will check again to make sure we didn't get the information.

Secretary Orr. I did reply to your letter and I am sorry if it hasn't reached you yet.

MX FUND SPENT ON SINGLE BASING MODE

Senator STEVENS. The amendments we put in these public laws, now, every time since we started the Military Construction Act, that none of the funds appropriated in that act for the development of the MX missile shall be used in a fashion which would commit the United States to only one basing mode for the MX missile system—now, we have repeated that in other acts. But I would like to request—and I am not asking you to hire some consultants to find it out—but I would like to know if you can give us a report as to whether those amendments have been followed, the direction has been followed, by the Air Force.

We would like to know what monies have been spent solely on any one mode.

Secretary Orr. I will oblige.

Senator STEVENS. Thank you.

[The information follows:]

MONIE SPENT SOLELY ON ONE BASING MODE

Both the Military Construction Appropriation Act and the Department of Defense Appropriation Act for fiscal year 1980 contained language whose effect was to require the Air Force to retain basing mode design flexibility pending selection of a basing mode for the M-X missile system. The Air Force complied with this requirement by retaining design flexibility and by developing system siting criteria which would allow either a horizontal or vertical multiple protective shelter (MPS) basing mode.

In contrast to the fiscal year 1980 restrictions, as part of the fiscal year 1981 authorization and appropriation process, the Congress directed full scale development of the horizontal multiple protective shelter system. More than $500 million of the fiscal year 1981 RDT&E appropriation is dedicated to this basing mode. Nonetheless, the missile, with relatively minor modification, remains compatible with seventeen different basing modes. Moreover, M-X compatibility with certain basing modes e.g., Minuteman silos, will be maintained during full-scale engineering development and, in effect, for the life of the program.

CLASSIFICATION OF OTA STUDY

Senator RUDMAN. Mr. Chairman, I believe the study prepared by OTA is not classified in itself, am I correct?

Senator STEVENS. No, it was classified. We had the presentation in the classification room in the Capitol.

Senator RUDMAN. I would like to discuss some elements of that in executive session, if we have time.

Senator STEVENS. We do expect other Senators, if you can delay until they arrive, and particularly, I think, Senator Stennis would like to be involve in that.

Senator RUDMAN. I have a number of questions for General Allen and General Browning. I have had the benefit of some very good meetings with General Browning.

Here on the record this morning we have talked a lot about specifics. But it seems to me that one of the things we should address is this whole matter of cost growth, both in our conventional systems as well as in a number of the high-technology systems.

I noticed with interest earlier this week that the Deputy Secretary of Defense, Mr. Carlucci, is starting a major effort to start controlling some of these costs.

INADEQUATE ASSESSMENT OF INFLATION

One of the problems as we have looked at an analysis of these cost-growth problems has been an inadequate assessment of whether the inflation rate would be based on the multiyear procurement an the growth of the systems over the full procurement cycle.

I would like to ask General Browning, first, what inflation rate are you using in you figures to date? And, second, is that inflation rate a matter which you have determined within your own staff, or is that an inflation rate that has been furnished to you by OMB?

General BROWNING. Sir, we used the inflation rate furnished to us by OMB.

Senator RUDMAN. And what is that rate?

General BROWNING. I was just going to get it.

Senator RUDMAN. That is fine.

General BROWNING. It is 8.7.

Secretary ORR. I believe it is 8.7, sir.

General BROWNING. It is the composite and it would vary by commodities, and the composite is 8.7.

Senator RUDMAN. And that also applies then to an average of your procurement over your weapon systems that you are presently procuring in your budget; is that correct?

General BROWNING. That is affirmative.

Senator RUDMAN. What has the Air Force's experience been in the past year or 18 months in annual inflation rates within the defense industry itself, in terms of your vendors?

General BROWNING. We are, at this point in time for the fiscal year, over 11 percent. That is without fuel being considered.

Senator RUDMAN. The Navy and the Army have testified that generally within the defense industry for the high-technology systems it has been between 25 and 30 percent in the past 2 years, each year. Has that been you experience?

General BROWNING. It would be above 20 percent if you just look at the defense industries.

DEFENSE INDUSTRY INFLATION

General BROWNING. There are numerous estimates of cost increases in Air Force systems each year. In many cases certain selected materials or parts increase much more than the aggregate end item. For example, in a January 1981 Defense Science Board report on industrial responsiveness selected materials such as molybdenum and gold increased over 250 percent. Likewise, certain parts such as generators and capacitors were up over 30 percent. However, a recent report on price changes in DOD weapon systems by the consultant firm of Coopers & Lybrand indicated that the aggregate rate of price increase for a sample of DOD

weapon systems increased only 7.8 percent between fiscal years 1978 and 1979, and 15 percent between fiscal years 1979 and 1980.

Senator RUDMAN. At the defense industry itself, it would be above 20 percent?

General BROWNING. Yes.

Senator RUDMAN. I would like your personal opinion, General Browning, understanding that you represent in that budget what OMB tells you to do, whether or not you believe, or whether you are comfortable with, the inflation figures that you have used in the budget that you have presented to the Congress this year?

General BROWNING. I think the Air Force has well documented that we have had a problem with inflation for the past several years and we are anticipating a continuing problem unless the rates do come down. It is predicted that the rates will come down.

Senator RUDMAN. Well, have you done a calculation, as some of the other services have done, as to what each 1 percent of inflation above the 8.7 that you have in your figures will mean to your budget as submitted to us?

General BROWNING. I have not done that calculation. I know that for the 1981 budget, the difference between the Carter indices and the new Reagan indices means $345 million to the U. S. Air Force; and in 1982 it is about an $851 million difference.

Senator RUDMAN. Well, I would like for the record, while the record remains open, a projection from your office, which I expect will be fairly easy to do with what you have in terms of your basic figures, showing what your needs would be under the present submission of the administration with inflation rates at 10, 12, and 14 percent—that is No. 1—and also in terms of additional dollars as to what that will mean.

And, No. 2, I would like for the record a list of those programs which are major procurement programs in the Air Force. I will let you decide which are the major procurement programs at this time, and assess what the defense industry inflation rate of the past year—which has been above 20 percent; and use 20 percent if you wish—will mean to those programs in fiscal 1982.

Mr. Chairman, the reason I ask that question is because I have spent some time in the past week going over the figures and doing my own calculations. It is my belief that with the growth of the cost of the high-technology systems, with the inflation rate thus applied, and with my own somewhat pessimistic view as to whether or not the 8.7 rate can be held, we are dealing in fantasies when we come up with this fiscal year 1982 budget as projected by the services. We will be faced with a supplemental of monumental proportions if any of these factors do not, in fact, occur.

So I think this committee needs for its deliberations, and the Senate needs for its deliberations, other figures to consider.

You may be bound by the OMB. We are not. I would like to have that information.

Senator STEVENS. I might say to the Senator that that is entirely in accord with what we have planned for the 1982 budget and not the 1981 supplemental, but the 1982 budget, to have all items be appropriated on the basis of the best judgment of what is going to be the inflation rate.

But having said that, it is the contention of this chairman, if we can possibly do it, to stay within the budget request. So it means we are going to eliminate a substantial number of items in order to do that.

I think that Senator Rudman has an absolutely valid point and the net result is that we face supplementals like the one I have in my lap, and I intend to ask some questions on that before we finish. That is, the 1981 supplemental demonstrates your point, because in almost every item we are paying for the inflationary costs which were ignored in the last budget. It must be controlled.

[The information follows:]

IMPACT OF ALTERNATIVE INFLATION ASSUMPTIONS

The impact of inflation depends not only on the inflation rates used for the current year, but also on what levels of inflation are assumed for the outyears. This results because most appropriations are not obligated in one year. If 10, 12, 14 percent inflation is projected in fiscal year 1982 and the outyears are not changed, the impact on Air Force TOA is as follows:

[In millions of dollars]

Item	Percent inflation		
	10	12	14
Present budget	66,984.6	66,984.6	66,984.6
Increase	+613.9	+1,560.5	+2,505.1
Total	67,598.5	68,545.1	69,489.7

If higher inflation is projected in the outyears, the impact is:

[In millions of dollars]

Item	Percent inflation		
	10	12	14
Present budget	66,984.6	66,984.6	66,984.6
Increase	+1,295.7	+2,508.0	+4,011.1
Total	68,280.3	69,492.6	70,995.7

While the cost of selected raw materials used in Defense systems has increased over 20 percent, a recent report by Coopers and Lybrand on price changes in DOD indicated that the aggregate price increase for DOD weapon systems was 7.8 percent from fiscal year 1978–79 and 15 percent from fiscal year 1979–80. For comparison, the impact of 12, 14, and 20 percent inflation on selected weapon systems is as follows:

[In millions of dollars]

System	Present estimate	Percent inflation		
		12	14	20
A–10	542.4	581.7	605.0	664.7
LRCA	1,942.0	2,082.8	2,166.1	2,379.7
F–15	1,227.2	1,316.2	1,368.8	1,503.8
F–16	1,656.9	1,777.0	1,848.1	2,030.4
ALCM	589.9	631.2	655.8	718.5
GLCM	329.2	352.3	366.1	401.0
E–3A	270.0	289.6	301.2	330.9

[In millions of dollars]

System	Present estimate	Percent inflation		
		12	14	20
TR-1	113.7	121.9	126.8	139.3
AIM 7	227.0	243.0	252.4	276.6
AIM 9	132.4	141.8	147.3	161.4
Maverick	232.2	248.5	258.2	282.9

GROWTH OF HIGH-TECHNOLOGY WEAPON SYSTEMS

Senator RUDMAN. I have one more brief question at this time. I would like to ask General Allen this question: Going back to Secretary Carlucci's statement earlier in the week, and knowing the problems that all of the Services have had, caused by a variety of factors, what specific steps does the Air Force now have underway to come back to the appropriate committees of the Congress and tell us how you are starting to deal with the growth of these high-technology weapon systems that are not related to inflation. That are, in fact, related to errors in the conceptual aspects of these programs, the state of the art that they are trying to achieve, and the tremendous errors in estimating that have been made by the defense contracting industry?

What are we doing to try to get a handle early on in these programs?

General ALLEN. As Secretary Carlucci probably testified, there is a major overhaul of the planning, programing, and budgeting systems within the Department of Defense. The major thrust behind that overhaul is to delegate further down in the system the decisions and the authority to make those decisions for a number of actions relating to procurement, and to reserve for the higher levels the issues and policy matters more appropriate to those levels.

A major part of that is to delegate to the Service Secretaries a greater degree of responsibility and accountability for the actions that take place in the programs for which they are responsible. We believe it is going to be a significant help. Some of the troubles in the past have been caused by micromanagement occurring too high in the system and causing difficulties for the lower elements of the system.

In addition, the Secretary of Defense has directed a major effort to increase the efficiency of the acquisition process, and a whole set of directives have been provided to us. These are numerous and I am sure can be provided to you, although I believe the Secretary of Defense may already be providing them to the Congress.

Included are a number of initiatives that we think will be helpful. In some cases, where programs are stable and where one wishes to enforce stability in the configuration of the hardware, multiyear procurement is a sound way to go. It permits the industry to plan ahead in a far more reasonable way and permits economies.

In some cases where we have inventory objectives to reach, if we can reach those inventory objectives at higher rates of production,

the Government is well served by the efficiencies of higher production rates. To do that effectively, we require congressional support to terminate a program when we come to the inventory objective—a matter that seems to be extremely difficult to do.

In a lot of these matters we need the cooperation of the Congress in order to achieve the efficiencies we want. We recognize that there has to be a better way of doing things, and we are setting about, as seriously as we know how, to improve that process and make it effective.

Senator RUDMAN. I certainly hope so, because I will tell you, looking at the programs across the Services, the performance has been dismal. If private industry were ever to enter on projects with the kind of growth that has been seen from original estimates, we would have more companies in bankruptcy in this country than we have solvent.

I think it is probably the top priority of the Services—next to manpower—to come back to this Congress and say, "This is what we have done about designing the cost," instead of the other way around. I certainly hope that you can come back to us with some significant approaches to this program, because I am fearful if you don't we will lose public support, because the costs will be so enormous.

APPROACHES TO SUPPLEMENTALS

Senator STEVENS. As soon as the other members are here, I want to talk to you on the record about some new approaches to supplementals, too. It is my hope that the committee will agree with me, that we will not consider a request for any item deleted from a major bill, that we will not consider any item in a supplemental, unless there is an emergency attached to it; and we will, in fact, spend our time on the major bill.

We have before us now a supplemental which is $15.3 billion and a departmental budget request for 1982 of $68.6 billion. We find that the detail in the supplemental takes all of our time and meanwhile the major bill of $68-plus billion just goes sailing through and we don't have the time, really, to get into it and to apply some of the rationale that Senator Rudman so well demonstrates.

We have to stop these tremendous cost overruns, but if the committee will accept that, I intend to put it in writing to the Secretary and tell him that so long as I am chairman we will not consider them.

Now, it may be that the Senate as a whole may disagree with us, but I don't think, unless there is an emergency or something has happened after the regular bill, that we ought to be faced with a supplemental at the same time we are trying to figure out the costs for the next year. It is just too much. This is the last year that we will consider a supplemental of this magnitude without some justification for each item.

If the committee will listen to me, we will spend our time on the regular bill, and we wil try to see what we can do to encourage the Department to get these costs back under control.

Senator ANDREWS. I can assure the Secretary that the chairman speaks knowing of the support he has on the committee, and I can

also assure the Secretary and, I am sure, the rest of your group, that that big bill isn't going to go through here unscathed, by our not looking at it.

Senator STEVENS. But it just gets harder to do.

Senator ANDREWS. The chairman also brought up a good point early on, expressing his concern—and that is shared by us on the committee—that you not get tied down to the basing mode of the MX before we get a chance to look at the alternatives.

SURVIVABILITY OF LAND-BASED ICBM FORCE

But in your statement, on pages 34–35, you mention ICBM's and in your words you go ahead to say, "We need to restore the verifiability of our land-based ICBM's and modernize our strategic bomber."

Let me go back to that. Two weeks ago there was one of those Washington Post declassified lead stories out of your think tank saying that it was the feeling of the Air Force that we needed to go back and reactivate the ABM concept.

Is this what you have in mind when you say you are going to restore the survivability of the ICBM, or what exactly do you have in mind when you address this committee with the statement that you are going to do what you can to restore the survivability of our land-based ICBM's?

Obviously, if you can restore the survivability of the ICBM's, we don't need an MX.

Secretary ORR. I am going to pass on that one and see if General Allen can help me. But let me tell you why. The first I heard of the Air Force taking the position outlined in the Washington Post was when I read it that morning.

Senator ANDREWS. Don't the people in your shop communicate with you, Mr. Secretary?

Secretary ORR. Yes; and they didn't communicate with me on any such position.

Senator ANDREWS. Is that fellow still around?

Secretary ORR. I don't know who it was; the leak doesn't say.

Senator ANDREWS. Oh, yes, it says.

Secretary ORR. In the article?

Senator ANDREWS. The article in the Washington Post names the individual. What is his name? He is trying to remember. But, Mr. Secretary, my office can give you the name of the man. All I have to do is make a 2-minute phone call and Scott can tell you who it is.

Secretary ORR. Let me put it this way——

Senator ANDREWS. It starts with a "Z" if I remember correctly.

Secretary ORR. It has not reached my desk, if I remember correctly. What was the thrust of that article? Is that the one that talked about small ICBM's?

Senator ANDREWS. That is the article that said we are going to reactivate the ABM to protect our ICBM's, and we are going to activate in a different way than it was originally designed, and it will have nonnuclear charges on it that go out and interdict the incoming missile with a different type of approach than the other one did.

Secretary ORR. The sole discussion I have had on that issue in the last 2½ or 3 months has been with the former Secretary of the Air Force, Dr. Hans Mark, who feels very strongly that one of the things we ought to consider is an antiballistic missile. But I have had no briefings and I have authored no instructions to work on it.

Senator ANDREWS. What do you have in mind when you say you are going to restore the survivability of our land-based ICBM's, what technique are you suggesting in the statement?

Secretary ORR. That is through the multiple protective structure basing for MX. The fact is that, where we have Minuteman now, each can be easily spotted and destroyed with one carefully targeted missile from abroad; and the idea behind multiple protective structure basing is that——

Senator ANDREWS. The name is Seymour L. Zeiberg, Z-e-i-b-e-r-g, Deputy Under Secretary of Defense for Space and Strategic Systems.

Secretary ORR. Mr. Zeiberg does not work in the Air Force.

Senator ANDREWS. Well, it is not your shop that is putting out those stories?

Secretary ORR. No. Mr. Zeiberg is obviously part of the Secretary of Defense's structure, but the views you mention have not been anything that reached me.

Senator ANDREWS. Anything that has to do with the missile program is under the auspices of the Air Force.

Secretary ORR. I wonder if General Allen would comment?

General ALLEN. I haven't read the article, but it may not come as a complete shock to you that when I do read such articles I find that they are erroneous. Without reading this one, I can assure you that at least your interpretation of it is erroneous.

Dr. Zeiberg and we have had common views on this matter, and those views are that we need to restore the survivability of the present land-based ICBM force. All of the arguments about the world events and resilience of the Triad are what lead us to that conclusion.

ANTIBALLISTIC MISSILE SYSTEM

Senator ANDREWS. And we share that concern with you, but when you read a headline, and you can imagine how this was played up out in North Dakota newspapers, "Pentagon Strategy Urges Revival of ABM."

General ALLEN. I was going to explain to you what I know Dr. Zeiberg believes on that matter, because we have worked on these things together over a number of years. His views are as follows:

The best way to restore ICBM survivability is through the multiple protective structure basing mode that we have talked about—to get those now-vulnerable reentry vehicles and weapons into a structure which will be survivable.

Now, the configuration we have defined is one that is designed against the present estimate of the Soviet threat. We have been obliged to answer questions about extended threats; that is, what happens if the Soviets do this or do that. One of the things that they might do is have a substantially higher threat against missiles or against whatever.

Senator ANDREWS. That is only logical, because whatever you do now isn't going to be in place for 7 or 8 years, and I would hate to have it in place only to find the other side has done something that renders it vulnerable again.

General ALLEN. So the question we have been obliged to address throughout the discussions of the basing mode of the MX is whether we should size it against the presently projected threat or size it to be resistant to larger threats.

Our answer to that has been as follows: If the threat increases beyond our present projections, we have the ability to add shelters, relatively inexpensively, in the present system, and within the designated basing areas.

Senator ANDREWS. You are talking about the MX now?

General ALLEN. We could also expand the basing areas. A third approach is that one could defend the MX system with a low-altitude antiballistic missile intercept system. That system is a fundamentally different system than the one you described. It is one that would use nuclear warheads that would intercept low and be useful over hardened structures only. It is not going back to the much earlier ABM days which asked for very high-altitude intercepts and which are vulnerable to saturating attacks from the Soviet Union.

That is the view that Dr. Zeiberg has, however erroneously the Post reported it. With that in mind, we have worked with the Army—in order to reorient their approximately $250 million a year which is spent on ballistic missile research—to emphasize this low-altitude form of ballistic missile defense as a hedge, but not as any part of a plan.

Senator ANDREWS. But it would be integrated with our weapons being mobile, rather than our weapons being in fixed silos?

General ALLEN. In low, protected structures, yes.

Senator ANDREWS. So the Air Force and/or the Defense Department are not going back to the concept of an ABM that could protect against attacks on fixed missiles in fixed silos?

General ALLEN. We do not believe the technology for that is here; it is not here as far as we can look into the future.

Senator ANDREWS. Which is why the ABM was shut down at the point it was shut down?

General ALLEN. Yes.

Senator ANDREWS. Now, you also in the one sentence—you really said a lot in that one sentence—you said, "restores the survivability of our land-based ICBM's and modernize our strategic bombers."

STRATEGIC BOMBER MODERNIZATION

Now, on "modernize our strategic bombers," what are you going to do to upgrade those birds beyond what you have been doing? Are you going to fit cruise missiles on them; is that the next step?

General ALLEN. The current plans are to modify some of the B-52's to carry cruise missiles and embark upon a program which has a first-alert capability this year; that is, we will soon be adding cruise missiles to the B-52 force.

Now, the issue that is also implicit in that statement is that we need to address the long-term question. The B-52 is an old bomber.

Because of its difficulties in penetrating what we project Soviet defenses to be, we plan on moving it into a standoff role. In order to preclude a major limitation in applicability of the bomber force, we are addressing very vigorously now the recommendations which will lead to a follow-on bomber.

Senator ANDREWS. As I understand it, the B–52 is such a ship that it can't get in close enough, so it has to carry a heavier, longer range cruise missile, which means fewer cruise missiles than a bomber that could penetrate a little closer to the target; is that not essentially true?

General ALLEN. Yes, sir.

Senator ANDREWS. So you would get essentially less than half, maybe only one-third, of the firepower cruise missile wise, from a B–52 that you would from a B–1?

General ALLEN. In total, yes, sir. The B–52 is a big, old, durable airplane and it will carry a lot of cruise missiles. We anticipate it will be able to serve as a cruise missile carrier for some years in the future, even after we can't penetrate with the airplane.

What a new aircraft will do is permit us to continue what we have done for the last 20 years; that is, stress the Soviet defenses and put targets in the Soviet Union at risk from a penetrating manned bomber.

Senator ANDREWS. But the cruise missiles you carry on the B–52 have to be much more expensive and with much longer range than the cruise missiles you would fit on a B–1-type bomber?

General ALLEN. Yes; in the earlier program we had a short-range missile for the B–1.

Senator ANDREWS. Which probably would be more accurate and have a lot of other benefits and more bang for the buck?

General ALLEN. Yes, sir.

Senator ANDREWS. Some of that gets over into that?

General ALLEN. Yes.

C–5A BASING

Senator ANDREWS. Let me have one final question and we have gone over into some of that far-out stuff, but the thing that bothers us, when we are sitting as we are and the chairman points to it quite well, we are handling a lot of billions in the defense budget and we see not just the Washington Post but also U.S. News & World Report coming up with stories such as they do, creating a great deal of question in the minds of people back home as to whether you in the military really know what the devil you are doing.

One of the things that strikes me, and that is just some plain old horse sense out on the farm, "If you can't innovate a cheaper way to get your crop in, you are out of business and your neighbor takes over." Farmers talk pretty plainly; they read in U.S. News & World Report that you have your C–5A's stationed out in California, although you use them almost always to run across the Atlantic. We don't put our tractor 10 miles down the road and keep it that far away from the field that we intend to use it in.

What answer does the Air Force have to questions like this, where you have your C–5A's stationed in areas so they have to run empty across the continent before they then settle down to do the

job that they are doing right now, which is carrying the stuff over to NATO? How do you answer questions like that?

This is the kind of thing the average American reads. They are proud of the people who serve in the Air Force and proud of their whole defense system, most people are, in this country, and they are very patriotic; but they see this and they tie it in with the amount of billions we are spending, and they say, "What the devil is wrong with those fellows who are wearing all of those stars on their shoulders? Have they gone ape, and do they know how to run the ship?"

General ALLEN. I would like to make three points that are useful, I think. The first one is that the basic structure of the strategic airlift forces and the way we plan and operate them in peacetime is set up primarily to be effective during wartime. The efficiency of the peacetime operations is a secondary objective.

Senator ANDREWS. Are the C-5A's largely based on the west coast?

General ALLEN. We have them evenly split.

The second point is that the report, which U.S. News and World Report had, was based on a House Appropriations Committee investigative team report, as I recall, which was a few years old and looked into the then-existing traffic utilization. Indeed, they found that coming out of Vietnam we had a lot of flow in the Pacific area and somewhat less in Europe. Because of the decreasing flow in the Pacific and increasing peacetime transport to Europe and the emphasis on that area, there was, in fact, an underutilization of traffic originating westbound compared to eastbound.

That caused these "deadhead drops" to occur. We addressed that report, as we are required to do, and concluded that there were problems with meeting the requirement because it involved considerable capital expenditure. Since those forces are operated 50 percent by Reserve people, it also caused problems with regard to location of the Reserves.

Senator ANDREWS. The C-5A's are flown by reservists?

General ALLEN. Fifty percent. If you get on that plane, the odds are 50-50 that they are crewed by reservists.

My third point is that the problem has been basically overtaken by events because the increased focus of attention in Southwest Asia has increased the traffic load westbound such that at the moment east and westbound traffic is within just a few percentage points of being the same. These deadhead, unproductive flights are not occurring.

NEWS REPORTING

Senator ANDREWS. I don't want to dwell on that one single item. There was a whole host of items. The final question I would like to address to you is, when a nationally known news magazine, one of the top ones in the country, comes up with a report like this from the House side, our friend, Jack Edwards, put that one together, as I recall, and Jack and I had a choice game, and I picked Agriculture and he went on Defense. If I had been on Defense that many years, who knows?

But obviously there is some truth in these reports, but when they go to publish this type of story based on a report of this type, do

they come to the Defense Department and do they come to the Air Force and say, "What is the balance on this, so we have both sides before we publish this"?

General ALLEN. No; they are not seeking balance.

Senator ANDREWS. In other words, this article was not complete by having their reporters, before they wrote this multipage article, go to the Air Force and say, "What are your comments"?

General ALLEN. There is little news interest in the news that they are operating on a right balance.

Senator ANDREWS. Doesn't that mean that you have to investigate both sides in investigative reporting?

General ALLEN. It means you have to investigate enough to get a newsworthy story.

Senator ANDREWS. Thank you, Mr. Chairman.

Senator STEVENS. Thank you.

Senator Stennis, do you have any questions?

Senator STENNIS. When you get back to the MX, I have some matters I would like to discuss. I don't believe I have any questions now.

Senator STEVENS. Gentleman, we have two problems. One is the markup of the supplemental, and the other is that we do want to go into the MX question in executive session. I would prefer that we try to get all of the questions we can to the witnesses here on any other matter other than MX, and to have the markup, and then go back into the MX, if that would meet your approval, because we have a quorum here and we can at least consider the matter.

Senator ANDREWS. That is fine.

MULTIYEAR PROCUREMENT

Senator STEVENS. While we are still waiting here, let me ask, Mr. Secretary, there has been a lot of news coverage concerning this multiyear procurement. Many of us have believed in it for a long time and General Slay had a long presentation on that subject; and are you evaluating that proposal for multiyear procurement?

Secretary ORR. Yes, we are, Mr. Chairman, and obviously there are potential savings. As a long-time conservative I am looking at multiyear procurement with a very careful eye, because the savings can be quickly eaten up if there is a lack of stability in the program. That concerns me. In other words, we could get carried away with multiyear procurement on some particular weapon system and 3 years down the pike something could come along that makes that system look obsolete. I think history proves that there are relatively few programs that are stable.

Therefore, I would like to see multiyear procurement only on a limited number of Air Force programs on which there is complete agreement as to stability. I have a concern over its widespread use, which is the fear that we could entrap ourselves and future Congresses into something on which we may change our minds. That is my sole concern.

Senator STENNIS. Why don't we take something like the F–16 and start it and see how it works?

Secretary ORR. There are several programs for which I think it is applicable.

Senator STEVENS. Could you give us, or ask your staff to prepare for us, a statement of what would be the advantages and disadvantages on the F-16 if we started a multiyear procurement on one weapon system?

Secretary ORR. I can not only do that, but I believe also that General Browning has a dollar figure worked up on that F-16 program.

[The information follows:]

ADVANTAGES/DISADVANTAGES OF F-16 MULTIYEAR PROCUREMENT

The primary advantage is the estimated cost savings. If we were to buy the remaining 783 F-16's of the programed acquisition of 1,388 aircraft at a rate of 120 per year on a multiyear basis, we estimate a savings of approximately $641M in then-year dollars. Actual savings will vary depending on production rates, contract structure and the planning factors used. A second advantage, as with any multiyear procurement, is our belief that longer term contracts will provide industry an incentive to invest in more productive methods and equipment. The Air Force also derives both tangible and intangible benefits from having firm aircraft beddown schedules which permit adequate planning for spares, support equipment, training and personnel in an orderly fashion as we bring the aircraft into the active and reserve forces.

A disadvantage is the limitation on the flexibility to change annual production rates and contract structure. Since the contractor will be stocking economic quantities of materials, configuration changes must be planned and managed carefully to preclude rework or scrap. We believe the stability of the F-16 program and our ability to plan for major configuration changes (Multinational Staged Improvement Program) minimize these potential disadvantages.

MULTIYEAR PROCUREMENTS

General BROWNING. We initially reported in the House that we could save over $800 million, and that with the new inflation comes to about $671 million that could be saved in one version of a multiyear procurement of the F-16; but we do have multiyear procurement in some systems now.

The 30-millimeter ammunition is being bought that way. The major hindrance to doing it further is the cancellation ceiling that we have of $5 million. If we had that raised, we would be doing more; but we are doing several in multiyear procurement at this time.

F-111 BOMBER OPTION

Senator STENNIS. What was the basis for eliminating the FB-111 as one of the options for the manned bomber? Many of us thought—and as a matter of fact I went out and I had a briefing at SAC—that they had a very good proposal to use the FB-111 to fill the gap as far as the aged B-52's are concerned in the air-launched cruise-missile area. Why did you shelve the FB-111?

Secretary ORR. The only place I know where it has been shelved is in the Washington Post. We have not made our final presentation to Mr. Weinberger, which we expect to do in 10 or 15 days, and the FB-111 is one of the contenders in that.

There are some disadvantages to the FB-111B/C, as well as some advantages. One of the disadvantages is that conversion of F-111's draws down 150 planes from the tactical forces—converting them to bombers. There is no addition to the total numbers of aircraft; it is a change in the nature of the mix between tactical aircraft and bombers.

The second thing the conversion does is to spend $10 billion.

The third consideration is that that plane is already very heavily wing-loaded, and this extension currently exists only on paper. There is some concern among some engineers as to the technical considerations of doing that.

The fourth consideration—and General Allen will correct me if I am wrong—is that the plane does not have the carrying capacity nor the legs that some of the other bombers have.

And the fifth consideration is that the FB-111B/C is not convertible to an ALCM carrier when the day comes that you are no longer able to use it as a penetrating bomber. Is that correct?

General ALLEN. Yes, sir.

Secretary ORR. So there are some deep reservations, but the final decision will be Mr. Weinberger's, and we are still talking about several alternatives, that being one.

CX PROGRAM PROPOSAL

Senator STEVENS. What about the CX?

Secretary ORR. That is a problem that is of deep concern to me, for the reason that the chairman raised—how many new weapon systems can we afford and what is the bow wave we create? It is no secret that there is a tremendous amount of enthusiasm among my military associates for the CX. It has a mission which is clearly spelled out, and it can fulfill that mission better than any other alternative presently available. It is an all-new plane, with all of the consequent research and development costs, and it would come with an IOC possibly 6 years away.

When I look at the out-year costs of MX and out-year costs of the bomber, which I put at a higher priority than I do the CX, when I consider that there are some other airlift alternatives which may be weighed, I have deep concern about coming before the Congress with another all-new weapon system. I haven't resolved that in my own mind.

Senator STEVENS. We share your concern, Mr. Secretary.

I am going to put in the record in the next few days the article on high technology from the Atlantic Monthly. I don't know if you have seen it, but it is a very interesting critique of one point of view. I would invite you gentlemen, particularly the Air Force, to provide a reply, so that there will be a balanced presentation in the record, to submit your comments to us. But it is a very persuasive argument there about the redundancy of high tech weapons and their cost. It is one thing alarming us as we go through there.

[The information follows:]

"ATLANTIC" MONTHLY CRITIQUE ON HIGH TECHNOLOGY

The Air Force has reviewed the article, "America's High-Tech Weaponry," which was recently published in "The Atlantic." The article is mainly a restatement of an analysis conducted by OSD/PA&E, titled "Defense Facts of Life," which has been reviewed and debated by the Air Force for the past two years. The analysis does bring out data that challenge our planning; however, it focuses on static defense dollars as the principal measure of effectiveness in structuring tactical forces. The Air Force, however, must use current and projected capabilities of the threat as its standard. The threat determines requirements for our forces and employment concepts, and those forces must be capable of dealing with the threat which is increasing in both quality and quantity.

While the OSD/PA&E briefing and the "Atlantic" article correctly identify the fact that higher capability aircraft generally require more personnel and spare parts to operate, they do not discuss the effectiveness of those systems once engaged in combat. Recent deployment exercises of F-111Ds and F-15s have shown that our most capable aircraft can be operated at rates in excess of wartime plans when they are properly supported with spare parts. The Air Force is making unprecedented commitments to essential improvements in our near-term, war-fighting capability. This commitment consists of major shifts in funding priorities away from aircraft procurement and into our readiness accounts.

The solution is not to buy simple systems. We must field a force sufficient in capability and size to defeat the threat.

SUBMITTED QUESTIONS

Senator STEVENS. We have some other questions and I want to submit them for the record.

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

Questions Submitted by Senator Stevens

MODIFICATION OF PROGRESS PAYMENTS TO CONTRACTORS

Senator Stevens: Would a modification of progress payments to contractors which provided funding earlier in the program to offset borrowing by subcontractors and vendors provide savings in contracting by the Air Force?

If this issue has not been studied or evaluated by the Air Force, please give the Committee your thoughts on this subject for the record.

General Allen: DOD is sponsoring a test of a progress payment policy to provide funds to contractors earlier. This increased financing will partially offset the need for contractors to raise operating funds through borrowing. To the extent that contractors experience lower interest expenses due to reduced borrowing needs, the Air Force may share that benefit in the form of lower contract prices.

POTENTIAL C-X CONTRACTORS

Senator Stevens: Has the Air Force received proposals from the potential contractors for the C-X aircraft?

If so, is the Air Force satisfied that the potential contractors submitting bids for the C-X aircraft have sufficient information to respond to the Requests for Proposal (RFP)?

General Allen: The Air Force received C-X proposals from Boeing, Lockheed and McDonnell-Douglas. All three contractors informed the Air Force that they had a complete understanding of the C-X request for proposal requirements.

M-X LAND BASED OPTIONS

Senator Stevens: On July 1, the M-X program review will be completed, and a decision on the M-X basing mode will be made. Much of the debate on the M-X program centers on the need to restore survivability to the land-based leg of the strategic Triad.

Can you discuss the range of land-based options that are being considered for the M-X?

General Allen: I am not at liberty to discuss the various options being addressed by the Townes Committee. That committee is proceeding with a thorough review of M-X basing options and, drawing upon the committee's recommendations, the Secretary of Defense plans to provide his decision by 1 July. While this review proceeds, the M-X program will continue on its existing schedule.

M-X COMBINATION WITH ABM

Senator Stevens: What consideration is being given to deployment on the M-X in combination with an ABM system?

General Allen: The Air Force is working closely with the Army in the development of a specially designed low altitude defense system (LoADs). LoADs, deployed in conjunction with a multiple protective shelter (MPS) basing configuration, could prove very effective in maintaining M-X survivability against large Soviet reentry vehicle threats. This mobile system, which employs current ABM technologies, would be deployed deceptively within the MPS deployment area in a manner that would force any attacker to, at a minimum, double his attack on the full array of multiple shelters.

A decision to deploy LoADs would require a national policy shift away from the 1972 ABM Treaty and would likely be considered only if the Soviets chose to exceed greatly the offensive ICBM limits contained in the SALT II Treaty.

MULTI-ROLE BOMBER

Senator Stevens: Discuss the range of multi-role bomber options being studied by the Air Force, and their specific characteristics with respect to:

- Life-cycle Costs
- Tanker Requirements
- Offensive/Defensive Avionics
- Weapons Carriage Capabilities
- Radar Cross Section

General Allen: Five Long Range Combat Aircraft candidates have been evaluated: FB-111B/C, B-1, B-1 Variant, near term conventional aircraft (NTCA), and advanced technology bomber (ATB). The NTCA was eliminated since it could not meet the directed 1987 and for initial operational capability (IOC). The 1977 version of the B-1 aircraft was used strictly as a cost comparison base for selecting a specific variant of the B-1. The ATB was evaluated separately due to security considerations.

Several configurations of the two remaining candidates, the FB-111B/C and the B-1 Variant, which affect the cost and the mission performance of these aircraft, have been thoroughly evaluated. The comparative tradeoff analyses are almost complete.

The following data are tentative, but represent the current status of the configuration studies.

	B-1 Variant	FB-111B/C
Life-Cycle Costs[1]	[deleted]	[deleted]
Tanker Requirements[2]	[deleted]	[deleted]
Offensive Avionics	[deleted]	[deleted]
Defensive Avionics	[deleted]	[deleted]
Weapons Carriage	[deleted]	[deleted]
MK 82[3]		
B-61		
SRAM		
ALCM[3]		
Radar Cross Section		

[1]Estimates are in FY 80 dollars for 150 FB-111B/Cs or 100 B-1 Variants.
[2]With standard SIOP payload, FB-111B/C will require approximately [deleted] times as much tanker support per weapon than B-1 variant.
[3]Number depends on size of rear weapon bay.

AIRLIFT DEFICIENCIES

Senator Stevens: The Air Force states that the major military airlift deficiencies facing the U.S. are in:

1. capability to carry normal and outsize cargo;
2. intratheater and intertheater lift.

What mix of cargo aircraft is being considered in the development of U.S. military airlift plans?

General Allen: In addition to enhancements of our existing airlift fleet, the Air Force is evaluating three programs to increase our airlift capability. First, the Civil Reserve Air Fleet (CRAF) Enhancement program includes retrofit of commercial wide-body passenger aircraft to carry bulk and oversize cargoes. Second, the acquisition of commercial wide-body aircraft or derivatives thereof, such as the 747, DC-10 and KC-10, for bulk and oversize capability. If adequate arrangements can be made, CRAF enhancement is the cheapest way to increase bulk and oversize capability. The third, longer term program under consideration is the procurement of a new military airlifter, the C-X or a C-5 derivative, to carry all classes of cargo, particularly outsize firepower equipment.

Our review will determine the best force mix of these programs based on the nature and type of the airlift demand, as substantiated in the Congressionally Mandated Mobility Study, flexibility of response to various contingency scenarios, overall force integration from an operational and supportability perspective, and life-cycle costs.

DEFICIENCIES REMEDIED BY C-X

Senator Stevens: How would the C-X help remedy the above-mentioned airlift deficiencies?

General Allen: The C-X will be a new, air-refuelable transport aircraft, designed to efficiently carry all classes of cargo. It will be used for intertheater and intratheater airlift with the capability of operating through small austere airfields. By being able to operate to and from small austere airfields, the C-X would be able to deliver the full range of equipment directly into forward areas thus reducing transhipment delays and major aerial port congestion. The C-X would provide a capability for intratheater lift of outsize equipment which we do not possess today. The C-X design is based on current technology and considers the capabilities and deficiencies of the existing airlift fleet will best solve the airlift shortfall.

NGT NEEDS

Senator Stevens: Why does the Air Force believe that it needs a new generation trainer (NGT)?

General Allen: The Air Force requires the Next Generation Trainer (NGT) to replace the aging T-37 which has operational deficiencies that severely restrict our ability to conduct Undergraduate Pilot Training (UPT). These deficiencies include:

a. Limited range and endurance.

b. Limited performance which restricts training to lower altitudes and, thus, increasingly congested airspace.

c. Limited weather capability.

d. Instrument displays that are out-of-date with regard to modern weapon systems.

In addition, by 1987 the number of aircraft in the T-37 fleet will be insufficient to train the projected number of student pilots. The NGT will be designed for fuel and maintenance efficiency and is expected to save 26 to 40 million gallons of fuel and 692,000 maintenance manhours annually.

NAVY T-34C INSUFFICIENT

Senator Stevens: Why does it consider the Navy T-34C trainer insufficient to meet its unique pilot training needs?

General Allen: The T-34C is not usable in the current Air Force Undergraduate Pilot Training (UPT) environment. In addition to not correcting the current T-37 operational deficiencies and requiring lower altitude airspace which is not available around UPT bases, the T-34C's relatively low performance would necessitate extra flying time for each student in UPT. This extra flying would lengthen the training time, require more aircraft, instructors and support personnel, and lower pilot production rates unless two more training bases were activated. The cost and fuel usage associated with the extra flying far exceed the apparent savings offered by the T-34C. Twenty-year cost comparison reveals the T-34C to be approximately $3 billion (in FY 1981 dollars) more expensive than the Next Generation Trainer (NGT).

SPACE COMMUNICATIONS (LASERCOM)

Senator Stevens: Describe for the Committee the reasons why the Air Force believes that space communications (LASERCOM) should be included in the FY 1981 Supplemental.

General Allen: The FY 1981 Supplemental request represents a modest investment to capitalize on recent [deleted].

LANTIRN

Senator Stevens: Describe for the Committee the reasons why the Air Force believes that LANTIRN should be included in the FY 1981 Supplemental.

General Allen: LANTIRN provides an urgently needed night attack capability for single seat aircraft. The funding requested in the FY 1981 Supplemental is needed specifically for target recognizer development.

Although the basic LANTIRN contract is fixed price, the target recognizer effort is on a Cost-Plus Incentive Fee (CPIF) basis for both competing contractors. Since time of contract award, the CPIF portion of the contract has experienced cost growth resulting in the need for the FY 1981 Supplemental request of 5 million dollars.

JP-233

Senator Stevens: Describe for the Committee the reasons why the Air Force believes that JP-233 should be included in the FY 1981 Supplemental.

General Allen: Although one of the Air Forces' priority mission requirements is airfield attack, we currently do not have a munition which provides a low altitude direct attack capability. JP-233 has been specifically designed to fulfill this mission and is well along in development — further along than any US runway cratering munition alternative. To date, no alternative for direct attack including various foreign munitions, has been shown to be more cost effective. Accordingly, we believe development testing of JP-233 should be completed.

MRASM

Senator Stevens: Describe for the Committee the reasons why the Air Force believes that MRASM should be included in the FY 1981 Supplemental.

General Allen: The Air Force continues to need a cost effective standoff munition to attack enemy airfields in order to reduce aircraft

attrition during the critical first days of a high intensity war. The $14.0 million in the FY 1981 Supplemental request will allow the Air Force to proceed with the MRASM program. The additional funds are required to supplant the funds withdrawn by the Navy and preclude delay of the MRASM program.

OFFICER RECRUITING SHORTFALLS

Senator Stevens: The FY 82 Air Force Budget envisions a 17,800 increase in combined officer and enlisted end strength. FY 80 and preliminary FY 81 data indicate that recruitment levels of enlisted personnel are on target. Officer recruitment levels, however, are not being met.

In what areas are these specific shortfalls, and what is the Air Force doing to address this problem?

General Allen: The Air Force projects a shortage in engineer and physician programs in FY 1981. We expect to recruit only 44% (700 goal/310 projected) of the engineers needed. Overall, we were short about 1,100 engineers at the end of FY 1980, with more severe shortages in selected engineering disciplines. We have initiated several new programs to increase engineer accessions, such as increased numbers of AFROTC scholarships for engineering majors, expanded opportunities for engineer candidates in the Airman Education and Commissioning Program, and increased opportunities for members to obtain undergraduate engineering degrees. We have also requested special recruiting resources be devoted solely to engineer recruiting. While these efforts are having a favorable impact, we still cannot compete on a salary basis with civilian employers. To address this disparity, we have developed a legislative proposal, which is undergoing service review, that would pay a maximum bonus of $15,000 to an engineer who agrees to come on active duty for at least 4 years. In addition, this legislative package proposes a continuation bonus (up to $3,000 a year) to enhance engineer retention.

In the physician program, we expect to recruit 85% of our FY 1981 goal (138 goal/117 projected). Specialties projected to be critical through FY 1982 include general surgery, orthopedic surgery, and otorhinolaryngology.

Initiatives to increase physician recruiting success include the Physician Applicant Travel (PAT) program to enable physician applicants and spouses to visit a prospective base of assignment for an executive orientation prior to commitment. This year, 80% of the physicians who participated in the PAT program joined the Air Force. Another initiative is the Medical Recruiter Assistance Program (MEDRAP) which permits Air Force health professionals to visit medical schools, conventions, hospitals, and other professional activities in support of the medical recruiting mission. Also, medical recruiters attend numerous national conventions and other medical professional meetings to generate applicant leads; MEDRAP and national convention coverage are the most productive generators of medical leads. Finally, the Air Force has revised the medical advertising campaign to focus on advertising strategies which should yield greater results in physician recruitment.

AVIATOR BONUS VS FLIGHT PAY INCREASES

Senator Stevens: The Air Force has submitted its proposal for an aviation officers continuation bonus, citing present and future shortfalls of skilled pilots and navigators. Is this bonus necessary, given the present pilot and navigator manning level of 93% and 97% respectively?

Would not an increase in flight pay be a preferable solution?

General Allen: The bonus is a necessary short-term solution to redress critical pilot and navigator shortages. These shortages are critical because they represent vacancies in positions where aviator expertise is essential to perform the job. Further, our projections, based on retention gains resulting

from improved compensation, increased training rates, and recommended force structure growth, show that shortages will increase to 9% (91% manning) for pilots and 11% (89% manning) for navigators by the end of FY 1983.

The Air Force has consistently favored a 50% increase in flight pay as the best long-term solution to the aviator retention problem, 25% of which was provided in late FY 1980. Our position is unchanged — we need the additional 25% increase in flight pay if we are to redress persistent aviator shortages experienced since the late 1970s. An across-the-board increase would provide a dependable, stable earnings pattern that encourages career commitment. However, if we are to make up our losses quickly, we require both the bonus and the increase in aviation career incentive pay.

CIVILIAN TECHNICIAN CONVERSION

Senator Stevens: Please discuss the status of the civilian technician conversion program in the Air Force Reserve and Air National Guard.

General Allen: The Air National Guard (ANG) and Air Force Reserve (AFR) completed civilian technician conversion testing on June 30, 1980. The Air Force, in its subsequent report to OSD, recommended against conversion of the technician force and further recommended that each component be allowed to develop its required full time force mix based upon mission and readiness requirements, cost effectiveness, and their ability to recruit and retain required skills.

BUDGET MIX FOR OPERATING AND ACQUISITION ENDEAVORS

Senator Stevens: Your budget tables show a real growth in FY 1982 of more than $68 billion in new budget authority — up nearly 19 percent over the augmented 1981 number. And yet your operations costs — personnel and O&M — rise less than 4 percent. We must ask you as we have asked the other services, whether you are placing too much emphasis on new hardware at the expense of everyday operating readiness?

General Allen: To the contrary, our FY 1981 and 1982 budgets reflect a major emphasis on readiness and sustainablity improvements. Much of our readiness improvements will come from procurement of necessary warfighting materiel, facility improvements, etc. These are reflected in Investment, rather than Operations, accounts. Of particular importance, the funding requested in the FY 1981 supplemental and FY 1982 amended budget will fully fund (production lead-time away) peace time operating and 30-day war reserve stocks for our tactical fighter forces, thereby raising our mission capable status.

Prioritizing between near-term readiness and force modernization is obviously a painful choice, and we are well aware of the operational and economic penalties involved. With the increased funding provided by the FY 1982 amended budget, we will be able to continue to meet our near-term readiness and sustainability needs and proceed with a more effective force modernization program.

HISTORICAL PROFILE OF REAL GROWTH

Senator Stevens: Just what is the real growth in operations costs over the past five years, including your 1981-82 estimates? And how does that growth compare to your R&D and procurement growth and to overall growth? (Tables for record).

General Allen: The average annual growth rate for Air Force operations the last five years, including the FY 1981-82 revised estimates, is 2.1%. This

compares with a growth of 11.9% for the Procurement accounts, 10.8% for RDT&E and 6.6% for total Air Force programs.

AVERAGE ANNUAL GROWTH RATE
IN CONSTANT FY 82 DOLLARS

	77-78	78-79	79-80	80-81	81-82	77-82
Operating Costs[1]	-3.2%	+1.1%	+4.1%	+5.8%	+3.3%	2.1%
Procurement	-.07%	-4.7%	+10.5%	+22.2%	+36.4%	+11.9%
RDT&E	+2.9%	-4.8%	+5.8%	+31.4%	+22.9%	+10.8%
Total AF	-2.5%	-1.5%	+6.1%	+14.3%	+18.1%	+6.6%

[1]Includes Air National Guard, Air Force Reserve, and Stock Fund.

TOTAL COST CONSIDERATIONS FOR PROCUREMENT DECISIONS

Senator Stevens: With this heavy emphasis on modernizing aircraft and weapons systems, have you extended full consideration to the O&M costs down the road? To what extent has the total cost picture figured into your procurement decisions?

General Allen: The Air Force is vitally concerned with future O&M costs and has developed life cycle costing factors that provide indications of cost of ownership. This cost of ownership is fully considered during the acquisition process.

O&M COST PREDICTIONS

Senator Stevens: Do you have any reasonably accurate cost predictions for the O&M tail for the new aircraft and weapons you are bringing into the Air Force inventory currently? What will that annual cost amount to by 1986? For the record, please supply your best 5-year estimates for total O&M costs for modernization, based on new aircraft and weapons now coming into the procurement pipeline. Include costs for deployment, operations and maintenance, training, and other related program requirements. Also include estimated costs of phasing out replaced equipment.

General Allen: The Air Force is in the process of developing a new five-year program (FY 1983-1987) which will reflect the major program and budgetary changes set forth by the Reagan Administration. As an essential part of that process, we are presently engaged in the detailed examination of the various costs, to include O&M, associated with modernization programs. Since the FY 1983 and outyear programs are still being developed and have not been reviewed or approved by the Secretary of Defense, we cannot provide cost data at this time. Such data will be provided in the FY 1983-1987 Five-Year Defense Program.

FRAUD, WASTE, AND ABUSE COST SAVINGS

Senator Stevens: With the military budget enjoying strong growth and the domestic budget suffering severe cutbacks, we constantly receive criticism of wasteful defense spending. Aside from an "inflation adjustment," what cost savings can you point to for 1982 involving the elimination of fraud, waste and abuse?

General Allen: With the increased concern in this area, the Air Force Inspector General has been appointed focal point to combat fraud, waste and abuse and has refocused the efforts of the Air Force Office of Special Investigation, Air Force Office of Security Police and Air Force Inspection and Safety Center including MAJCOM inspection and investigative resources

to assure a strong cohesive effort. While we cannot predict the amount of fraud that will be eliminated in FY 1982, our current programs to reduce waste and abuse are designed to produce significant cost savings.

In addition, we have numerous programs which will improve our efficiency and effectiveness. We are beginning a program, for example, to re-equip KC-135 tankers with more fuel-efficient engines. This will lead to substantial peacetime fuel savings as well as improved wartime capabilities.

In two procurement programs, AWACS and surveillance radars, we have been able to stabilize production rates to avoid expected penalty costs. In restructuring our base posture, Air Force studies of closing installations at Duluth IAP, MN and Hancock Field, NY are in final stages. If implemented, these closures will produce cost avoidance of approximately $30 million. We have also provided for a number of quality-of-life and career incentives. Such programs reduce the "waste" inherent in lower than desired retention rates of trained, experienced Air Force personnel.

OBSOLETE/MARGINAL BASES

Senator Stevens: Closing out obsolescent or marginal bases can achieve major cost savings, not only immediately but over the long term. We recognize this is an economy measure that is fraught with political hurdles, but what are you doing in that area? When can we expect some specific recommendations?

General Allen: Our policy is to review our base structure continually to align it with our requirements.

The implementation of the Joint Surveillance System, for example, is allowing us to phase out a number of radar sites and control centers, which will provide over $100 million in cost savings. We are also nearing the completion of studies to close active installations at Hancock Field, NY and Duluth, MN. If these proposals are approved, $31 million in cost savings will be realized.

HAWAII DEFENSE PROBLEMS

Senator STEVENS. Senator Inouye is here and he might have questions.

Senator INOUYE. I realize my question is not as important as the MX and others, but it relates to Hawaii, Mr. Secretary. Certainly you are aware that Hawaii is the only major United States area which is still defended by an archaic manual sovereignty defense system. As you know, Hawaii is a counterforce target at the present time and it has nuclear-powered submarines, and it is also the location of the headquarters of all of our military services in the Pacific.

I have been made aware that the Air Force is presently modernizing the air sovereignty defense systems of the Continental United States and Alaska by replacing the SAGE. That is what they call it, the SAGE BUIC system, with the JSS/ROCC program. I gather that Canada is also participating in this upgrading program.

To upgrade Hawaii, I have been told, would cost $12 million in this fiscal year. If we delayed if for one year it would be an additional $9 million.

General ALLEN. I don't have those figures, sir.

Senator INOUYE. Will you submit the information?

General ALLEN. Yes, Senator.

[The information follows:]

COST TO UPGRADE OR DELAY UPGRADES TO HAWAII

The program you refer to was generated by a PACAF proposal which requested $12 million fiscal year 1981 procurement funds for upgrading one segment of the Hawaiian air surveillance system. This proposal competed for funding within the budgetary process and was not funded due to higher priority programs.

Senator INOUYE. Am I correct that the Air Force supports the upgrading of the Hawaii air defenses?

General ALLEN. We have just completed a master plan, a major review of our air defense systems. I apologize, at the moment I am not current on where that recommendation stands, but let me look into it.

Senator INOUYE. General, furnish that information. Thank you very much.

[The information follows:]

AIR FORCE SUPPORT FOR HAWAII AIR DEFENSE

We are currently investigating methods of providing Hawaii with an enhanced air defense capability. The upgrading of this system is a recognized requirement.

ATLANTIC MONTHLY ARTICLE

Senator STEVENS. I am aware that Senator Rudman made a similar request on the Atlantic Monthly, and we only need one.

Senator RUDMAN. I understand they have someone in the Air Force who has responded to that, or is able to in the Spinney theory, and I have asked them for a detailed response because that is a serious piece in the Atlantic Monthly.

General BROWNING. General Chain will visit with you.

Senator STEVENS. We have two problems. One is, we do have some classified questions about the MX, and we also have to mark up the supplemental; and I would think if we could go into the MX

for a limited period, and then set a target, say, of about 11 o'clock, for marking up the supplemental, it would probably be timely. I think we all want to get through the supplemental markup this morning.

Is there any objection to going into executive session for the purpose solely of the MX questions, and with the intent we will return to an open, public session on the markup of the supplemental at 11 o'clock?

C-X CARGO STUDY

Senator STENNIS. I have no objection to that, of course. I want to say one word. Since that has come up, on the C-X.

Gentlemen, in our authorization process I have approved going in for the C-X cargo plane. It is a new system. As you say here, Mr. Secretary, it is a tremendously important subject, but it is quite a problem. I say that with a background of all of the things that happened with the C-5A. When we were working on that aircraft we had to go back and finally we had a special bill passed, and a special financing system. It worked out all right on the funding.

Many years passed and still it was the airplane of the future, you know, but it didn't carry the load after all. They hadn't looked far ahead.

Now we have another one. It is a big undertaking and a lot of difference of agreement, and a difference of opinion about it. I just haven't finally approved the idea.

Our committee worked on this for years, the authorization committee, and we had a Subcommittee on Research and Development, but now Mr. Weinberger said he had to have more time to make a decision; so the authorization bill provides that there is a cargo plane authorized. We gave them more time to come in with a final decision of just what it would be. Then it is subject to being voted on by each House. Both Houses have to negate the plan in order to stop it. That will come out in the debate on the floor.

I never made up my mind to go ahead on this point because there are other things so pressing. I just thought that I ought to speak up on it now, and call your attention to it. I am really embarrassed that we haven't been able to reach a decision.

Secretary ORR. Could I have General Allen speak to that?

Senator STENNIS. That is all right, but last year we sent it over and gave the Secretary of Defense a chance to come in with a plan, but Mr. Weinberger said he just didn't have time at that point. But it is a serious matter and it has been debated and this committee has to make a hard decision on it.

General ALLEN. I only wanted to make sure there was agreement on one point. There is general agreement among all of us who worked on this problem that there is a serious shortage in our ability to carry cargo in the way it is required for missions we have to do, both in the reinforcement of NATO and rapid deployment of forces to Southwest Asia.

We have been directed to examine a new design airplane and a restart of the C-5 production line.

You are quite right in that had we made the original buy at our original objective we wouldn't have this problem now. We intended to get 200 C-5's and we ended up with less than 100. Completing

that buy is one of the options and adapting commercial aircraft is another option. The Secretary of Defense and the Secretary of the Air Force have not made up their minds as to which is the best of those options; but I do appeal to you that we move ahead to correct this shortage of airlift.

If you are concerned about the design of a new airplane—as contrasted to finding ways to acquire existing airplanes—we certainly recognize our obligation to respond to that before proceeding, and we would be happy to do so.

Senator STENNIS. I don't impute any shortages to you, General Allen, and you have worked on this.

Secretary ORR. There is absolutely no disagreement about the need for additional airlift. My concern, again, only arises as to what type of airlift is the best that we can come forward with to Mr. Weinberger.

C-5 TESTS

Senator RUDMAN. Following on after Senator Stennis, I want to raise one issue with General Allen.

I understand that there have been some recent tests that indicate there has been much greater capability in short runways and with relatively narrow runways, and unpaved runways, and a capability that it was not expected to have and it was not designed for.

Are you aware of those tests?

General ALLEN. What we have done is to complete the tests which we hadn't completed earlier. They do show the C-5's as able to meet the original specifications. We had not completed all of those tests because the C-5 is an enormously valuable asset as an outsized cargo lifter and we have not utilized it in that particular way. Now, as we are addressing the question of purchasing more, it is very appropriate that we reopen that issue. We have found that the C-5 does what it was designed to do, and it is an aircraft which has a great deal of ability.

It will be the most efficient of any aircraft we will look at for intertheater transport, which is one of the biggest requirements we have.

Senator RUDMAN. According to my figures, if it could meet the mission for which the C-X is primarily designed, but meet it substantially, then you would have a far diminished cost in finishing a buy; is that correct?

General ALLEN. I don't know. Clearly, if we knew that, then the C-5 would be the choice. It is presumed, but not borne out by the submissions, that it would be cheaper to reopen the line and attain the ton-miles we need from the C-5; but we are in the process of evaluating those.

As a note of caution there are several things to mitigate against acquiring more C-5's. The line was closed down fairly hard so it requires a lot of work by Lockheed to get it cranked up again.

The second thing is that each of the bidders on the new aircraft is doing it with as much commonality and capitalization on existing commercial lines. But, these are the answers which we recognize we have to get together on, to provide a satisfactory way of evaluating and making the final decision.

The Secretary has indicated that he is going to be critical about the situation in the same way that you are talking.

Senator STEVENS. While we are on the record, let me thank you, Mr. Secretary, and the Air Force that commenced it in the last administration and which is going on now, for the upgrading of the equipment in my State. We are receiving now or soon the F-15 and we have the A-10's coming. I think it is a proper response to the buildup that is occurring in Siberia. For a while we couldn't talk about it, but it is there and the Alaskans know it is there, and the Backfire bomber is over there now.

We also have a tremendous buildup of their missile capacity in Siberia and I think it would be absolutely foolhardy to leave the Alaska area defenseless to those new buildups in Siberia. I am hopeful that we can get the FB-111 straightened out and put it into the category of the carriers of air-launched cruise missiles, and that we will have them come up there.

The Alaska land mass is a tremendous advantage to the United States. At this period of time in particular I think it is important that everyone realize what you are doing. The drawdown on the Alaska equipment during the Vietnam days appalled us all, and now it is coming back to a readiness capability that I think everyone in the country ought to realize, that the Alaska air defense system is being restored and in a very fine manner.

I am not asking for comments from you, but I just congratulate you on it and it is something that Alaska has welcomed. They like to know that the land dedicated to the Department of Defense is being used and being used properly, and there is every indication that is the case.

SUBMITTED QUESTIONS

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

QUESTIONS SUBMITTED BY SENATOR SCHMITT

CSOC JUSTIFICATION

Senator Schmitt: $20 million is being sought under Research and Development for CSOC. What is the justification of this funding in view of the fact that $13.7 million was provided last year? Is any of this funding being sought for site specific purposes? If so, what?

General Allen: The FY 81 Consolidated Space Operations Center (CSOC) funding was reduced to $8.7M as the result of an undistributed Congressional cut. An additional reduction to $4.7M was made through internal Air Force reprogramming because of delays in the award of the system integration contract.

The FY 82 program will be a continuation of the system requirements definition, system engineering, acquisition planning and facility design work started in FY 81. The FY 82 request includes funding for a system integration contract ($6M), Aerospace Corporation support of the program office ($4.1M), shuttle control system design ($2M), acquisition of the data load preparation system for flight planning ($3M), special studies and training ($2.4M) and miscellaneous items such as program office travel.

This RDT&E funding is generally site-independent. The facility design is funded with MCP design money and, as this design proceeds, site-specific features will be incorporated.

DELAYED MILCON FOR CSOC

Senator Schmitt: Originally, the Air Force intended to request $200 million in military construction funds in FY 82, what was the reason for delaying this request?

General Allen: The recently submitted FY 82 budget reflects the decision to delay the construction start until FY 1983, thereby slipping the Initial Operational Capability until 1986. This difficult decision reflected our judgment regarding allocation of military construction funds between the Consolidated Space Operations Center (CSOC) and other high priority requirements. The systems design and acquisition planning work in FY 1981 and FY 1982 has been revised accordingly. The current military construction funding is $146M.

CSOC MILCON TIMETABLE

Senator Schmitt: In view of the delay on construction, what is the new timetable on this project? How much will this delay mean in increased costs? Would the Air Force have the capability to proceed with the project this year if funding was provided?

General Allen: The current Consolidated Space Operations Center (CSOC) timetable includes:

Final Environment Impact Statement Filed	Feb 81
Site Selection Announcement	Mar 81
Military Construction Program Submission (35% design complete)	Jan 82
Military Construction Program (MCP) Approval	Oct 82
Start Construction	Mar 83
Initial Operating Capability	Jun 86

The total military construction costs are projected to be $146M distributed over FY 83 and FY 84. This is an increase of $37M over the CSOC MCP included in the President's 1981 Budget, and is due to a better understanding of the facilities requirement as well as inflation adjustment.

Facility design trade-off studies are just now getting underway. An FY 82 construction project would ordinarily require 35% design completion by January 81. An orderly FY 82 construction start does not appear feasible, even if funding were provided.

SPACE DEFENSE AND CSOC COLLOCATED

Senator Schmitt: Doesn't the location of both the Space Defense and the Space Operations centers in one location present a very attractive target for a potential enemy? Was any consideration given to geographic dispersal of important space facilities?

General Allen: The Air Force considers the separation of the Consolidated Space Operations Center (CSOC) from the NORAD Cheyenne Mountain Complex adequate from a vulnerability perspective.

Geographically dispersing CSOC from the present sites for satellite and Shuttle operations was a primary concern in selecting a location. CSOC will provide a control node geographically separated from the Satellite Test Center (STC) located at Sunnyvale Air Force Station, California, and NASA's Johnson Space Flight Center command and control of military satellite and Shuttle operations. Locating the CSOC geographically dispersed from the present sites for satellite and Shuttle operations was of primary concern.

CSOC FUTURE EXPANSION

Senator Schmitt: Has any consideration been given to the cost of future expansion of the facility if additional lands are required? If so, what are the estimated costs of such in expansion at the Colorado Springs site in comparison to the Kirtland site?

General Allen: Growth capacity was included in the Consolidated Space Operations Center (CSOC) siting analysis. The basic CSOC plot requirement, including a 1000 foot electromagnetic radiation buffer, is 440 acres. This provides room in the antenna area to meet anticipated growth requirements. The Colorado Springs site, a complete section of 640 acres providing 200 acres for expansion, is considered adequate for the foreseeable future.

SHARING COMPUTER FACILITIES FOR SPACE DEFENSE AND CSOC

Senator Schmitt: Air Force officials have repeatedly stated they will save on operational costs by sharing computer facilities and personnel. Would you specifically identify the computer facilities to be shared? Will you identify the computer facilities currently existing at either Cheyenne Mountain or the Space Data Facility that would be available for use by CSOC? Can you give assurances that at some future date you will not be submitting to this committee a request for separate computer facilities for the programs at Cheyenne Mountain and CSOC?

General Allen: It is not expected that on-line computer mainframes would be used to support both the Consolidated Space Operations Center (CSOC) and Aerospace Defense Command (ADCOM) missions. It is the off-line logistics functions that offer the potential for shared support and cost avoidance. These shared resources include hardware maintenance, software development and maintenance, logistic support and operational interface. Both the CSOC and future Space Defense Operations Center (SPADOC) operations concepts and systems are under development. Acquisition requests for both systems including communications, computers, displays and technical equipment will be forthcoming. Direction has been given, however, to exploit the common support functions. It is the proximity of CSOC and the Cheyenne Mountain complex that makes this sharing feasible.

UNUSED COMPUTER FACILITIES

Senator Schmitt: What is the existing unused capacity of the computer facilities at Cheyenne Mountain and the Space Data facility?

General Allen: There is no unused computer capacity currently available at the NORAD Cheyenne Mountain Complex.

BACKUP CSOC COMPUTER FACILITIES

Senator Schmitt: Are there any plans to have backup computer facilities for CSOC in the event of a system failure? If so, where will these be located? If not, what backup will be provided for needed communications?

General Allen: Computers are only a portion of the capability required to backup the Consolidated Space Operations Center (CSOC) functions. Mission control centers with communications, displays, current data bases and trained personnel, network scheduling and range control, as well as computers, are all required. CSOC and the Satellite Test Center in Sunnyvale, California, will provide mutual backup for satellite operations while CSOC and the Johnson Space Center in Houston, Texas, will provide mutual backup for Shuttle operations.

COMPUTER BACKUP FOR CHEYENNE MOUNTAIN AND CSOC

Senator Schmitt: Are there any plans to provide a backup for the single Satellite Communications terminal which is to be used by both Cheyenne Mountain and CSOC? If so, how will this be accomplished? If not, what means will be used to communicate with satellites and spacecraft during downtime or in the event of destruction by enemy forces?

General Allen: The communications architecture provides a variety of communications routings. In addition to the connectivity provided through the Defense Satellite Communications System (DSCS), leased circuits will also be used to achieve diversity. Leased commercial communications would include satellite links and land lines similar to those now in use throughout the Satellite Control Facility network.

Transportable DSCS terminals are available for deployment in contingency situations. One of these satellite communications terminals could be deployed to Colorado Springs to maintain or restore communication to provide coverage during planned downtimes or to respond to an unplanned contingency.

For short-term loss of satellite communication at CSOC, alternate routings to the Satellite Test Center and Johnson Space Center would be the preferred solution.

PLANS FOR SECOND TERMINAL

Senator Schmitt: Is this committee being given assurance that the Air Force at some future date will not appear before this committee seeking funding for a second terminal?

General Allen: No. Current plans call for a single space Defense Satellite Communications System (DSCS) terminal in the Colorado Springs area that will have the capacity to handle both the Aerospace Defense Command (ADCOM) and Consolidated Space Operations Center (CSOC) DSCS requirements.

Although there are no present plans for another terminal, future requirements of ADCOM, CSOC and other DSCS users may warrant another DSCS terminal in the Colorado Springs area. There are future satellite communications systems now in the conceptual phase that may involve a Colorado ground terminal in the 1990's.

SPACE DEFENSE AND CSOC COORDINATION

Senator Schmitt: The Air Force has placed a great deal of emphasis on the coordination of Space Defense and Space Operation programs as one of the primary reasons for selecting the Colorado Springs site, what is the need for this coordination? Will such coordination be accomplished primarily by electronic or physical means?

General Allen: The need for close and continuing coordination between the Consolidated Space Operations Center (CSOC) and the Space Defense Operations Center (SPADOC) is derived from the complementary nature of their respective missions. The SPADOC is responsible for two missions — identification of abnormal or hostile space events and protection of U.S. space assets from hostile acts. This requires the timely and detailed exchange of information with the CSOC. In the identification mission the CSOC will provide status information on the DOD satellites over which it exercises technical control. In the protection mission the CSOC will take countermeasure action formulated by the SPADOC in response to indications of hostile action reported by either the CSOC, space surveillance and warning sensors, or related satellite control activities.

In developing the data formats, reporting procedures, time phasing and technical parameters associated with both these missions, extensive face-to-face coordination will be required during both the planning and execution phases. Once the operational phase begins, the primary means of coordination between CSOC and SPADOC will be electronic through automatic data links and voice circuits. Face-to-face coordination will also be necessary during procedural changes to accommodate changes in the overall space situation and, in general, to resolve misunderstandings.

COMPUTER PRIORITIES

Senator Schmitt: In the event both organizations have a need for computer facilities, which organization will have first priority and how will this be determined? Is the development of such a conflict impossible?

General Allen: Both the Consolidated Space Operations Center and the Space Defense Operations Center need separate, dedicated mission computers which obviate prioritization of time-critical tasks between the two organizations. For non-mission computers (e.g., general and administrative functions) there is some potential for computer sharing between these facilities. In this case, user-determined priority categories will be employed to ensure essential data automation needs are met.

NORAD CINC ROLE IN CSOC

Senator Schmitt: What role, if any, did General James Hill, former Commander of NORAD, play in the decision to combine the Space Operations Center with the Space Defense Center prior to his retirement? What meetings have taken place between General Hill and the Air Force since his retirement in January 1980?

General Allen: In 1979, the three candidate sites were evaluated against technical and environmental criteria, construction cost, facility usage and base operating support. Not considered in the initial survey were site-dependent operational and organizational factors which affect the efficiency, effectiveness and life cycle costs. We asked for the views of General Hill and his staff on the operational and organizational advantages and disadvantages of locating the Consolidated Space Operations Center (CSOC) at each of the candidate sites, specifically the effects resulting from the geographical proximity of the CSOC and the Space Defense Operations Center.

No formal meetings on this issue have taken place between General Hill and the Air Force since his retirement in January 1980.

CSOC EASEMENTS

Senator Schmitt: What easements will be necessary to provide support of the Colorado Springs site? How much will these easements cost? Who will be responsible for paying for such easements? Are there similar expenses associated with the New Mexico site?

General Allen: The State of Colorado has agreed to provide exclusive use of 640 acres of land bordered by public roads. Accordingly, no easements will be required. The previously considered site at Kirtland Air Force Base, New Mexico, is entirely government-owned.

HIGHWAY EXPANSIONS TO SUPPORT CSOC

Senator Schmitt: Are there plans to expand the present highway between Colorado Springs and the CSOC site to four lanes? Are there plans to seek the construction of a second road? Who would be responsible for such an expense? Has any preliminary discussion taken place on the need for such highway improvements? Has the Air Force made any commitment to support federal funding of such projects?

General Allen: We are not aware of any plans to expand the highway between Colorado Springs and the Consolidated Space Operations Center (CSOC) site to four lanes or to construct a second road nor have we made a commitment to support Federal funding of such a project.

Preliminary discussions concerning potential traffic conditions were conducted with state officials during preparation of the environmental impact statement. To mitigate potential traffic problems, the Air Force intends to implement staggered work-hours and promote ridesharing. After CSOC is in operation, the traffic conditions will be reassessed to determine if additional corrective measures are needed.

QUESTIONS SUBMITTED BY SENATOR STENNIS

VIEWS ON MULTI-YEAR CONTRACTING

Senator Stennis: I am interested in your views relative to multi-year contracting. What Air Force procurement programs would you see as likely candidates for multi-year procurement?

Secretary Orr: The F-16 aircraft is our primary candidate for expanded multi-year contracting in FY 1982. Other multi-year candidates, for which planning is not as far along, include the air launched cruise missile, global positioning system satellites and user equipment, AN/TRC-170 troposcatter radio, KC-135 reengining, the Defense Meteorological Satellite Program, and possibly the low level laser guided bomb.

F-16 MULTI-YEAR PROCUREMENT SAVINGS

Senator Stennis: The F-16 has been advanced as a likely candidate. What savings would you foresee over a five-year period if multi-year procurement is allowed?

Secretary Orr: We estimate a maximum potential of $640 million (then year dollars) in savings over the previous planned series of annual buys. Actual savings will depend upon the structure of the contract and the result of negotiations. These, in turn, are dependent upon necessary approvals from the Congress to permit a cancellation ceiling in excess of $5 million, the inclusion of recurring costs within the cancellation ceiling, incremental funding of longlead materials, and unusual contract financing.

CRAF BUDGET REDUCTION

Senator Stennis: The January submission of the FY 1982 budget included $87.8 million to retrofit three commercial wide-body aircraft for the Civil Reserve Air Fleet (CRAF). This has been reduced to $50.8 million to retrofit three aircraft. Why was this reduction made?

Secretary Orr: The January FY 1982 budget submission for $87.8 million was developed to add convertible features to six new widebody aircraft during their initial fabrication. Since the airlines were not buying any new wide-body passenger aircraft, we decided to pursue the retrofit approach. Based on our estimates for retrofitting existing aircraft, we determined that an appropriation of $50.8 million, coupled with the $73.3 unobligated from prior years, would be sufficient to issue a request for proposal and award a contract for six aircraft. That is a minimum number of aircraft required to open and economically operate a single modification line.

C-X ALTERNATIVES

Senator Stennis: It is my understanding that the Air Force is studying alternatives to the C-X. Can you give us an idea of the type alternatives being considered?

Secretary Orr: The Air Force is evaluating aircraft mixes which will provide the best balance of availability, flexibility, life cycle cost, and capability to fulfill the airlift requirements described by the Congressionally Mandated Mobility Study. Systems being considered along with the C-X proposals are: commercial wide-bodied freighters, either Air Force owned or obtained through an accelerated Civil Reserve Air Fleet enhancement program; a derivative of the C-5A; and additional KC-10 procurement. This evaluation will be completed this summer.

F101 MODERNIZATION

Senator Stennis: I note that the FY 1982 budget includes $35.0 million for a new RDT&E line item, "F101X, Modernization." Just what will the $35 million be used for, and what are the goals?

Secretary Orr: The $35M program is an extension of the limited development of the F101 Derivative Fighter Engine (DFE) (previously called F101X) scheduled for completion in FY 81. The FY 82 program provides a transition to potential full scale development and maintains the option to provide a competitive alternative in high thrust fighter engines. The FY 82 funds will be used to extend the limited development by applying engineering efforts to system optimization. The FY 82 test program will include some 450 hours of flight and test cell work to confirm the effectiveness of engineering changes identified during the limited development program. Additional testing of components such as the fan, turbine and fuel control will also be conducted to increase our confidence in the reliability and durability of the F101 DFE. We will also be procuring the necessary long lead items to support the acquisition of some five test engines which would be required in FY 83 for full scale engineering development, should that course be decided on.

PRODUCTION COMMITMENT FOR F101X

Senator Stennis: If the full amount is provided, does this represent a production commitment?

Secretary Orr: The $35M requested in FY 1982 for the F101 Derivative Fighter Engine (F101 DFE) does not represent a commitment to production. The FY 1982 program provides a transition period involving engineering and test efforts necessary to move into full scale development should that be our decision.

We expect to make a decision regarding production of the F101 DFE after the results of the FY 1982 test programs are available. Criteria influencing that decision would include relative life cycle cost, engine supportability and the advantages of competition.

F101X PRODUCTION ENGINE AVAILABILITY

Senator Stennis: If the Department should decide to produce the F101X engine, when could the first production engine be available?

Secretary Orr: If full scale development is initiated in FY 83, initial production engines could be available in Oct 84.

CONGRESSIONAL DIRECTION ON F101X ENGINE

Senator Stennis: The Committee on Appropriations of each body has expressed continuing interest in the acquisition of large, high-thrust engines for fighter aircraft. The Committees have identified and voiced agreement on three major problem areas: engines being placed in production long before their development has been completed; past emphasis on engine performance at the expense of reliability, maintainability and durability; and insufficient sustained competition in the acquisition of advanced fighter aircraft engines. Do you feel that the program for which you request funds in FY 1982 and future years for F101X engine modernization is consistent with the Congressional direction which I have just outlined? Please explain.

Secretary Orr: The Air Force's Engine Model Derivative Program was conceived as a mechanism to reduce the risk in engine development by evaluating derivative engines early in the system acquisition process. The F101 Derivative Fighter Engine (DFE) will complete a comprehensive limited development program in FY 81 with very good success data. As with any engine program, all problems would not be revealed until after many years of operational service; however, the F101 DFE will have undergone one of the most extensive durability test programs conducted on an engine at that stage of development. Any production decision would be made with that data base.

Although the F101 DFE has higher thrust than the F100, it also has more weight. That is reflective of the inherent design approach of the F101 DFE, which took the basic core of the B-1 bomber engine and derived a fighter version. The design emphasis has always been on reliability, maintainability, and durability — not increased thrust.

The question of competition has received the most emphasis for the past year. Simply put, without the F101 DFE, there is no competition in high thrust fighter engines.

The decision to request funds for the F101 DFE in FY 82 was based on two factors. First, it would be premature to close out our options until proposed technical fixes to the F100 are incorporated into the inventory. The second factor was to maintain the competitive environment to which you referred.

F100 ENGINE IMPROVEMENT GOALS

Senator Stennis: We are aware that a large amount of funds have been provided to improve operability and reduce support costs of the F100 engine. These improvements were to be demonstrated in 1981. Will you discuss the status of this effort relative to the goals established and forecast the out-year effects?

Secretary Orr: Efforts to improve the operability and reduce support costs of the F100 engine are being addressed in the Component Improvement Program (CIP), the status of which is as follows:

1. Stall Stagnation. In the last 12 months, the F-16 stall stagnation rate has been reduced over 80 percent from the baseline rate. This is well within our

1979 projection. The rate for the F-15, with its longer retrofit program, has also decreased substantially. From a 1975 high of nearly eight stagnations per 1000 engine flying hours, the rate today is about one stagnation per 1000 engine flying hours.

2. Control System Reliability. In 1979 the overall control system was responsible for 27.6 percent of the total unscheduled maintenance actions and 16 component removals per 1000 engine flying hours. As of early 1981 this has been reduced to 14.5 percent of the total manhours and less than 5 percent of the unscheduled maintenance actions on the engine. The number of component removals has been reduced by over 20 percent in the F-15 and 17 percent in the F-16. The major cause of unscheduled engine removals has been the unified fuel control. In 1978, it was responsible for 31 percent of the total unscheduled engine removal rate. By 1980, this had been reduced to 15.7 percent.

3. Engine Durability.

a. Augmentor/Nozzle. In 1979, the external nozzle flaps were responsible for almost 65 percent of the unscheduled maintenance actions on the augmentor/nozzle. Evaluation showed that the flaps contributed little to the effectiveness of the F-15. The consequent decision to remove these flaps is already giving us more than $2M per month and could ultimately save up to $6M per month in spare parts procurement. The other augmentor durability tasks are still being worked in the CIP. The engineering changes for these fixes are scheduled for 1981-1982 with production incorporation in 1983-1984.

b. Turbine Durability. In 1979 there were 2.0 turbine failures per 10,000 engine flying hours. The 12-month average failure rate as of April 1981 had been reduced by 61 percent to 0.78 failures. Turbine life improvements continue to offer extremely high potential for life-cycle cost reductions. We have some recent developments under evaluation that offer the potential of doubling the average life. This hardware should enter production in 1984-1985.

In summary, the F100 CIP has been successful in reducing operational problems such as stall stagnation by a factor of 6, reducing inflight shutdowns by a factor of 3 and increasing the operating times between failure of several expensive modules by 33 percent. These accomplishments will result in significant life-cycle cost avoidance in the outyears. It has been estimated that approximately $2 billion in outyear cost avoidance can be attributed to CIP funding from 1975 through 1980. We are continuing to pursue additional opportunities which offer major cost avoidance potential.

CIP EXPLANATION

Senator Stennis: We often hear the term Component Improvement Program (CIP), and we provide funds for the program. I feel that many of us don't fully comprehend the scope and importance of the CIP. Will you give us a comprehensive explanation of CIP?

Secretary Orr: Since some engine problems emerge only after years of operational service, the engine component improvement program (CIP) provides the vehicle to (1) identify and qualify the fixes for service-revealed deficiencies, (2) develop and qualify repair procedures for cracked or worn parts, (3) develop and demonstrate durability, maintainability, operability and reliability improvements which reduce the life-cycle cost of the engine and (4) extend the service limits of existing hardware. The CIP program also provides for accelerated testing of production engines to identify life-limiting components needed and introduce needed improvements early in the production program before retrofit costs become excessive and/or system supportability is adversely affected.

The current CIP program provides engineering and test support for 18 different operational engines and has been credited with elimination of many operational problems, the most significant being the reduction of stall-

stagnation problem on the F100 engine. CIP programs have also increased the life of all the CIP engines dramatically and have resulted in an overall cost avoidance of $8 for every CIP dollar spent.

CIP UNDERFUNDING

Senator Stennis: Are any of the component improvement programs underfunded? If so, please explain fully.

Secretary Orr: The Engine Component Improvement Program is not underfunded in FY 1982. Sufficient funds are available to resolve deficiencies and to support the high priority durability, reliability, maintainability programs for the 18 operational engines.

CIP FUNDING STRUCTURE

Senator Stennis: CIP funds have sometimes been provided in the Procurement appropriations and more recently in the RDT&E accounts. Does where the funds are provided make a substantial difference in program structure? If so, please explain.

Where do you think CIP funds should be carried, and why?

Secretary Orr: Under current congressional restrictions, which prohibit the Air Force from using Component Improvement Program (CIP) funds to improve the specification characteristics of engines, there is no substantial difference in program structure whether the funds are provided in the procurement or in the RDT&E accounts. I believe that CIP funds should be carried in the procurement account because the majority of activity in CIP is directed towards engines that are currently in production or operation.

F101X ENGINE REPLACEMENT ON F-16 AND F-14

Senator Stennis: The F101X turbofan is nearing the end of its limited development program, and a decision will have to be made whether to put it into engineering development. The FY 1982 budget amendment includes $35 million for this purpose. Is it your recommendation that work continue on this engine prior to a decision being made whether the engine would replace the current engines on the Air Force F-16 or the Navy's F-14 aircraft?

Secretary Orr: The $35 million for the F101 Derivative Fighter Engine (DFE) in FY 1982 provides for a transition to full scale development to maintain the option of the F101 DFE as a competitive alternative to meet mid-to-late 1980s requirements. I would anticipate a full scale development decision after most of the FY 1982 results are available. It is my recommendation that this work continue.

MRASM

Senator Stennis: What about the Navy's decision to drop out of the Medium Range Air-to-Surface Missile (MRASM) program? Do you believe there is sufficient need to continue this program?

Secretary Orr: The Navy has since agreed to continue in a joint MRASM program with the Air Force, thus keeping open their option for future use of a TOMAHAWK MRASM. The Navy supports the Air Force's FY 1981 Supplemental request for $14 M to enable the program to continue.

Development of an effective airfield attack capability continues to be an Air Force requirement. We need a capability to attack highly defended enemy airbases from standoff ranges in order to reduce delivery aircraft attrition during the critical first days of a high intensity war.

MRASM CONTINUATION BY AIR FORCE

Senator Stennis: Is there sufficient funding in the supplemental request and the budget amendment for the Air Force to continue development efforts unilaterally?

Secretary Orr: Yes. The additional funding requested will enable the Air Force to initiate full scale development of the Air Force airfield attack MRASM variant (AGM-109H).

AMRAAM CAPABILITY ENHANCEMENTS

Senator Stennis: The Air Force is proceeding with development of the Advanced Medium Range Air-to-Air Missile (AMRAAM) — yet we have shortages of both Sidewinder and Sparrow at the present time. The new missile is substantially more expensive than either Sidewinder or Sparrow. Will the new missile really give the Air Force that much greater capability?

Secretary Orr: AMRAAM is being developed to replace the AIM-7 Sparrow. It will provide significantly improved combat effectiveness and redress some of the Sparrow's limitations. This increased capability derives primarily from two major improvements: greater average missile velocity and an active radar seeker which provides a launch and leave capability. Into operational terms, AMRAAM is designed to keep U.S. air superiority aircraft from being drawn into the visual dogfight arena where numerical disadvantage could exact unacceptable losses on our forces. AMRAAM's better accuracy, improved fuzing, and increased warhead lethality will also combine to greatly enhance total system lethality. In addition to a launch and leave capability, AMRAAM's radar seeker will permit engaging multiple targets to be engaged on a single intercept, improve clutter rejection and inherent ECCM capability, and enhance our effectiveness against threat aircraft at low altitudes and in a countermeasures environment.

Despite the increased capability provided, we estimate that AMRAAM will not cost substantially more than the AIM-7 F/M when compared in base year dollars.

Questions Submitted by Senator Inouye

HAWAII AIR SOVEREIGNTY/DEFENSE SYSTEM

Senator Inouye: Are you aware that Hawaii is the only U.S. territory still defended by an entirely manual air sovereignty/defense system despite the fact that Hawaii is a counterforce target — the home base for nuclear-powered missile submarines and the location of headquarters for all military services in the Pacific?

General Allen: Yes. We are currently investigating several alternative methods to provide adequate atmospheric tactical warning/command, control, and communication (C^3) so that we are able to warn of an impending attack. System improvements will be considered among other priority air defense programs during our FY 1983 program review.

DELETION OF HAWAII FROM JSS/ROCC UPGRADE

Senator Inouye: The Air Force is presently modernizing the air sovereignty/defense systems of the continental U.S. and Alaska by replacing its SAGE/BUIC systems with the JSS/ROCC systems. Canada is also participating in the upgrade program. Why wasn't Hawaii included in this program when it started in 1974, and why is it still being denied as an add-on

to the JSS/ROCC program despite PACAF efforts to secure such an upgrading? The current JSS/ROCC program will provide the CONUS, Alaska and Canada with a state-of-the-art system that modernizes their capabilities for defense of the homeland. Why not include Hawaii — is it not a part of our homeland?

General Allen: In the face of higher priority programs and budgetary constraints, the Air Force has been forced to defer funding the upgrade of the Hawaiian system. The Joint Surveillance System (JSS)/Region Operations Control Center (ROCC) program does not appreciably improve our defensive capability. However, the program does significantly reduce O&S costs and manpower through automation of various system functions. The current Hawaiian system would not be significantly improved, nor would O&S or manpower be reduced as a result of the introduction of a ROCC in Hawaii. In the FY 1983 budget review we will again take a close look at upgrading the surveillance and warning system for Hawaii.

HAWAII ROCC PLANS

Senator Inouye: If the AF/DOD plan is not to fund the Hawaii ROCC by early 1982, when will it be funded and how does that plan compare with the cost avoidance plan presented by PACAF that would save 9 million?

General Allen: We are currently investigating several alternative methods of providing atmospheric tactical warning/command, control and communication to provide warning of an impending attack, which includes increased surveillance as well as automated displays.

The cost avoidance you refer to was generated by a PACAF proposal which requested FY 1981 procurement to upgrade one segment of the Hawaiian air surveillance system. That proposal competed for funding within the Air Force budgetary process and was not funded due to higher priority programs.

HAWAII ROCC IN SUPPLEMENTED BUDGET

Senator Inouye: Would it be possible to fund the Hawaii ROCC in the supplemented budget? Can funds be reprogrammed in the current budget to avoid the 9 million inflationary increase in the cost of the system?

General Allen: The supplemental items submitted for Air Force programs were primarily concerned with fact of life, readiness and modernization programs. A peacetime surveillance and control improvement was not considered appropriate for inclusion in these categories and was not considered for reprogramming action within the FY 1981 budget.

QUESTIONS SUBMITTED BY SENATOR HUDDLESTON

IOC FOR VANDENBERG LAUNCH FACILITY

Senator Huddleston: What is your currently scheduled initial operational capability (IOC) for the Vandenberg western facility for the space shuttle? Do you expect to meet that IOC? What is the latest IOC you could have and still meet your scheduled flights?

General Allen: The current IOC for Vandenberg AFB Shuttle facilities is Aug 84. This is a high risk schedule with little margin for further problems or delays. We are concerned about our ability to meet the Aug 84 IOC but at this time have not identified a specific problem which would cause a delay.

The latest Vandenberg IOC which will still meet the first scheduled flight is Oct 84.

VANDENBERG SHUTTLE LAUNCH PAD PROBLEMS

Senator Huddleston: I understand that there may be several problems at Vandenberg — one in placing the shuttle on the launch pad and one with icing. Could you evaluate those for us?

General Allen: The problem with placing the Shuttle on the launch pad is the one significant design problem remaining for Vandenberg. Specifically, the Vandenberg concept for assembly of the Space Shuttle Vehicle at the launch pad calls for a pivot and crane combination to take the Orbiter from a horizontal position to the vertical. The crane will then lift and control the Orbiter during mating to the solid rocket boosters and external tank. Weight growth in the Orbiter was of sufficient magnitude to require a complete redesign of this system which is now in progress.

Ice on the external tank could be a more significant problem at Vandenberg than at Kennedy Space Center due to the climatic conditions peculiar to Vandenberg. The concern is that the ice, which is quickly shed during the lift off, will strike the Orbiter and damage thermal protective tiles. NASA investigated both flight vehicle and facilities changes in an attempt to eliminate the problem. The NASA-selected solution would be to blow hot air from jet engines over the external tank during and after propellant fill to forestall ice formation. Because of operational drawbacks to this solution, we are investigating alternatives.

SHUTTLE ENGINEERING CHANGES

Senator Huddleston: At one point, the Air Force was reportedly receiving about 1500 engineering changes per month from Kennedy. These slowed because of the shuttle flight. Now that the first test flight is over, what do you anticipate in terms of engineering changes?

What impact are these likely to have on IOC?

General Allen: We anticipate a large number of engineering changes over the next several years and have programmed funds to cover the additional costs to maintain the planned IOC.

While the first shuttle flight was a magnificent technical achievement, it is the first step in a development program designed to take the Space Transportation System from a manual, R&D system, to a highly-automated operational system. In our Vandenberg Shuttle operations, we are attempting to leapfrog that development cycle and, insofar as possible, field an automated operational system. This will require us to incorporate the NASA lessons learned and appropriate engineering changes as we proceed.

CRITICAL UNTESTED SHUTTLE OPERATIONS

Senator Huddleston: The manipulator arm of the shuttle will not be tested until the second shuttle test flight. As far as Air Force programs are concerned, is this the most critical untested aspect of shuttle operations or are there other tests scheduled for the remaining flights which are of particular significance?

Please provide for the record a list of the satellite-related tests to be conducted on the second, third and fourth test flights.

General Allen: To the Air Force, testing the manipulator arm is important; however, more critical are those tests which validate the analytical models of Shuttle performance, Shuttle environment, and payload accommodations. These affect payload designs and the types of payloads that can be flown on the Shuttle.

The following is a list of the main satellite-related tests being conducted on the remaining orbital flight test (OFT) series:

OFT-2

Development Flight Instrumentation (DFI) package
- Measures acoustics, vibrations, temperatures, pressures, accelerations, orbit motions, etc.

Induced Environment Contamination Monitoring (IECM) package
- Measures contamination.

Office of Space and Terrestrial Applications package
- Earth resources package to test the performance of Shuttle for gathering earth data.

Remote Manipulator System (RMS)
- System checkout.

OFT-3

DFI
IECM (uses RMS)
Office of Space Sciences package
- Deep space package to test the performance of Shuttle for gathering space data.

OFT-4

DFI
IECM (uses RMS)
Cryogenic Infrared Radiation Instrumentation for Shuttle experiment
- Complementary contamination package to IECM package.

SHUTTLE ORBITERS

Senator Huddleston: You have projected a heavy Air Force traffic load for late 1984—early 1985 at Vandenberg. How many orbiters will you need at Vandenberg during that period and for how long?

Will any available orbiters serve your needs or do you require selected ones?

General Allen: Orbiter 103 will be essentially dedicated to Vandenberg operations for the period of early 1984 through mid-1985. A second Orbiter will also be used at Vandenberg from late 1984 to early 1985.

The Orbiter used for activation must be flight proven to insure that the activation team has a proven Orbiter to verify the facilities. For this reason the Orbiter required for the first scheduled Vandenberg flight in October 1984 must be Orbiter 103 which will also be required for the third scheduled flight in April 1985. Orbiter 102 or 099 will be scheduled for the second flight (February 1985).

VALIDATED ORBITER TURN AROUND TIME

Senator Huddleston: When would you expect to be able to validate turn-around time on orbiter use?

General Allen: We must gain more experience with Shuttle operations before we can answer your question in detail. After the early operational period (10-20 flights), we should be able to make a reasonable estimate for East coast operations, assuming NASA maintains a relatively firm baseline with facilities, equipment, software and manning support. Unique Vandenberg requirements that have yet to be defined, and NASA's success in identifying and eliminating bottlenecks, will have significant bearing on our ability to project West coast Orbiter turn-around timeliness.

DOD SHUTTLE TRAFFIC

Senator Huddleston: NASA is expected to reduce its projected traffic load shortly to 32 flights or perhaps fewer. What impact in terms of cost do you expect this to have on DOD missions?

General Allen: The DOD has agreed to pay a fixed fee ($12.2M in FY 75 $) for the materials and services expended during each flight for the first six full years of operation. NASA has, however, requested relief from our funding agreement, citing increased costs caused by optimistic estimates both for unit costs and early operational capability. If granted by DOD, a 50% increase in the cost for materials and services (to $18.5M in FY 75 $) will result. NASA has also requested reinterpretation of other elements of our agreement which, if granted, will raise the cost per flight for DOD.

DEFENSE SPACE MISSION PROTECTION

Senator Huddleston: In your view, does current policy and planning with respect to expendable launch capabilities insure adequate protection for defense space missions?

Is that true should the shuttle encounter unforeseen difficulties?

General Allen: Yes. General payloads have begun the transition from expendable launch vehicles to the Shuttle and, under current planning, this transition will be completed by 1986. However, in view of the past history of technical risks, program schedules and grounding of major launch and weapons systems, the Air Force will ensure the availability of backup launch vehicles until the Shuttle reaches the level of maturity to warrant phasing them out. Under current guidelines we plan to back up national security missions for the first two years of operation at Kennedy Space Center and for the first year at Vandenberg Air Force Base.

ELV PRODUCTION LINE

Senator Huddleston: When — and under what circumstances — would you feel confident in closing the ELV production line?

General Allen: A decision to close the expendable launch vehicle (ELV) production line will not be made until the DOD has absolute confidence in the ability of the Space Shuttle to support the launch requirements of critical national security payloads. Assurance of the availability of sufficient Space Shuttle Orbiters, demonstration of the capability of the Space Shuttle to meet operational requirements (turnaround times, launch on demand, performance needs, etc), and availability of both Shuttle launch sites (Kennedy Space Center and Vandenberg Air Force Base) are among the factors that will be considered in making such a decision.

EXPENDABLE LAUNCH CAPABILITY

Senator Huddleston: I understand that the Defense Science Board concluded that the U.S. should maintain an expendable launch capability for defense space missions until the 1990 timeframe. How have the Defense Science Board's findings influenced defense policy and planning in this regard?

General Allen: We have extended the Titan III(34)D production capability until the Shuttle initial operational capability (IOC) at Kennedy Space Center (September 1982), based in part on recommendations from advisory groups such as the Defense Science Board. We will also weigh the Defense Science Board's recommendations when we consider whether to continue Titan production beyond Shuttle IOC.

TRANSITION FROM ELVs TO SHUTTLE

Senator Huddleston: Has DOD actually delayed the transition of any payloads from ELVs to shuttle or is that still prospective?

When will major decisions have to be made?

General Allen: The transition of two DOD payload programs onto the Space Shuttle has been delayed. DELETED was originally scheduled to transition to the Shuttle in DELETED as was the Defense Satellite Communications System (DSCS) III program. Concerns about the availability of the Shuttle to support the DELETED resulted in a decision approximately one year ago to delay DELETED DELETED The DELETED DSCS launch requirement will be met by procuring one additional satellite of the current configuration used on expendable launch vehicles (ELVs) and launching it on a DELETED DELETED will reach decision points on dual compatibility and booster procurement this summer. If the decisions are made against dual compatibility, these spacecraft will become committed to Shuttle. Other [P] spacecraft will require decisions in early 1982.

Each satellite program undergoing major block changes has certain milestone decision points regarding which course the design will follow. At this time there are no plans to delay the transition of any other DOD payloads to the Shuttle. We do expect, however, to reexamine the need to make all DOD satellites dual compatible and the need to maintain an ELV capability indefinitely.

TITAN CENTAUR LAUNCH PAD

Senator Huddleston: A recent GAO report suggested that the Air Force might have to reactive the Titan Centaur launch pad and purchase a Centaur upper stage. Is that accurate? Has a decision been made? When will it have to be made? Are there other alternatives?

General Allen: The DOD has one mission which cannot be backed up by the Titan III(34)D/IUS due to performance limitations.

We are confident that the Shuttle will be able to support this mission, and we do not plan to provide a back up. If this mission were to be backed up, it would require use of the Titan III(34)D/Centaur and reactivation and modification of its launch pad at Cape Canaveral. We previously considered providing this option but rejected the idea due to the high cost and length of time needed for this development. There are no other alternatives now to back up this mission.

DSCS II AND DSCS III STATUS

Senator Huddleston: We had quite a disagreement in conference with the House the year before last over the DSCS II and DSCS III programs. What is the current status of that? Do you anticipate a gap as a result of the decision which was finally made?

General Allen: The Defense Satellite Communications System (DSCS) III full scale development program has achieved its major goals and we anticipate initiating procurement for the first two DSCS III production satellites this fall.

Production of DSCS II satellites has ended. On-orbit failures have degraded our operational satellites. Currently, the orbital DSCS configuration consists of four operational satellites and one on-orbit spare. In addition, there are two other satellites which have only partial communications capability. Some satellites are using extensive redundancy to maintain an operational capability with one satellite continuing to provide service two years beyond its expected five year design life.

The lack of additional DSCS II satellites, earlier DSCS III developmental delays, and on-orbit failures combine to create a tenuous situation for sustaining the DSCS system. Our most recent analysis predicts a 30 percent probability that during the 1983-1985 time period less than four DSCS II satellites will be operational.

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SHUTTLE REPROGRAMMING

Senator Huddleston: There is currently a proposed reprogramming of $60 million for the space shuttle before the HUD-Independent Agencies Appropriations Committee. NASA has provided very little information as to how those funds would be used. Would you have any concern if that reprogramming were denied? Do you know how the funds would be used?

General Allen: The $60M reprogramming request for the Shuttle contains $45M for Orbiter procurement and $15M for external tank procurement. We understand that these funds are necessary to retain the Orbiter 103 and 104 delivery schedules and fully support early operations. We are concerned that the Orbiter 103 schedule be adhered to because that Orbiter supports the activation of and early operations from Vandenberg AFB.

TDRSS

Senator Huddleston: The TDRSS system has apparently encountered several problems, both technical and cost; does the Air Force have any concerns about its ability to meet Air Force requirements?

General Allen: Yes, we do. Our concern with the Tracking and Data Relay Satellite System (TDRSS) rests with

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for a reasonable cost and on an achievable schedule.

INERTIAL UPPER STAGE COST GROWTH

Senator Huddleston: Please provide a specific breakdown of the cost growth that has occurred in the two-stage IUS since 1978 and explain what accounts for that growth.

General Allen: The Initial Upper Stage (IUS) program has encountered two significant cost increases since March 1978. The budget impact of the first of these increases is depicted below:

ITEM	MAR 78	DEC 79	DELTA
DOD STS IUS Development	$311M	$456M	$145M
Titan/IUS Integration	$ 30M	$ 45M	$15M
DOD IUS Procurement (several sources)	$ 32M	$ 46M	$14M
*Total DOD Funding	$373M	$547M	$ 174M

The above IUS cost growth resulted primarily from an overly optimistic development schedule which yielded inaccurate cost estimates for the IUS and inadequate consideration of the impacts of the concurrent development of the Space Shuttle Orbiter. Significant changes in that interface resulted in a number of costly changes within the IUS program. Technical problems which have been encountered with development of the solid rocket motors and the IUS flight software have also had additional impact on our cost estimates. These technical problems, in/and of themselves, would not have been particularly serious in a normal development. However, the constrained schedule of the IUS program exacerbated their impact.

The second increase is now under investigation and results from two factors: another increase in development cost projected by the prime IUS contractor and termination of the NASA planetary development and production activities. Our analysis of this cost growth is still underway and final budget impact data are not yet available.

(*These costs exclude the NASA IUS activity which is separately funded and budgeted by NASA.)

RESOLUTION OF IUS TECHNICAL PROBLEMS

Senator Huddleston: I understand the two-stage IUS has encountered several problems — one with mission peculiar software and one with the motor casings. Are you confident that these technical problems can be resolved — and resolved on time?

General Allen: The IUS program has had a series of technical problems with the flight software development and the rocket motors you mentioned. These problems have not been unusual in a development of this complexity. We believe that they are now under control and are likely to be resolved in time to support both Defense and NASA mission requirements.

ANTICIPATED AF IUS CAPABILITY IMPROVEMENTS

Senator Huddleston: When would you expect the Air Force to need a capability beyond that offered by the two-stage?

General Allen: The Inertial Upper Stage is being developed to lift a 5,000 pound satellite or payload to geosynchronous orbit and our current performance projections indicate that we will meet or exceed that requirement. This requirement was established following a thorough validation which considered the needs of all DOD space programs through the 1980s. However, our experience indicates that spacecraft will increase in weight over time, so we anticipate that a larger stage will be needed at some future point.

DESIGN DIFFERENCES BETWEEN IUS AND CENTAUR

Senator Huddleston: The design requirements for the IUS differ from the Centaur which NASA has decided to use for planetary missions in several respects - would you address these?

General Allen: Our primary objective was a system which combined operational utility with total operational cost while meeting the full range of mission requirements for which the Inertial Upper Stage (IUS) was intended. This places a significantly more demanding set of constraints on the overall IUS concept than would have been the case for a more limited mission set. Several of the major system requirements and accompanying rationale are summarized below.

REQUIREMENT	RATIONALE
Redundant Avionics	High reliability (96-98%) vs. current systems (about 90%). Reduces life cycle costs due to loss of fewer spacecraft. Increases operational availability of critical space systems.
Point-to-Point Guidance	Increased operational utility and lower life cycle costs. Allows multiple launch opportunities from one Shuttle flight, reduces probability of reflight.
Load Alleviation Cradle	Increases mission success probability by reducing Shuttle loads transmitted to spacecraft. Lowers life cycle cost by reducing spacecraft damage on abort landings.
7-Day Loiter in Orbiter Bay	Increased operational utility and lower life cycle cost. Provides multiple deployment opportunities

	from one Shuttle flight, reduces chance of reflight.
Minimum Length	Provides 42' of Orbiter bay for use by spacecraft. Mandatory for several DOD missions.

The Centaur concept that NASA has selected for their planetary missions does not meet the above requirements.

LIQUID PROPELLED ROCKET SAFETY CONCERNS

Senator Huddleston: In 1976, the Centaur, along with several other liquid propelled rockets, lost out to IUS, partially on safety grounds. Have there been any developments since then which would lessen the safety concerns?

General Allen: NASA-defined Orbiter safety considerations were an important factor in the Air Force decision to choose a solid propellant upper stage during the Initial Upper Stage source selection. At the present time, we believe that the maturity of the Orbiter is such that NASA has increased confidence in the Shuttle's ability to accommodate a liquid stage safely.

IUS ALTERNATIVES AND CRITERIA

Senator Huddleston: If all alternatives are reviewed, what would the principal Air Force criteria be?

Answer: The Air Force and NASA conducted a review of upper stage alternatives considering a mix of Initial Upper Stage (IUS) and Centaur (or equivalent) upper stages for the Shuttle. We concluded that in order to meet the projected mission launch requirements for both agencies that the DOD would continue the development and production of the two stage IUS while NASA would develop and produce a high energy upper stage for its planetary missions. We also concluded that the DOD should maintain a limited transtage backup capability as a hedge against further IUS program delays or the possibility of early flight failures. Our primary criteria in performing that evaluation and in reaching these conclusions was that we must be able to support our mission requirements in a timely manner.

TRANSTAGE MISSIONS

Senator Huddleston: What are current Air Force plans for purchase of the transtage and what missions would these be allocated to? Do these plans suggest a lack of confidence in IUS?

General Allen: The Air Force originally planned five missions for launch on the Titan III(34)D/Inertial Upper Stage (IUS). These missions are:

DELETED

The DOD FY 1981 Supplemental Request contains funds for procurement of two transtages to backup the DELETED and the DELETED DELETED The FY 1982 amended budget contains funds for procurement of two additional transtages which would backup the and launches. However, DELETED DELETED on another Titan III(34)/D/transtage due to IUS test equipment incompatibilities with spacecraft need dates.

The plans for procurement of transtages do not reflect a lack of confidence in the IUS, but rather a prudent approach to ensuring the DOD's ability to launch critical national defense payloads.

EXECUTIVE SESSION

Unless there is an objection, we will now go into executive session for 30 minutes, to consider the MX, and after that we will mark up the supplemental 1981.

Those who are not cleared for MX or those who have no need to know the content of this discussion, which is limited to MX, I would ask that you withdraw from the room as we will open the doors in 30 minutes. That is the maximum length of time we will consider the MX this morning in connection with this hearing.

[Whereupon, at 10:40 a.m., the subcommittee proceeded in executive session.]

(Executive Session)

The subcommittee met in executive session at 10:40 a.m., Hon. Ted Stevens (chairman) presiding.

MX MISSILE DEPLOYMENT

OTA STUDY

Senator STEVENS. The subcommittee will come to order.

We are meeting in executive session at this time to consider funding matters relating to the deployment of the MX missile. We are pleased to have with us today Hon. Verne Orr, the Secretary of the Air Force; Gen. Lew Allen, Jr., Chief of Staff; and Maj. Gen. George M. Browning, Jr., Director of Budget.

Senator RUDMAN. Mr. Chairman, I want to refer to that OTA study very briefly, and I believe the chairman was speaking about it also. I just want to go into it on just a couple of points which I don't think will take a terribly long answer.

One thing that really concerns me, from all of the information I have been able to get hold of in the past couple of months in this whole question is what happens in a race between MX shelters vis-a-vis more multiple reentry vehicles. Even with the load system which we have had briefings on and what that has done to enhance survivability, the numbers start to get into a dollar race between the number of shelters versus the number of MIRV's. I want to ask you about these figures.

According to OTA, and I have gone out and talked to some other people who are knowledgeable in this area, unless there is some arms limitation agreement we don't know about right now, and let us assume that there isn't going to be one for purposes of this discussion, we would have to build [deleted] fortified shelters by 1995 in order to ensure that [deleted] MX missiles, that is without load, but [deleted] to survive the Soviet first strike. This assumes a Soviet RV inventory of [deleted] in 1995, a commensurate requirement for us to have employed [deleted] MX's.

I want to know if these coincide with your own estimates because what essentially I see happening here in the absence of arms limitation is the Soviets targeting more and more multiple reentry vehicles for first strike and us building more and more MS's. As Art Buchwald said in his column, we will have to take not only Utah and Nevada, but throw in Arizona and Texas, and maybe even part of Hawaii.

I want to know what your response is, because to me if that assessment is anywhere near correct, it really starts to cut down on the whole concept of MX land based in the first place. I have not made up my mind and that is why I am asking you the question.

General ALLEN. To a certain extent I am repeating what I said earlier. The number 4,600 was picked on the basis of the current projection of Soviet builds of their ICBM force. That leads them to a force of [deleted] or so RV's, and 4,600 then provides [deleted] weapons surviving, which has been used as the design criteria.

By adding shelters we can raise the Soviet threat to which we can respond. By adding shelters within the planned area we can raise the threshold up to, as I recall the number, around [deleted] Soviet RV's.

Senator RUDMAN. That is correct.

General ALLEN. A number like that is not an unreasonable estimate of Soviet buildup because it would have them going to 10 MIRV's on all of their ICBM's. Therefore, that is not an unreasonable projection of the future and it is one that we have accomodated within the basic layouts now being proposed. As one imagines the Soviets going to much higher threats, it is necessary that we consider what kind of hedges we have against that, however, unlikely one might consider that.

They could add [deleted] by going to [deleted] on the SS-18's.

Senator RUDMAN. Which is technically feasible right now?

General ALLEN. That is technically feasible. The total effectiveness of that particular mode is subject to some arguments. There are limitations on their ability to use those weapons that way. But, as we address the possiblities of them going to numbers that get to be [deleted] clearly the United States has a major problem to address.

That is a lot of RV's and a lot of weapons aimed at the United States. It is enough weapons to cause one to have concerns even about submarines, because the ability to pattern bomb in the ocean becomes significant when you have that kind of yields. The United States would indeed have a very serious problem concerning the arms race if the Soviets are determined to go that direction.

LOADS SYSTEM

The way we have provided a hedge in the MX system is, as I said: First, you build additional deployment areas and you take more valleys and add shelters in them. Second, you include the LoADS. It is a combination of those responses, which are no more unreasonable than the unreasonableness of that kind of very awesome threat. There is another important element. In my view, a large buildup of ICBM RV's is not the most likely direction the Soviets will go. The Soviets have had a different philosophy about their forces all along than we have.

They are heavy on land-based ICBM's. A major fraction of their force is on land-based ICBM's, and a small fraction on bombers and a growing one on submarines. If they went to this high a fractionated threat, to a very high MIRV threat, they would have a very unbalanced Triad of their own—the number of weapons that would be on land-based ICBM's versus weapons on other vehicles.

This poses a terrible problem, because we at that point, particularly with MX, would have a clear first-strike capability against their ICBM's, which would be devastating to them. They have to consider a U.S. first strike whether we think we would do that or

not. When they do that calculation, they will quickly conclude, just as we have concluded, that it really is an undersirable force posture to be in. So my own estimate is that the Soviets are equally as likely to go toward the direction of a mode to regain survivability as they are to go to an extremely fractionated threat.

SOVIET ICBM CAPABILITY

Senator RUDMAN. Let me respond with one point. According to the CIA briefing we were privileged to have last week and a briefing I had at the Navy Department last night with the [deleted] it could well be that the Soviets industrial capacity will be turned to building multiple reentry sea launched ballistic missiles and that this [deleted] number of even higher in some people's views will be displaced between land based and sea based. Then we really have a problem.

General ALLEN. If the Soviets go sea based, they won't have the accuracy and they won't do as good a job. That part is favorable, if you find that favorable. The sea based is a city-aimed threat.

Senator RUDMAN. I hope that is true about some of their satellite targeting systems they are developing. We could find out that we were wrong about that 4 years from now.

General ALLEN. It is possible, but still I think where they are has got to be if they want the accuracy, they want the ICBM's. If they want the broad area coverage and lots of weapons, the subs will do that. I think they will do both. They will push on the SLBM's and, I think, they are likely to do some additional fractionation. They will probably go up to these higher threats above the about [deleted] RV's that we now project.

The Soviets will be careful and will not go too far in that direction and they will start developing mobile systems. That would be very much in accord with what they have done over the years. The SS-16's and 18's were their preliminary moves, which they then didn't pursue. They did not pursue them for a set of reasons which they will find out were wrong. That is, they believed they could make their silos so hard that they could survive our attack. We went that road for a while and found out you can't do that. Their silos are [deleted] but they still are not going to be invulnerable. They will discover that and will be led to mobile missiles.

SITE LOCATION FOR MX

Senator STEVENS. I will ask one question and yield to Senator Stennis. When we started to have the land fight back in 1970, I went to the Air Command in Alaska and told them that we had heard there was a new missile coming and if they wanted any land in Alaska they ought to move to get it. Nothing ever came of that. I want to ask this question: Is there something strategic about the location of Utah and Nevada that you picked as a place to deploy these? This is the area that has the greatest shortage of water in the country, the greatest demand for land because of productivity from the point of view of agriculture, and why didn't you go to someplace like my State or some other similar place where we had the rugged mountains of North Dakota, or New Mexico, and don't

misunderstand me. None of us have been asked to ask for this and I am glad my friends in Nevada and Utah have the problem rather than me. But why didn't you use some area where it is just really isolated land which has no utility at all to the country or to the people in the area, and why did we go to an area which has such high value?

General ALLEN. I have gone over most of those valleys and I know the citizens of Utah have a different view, but they are not productive valleys at the present time. But the real reasons it ended up——

Senator STEVENS. The water rights are very acute problems.

General ALLEN. One result which has been favorable is that all of our surveys show that water is not the problem. There is water in adequate places and with adequate recharge rates to permit the construction of MX without serious penalty.

Senator STEVENS. Why did you locate it there? Did you do it because the Government owns the land and we can say it is going to be dedicated to this? What was the decision that made that area so vital to this role?

General ALLEN. There were several factors. It is true and maybe it is wrong, that cost was a major element. Those valleys are largely alluvial, and the construction and the road laying is much cheaper to do in such an area. They have basically a 12-month construction period which means that the efficiency of the construction is much higher than some of the other places we looked.

Therefore a congruence of a number of things led to our choice of the valleys, including high operational suitability and a very significant advantage in terms of cost.

Senator STEVENS. I have one other question and I want to get this one out now. I firmly believe you are going to be defeated on this location. I believed that 3 years ago, I stated 2 years ago that you are not going to get those areas.

OTHER LOCATION OPTIONS FOR MX

What other option do we have and where are we in terms of deploying the MX if you do lose that land? How far behind are we if we don't shift now?

General ALLEN. We are not particularly far behind in the sense that there hasn't been construction work done in any of the areas. Where we are far behind is in the process required by law associated with the Environmental Impact Statements and provisions of NEPA. That is such a lengthy process that we would indeed be 2 years behind.

Senator STEVENS. I will show you how to waive that. We did that with the pipeline.

Senator Stennis, did you have a question?

MX BASING DECISION

Senator STENNIS. I want to make an observation here. The authorization bill will be up for debate next week on the floor for the MX system. It has these conditions tied to it and you can get into that later when you see the bill. Now going back, last year was about the second or third year that our authorization committee has had the

question of the MX. I made the statement earlier that I thought we had to concentrate on it and I didn't believe anyone was against the MX system and would vote against it in the final analysis. I was talking about the committee.

That is the way it turned out. Everyone was for the MX system that we talked with. We got tied up, though, on the location, the exact location of this thing, a very serious matter. We were trying to do everything that we could to take care of the local people's problems, but it was carried over until another year. We had to have a report back.

Well, Mr. Weinberger came in and he just said he couldn't make a report by the time that we had requested. I think it was due February 15. Well, with the change of administration, I agreed to give them more time, but in the end we had to move the bill forward and he still hadn't had time to make up his mind and we gave him time again. Now I don't say this critically.

I heard he said on television this morning that there would be a different basing system. I don't know just what he meant by that, but my point is, we had better make up our minds and move forward. This has gone on for years and years and as I say it was unanimous in our committee and we had it all approved last year, and it hung up on the exact location where you were going to put it. Now, with a new Secretary, a highly competent man is in, and he made indications that he might reach a different conclusion. If he does, let us be honest about it, but I don't think that there is any more time to spare.

Senator RUDMAN. I agree.

Senator STENNIS. We are just going to have to insist upon a decision. If it is going to be a new location, get in there and consider it and move this thing. I don't know of any better way to encourage the Soviets to take advantage of the situation than our repeated delays year after year on this land. I emphasize that, with the graveness of it, but you gentlemen are certainly within your rights in calling for proof and calling for anything further that you want, but we have to act.

ALTERNATIVE SITE TO UTAH AND NEVADA

Senator INOUYE. I would like to get a little better answer to the chairman's question. If the people of the United States residing in Nevada and Utah should prevail and force the Congress and the Department of Defense to change their plans on the location, do you have an alternate site?

General ALLEN. We were required to look at other sites. There were a number of them referred to in the original environmental impact statement. The area identified as the next most suitable was the high plains area of Texas and New Mexico. These areas have been worked more fully than have the others that resulted in the proposal to place some in one area and some in another. That area is geotechnically highly suitable; however, it involves a lot of presently utilized farmland. In the Nevada-Utah area it is public land. In the Texas area you are talking about a lot of privately owned land and some families would have to be displaced. So, it is a different kind of environmental issue.

Senator SCHMITT. And the water problem is more serious there. The only water is not being recharged and it is going down very fast.

Senator STEVENS. The problem is if you just set aside 110 million acres of land in Alaska, no one is going to use it or do a thing about. It is true that the cost factor would be higher if you stick them in there, but there would be no objection in any way to the use of that land. That is other than I did not know whether you had a strategic location, where they had to be at some particular spot, but there is nothing like that?

General ALLEN. I can't think of what it would be, although I haven't looked at it.

Secretary ORR. With your permission, we can answer that question privately for the record, for the executive record.

General ALLEN. The Sonora Desert was considered and there is a lot of Government-owned land in that area. Again, it is less desirable for a lot of reasons, which include costs, but it is possible to reopen that. We are in the awkward situation, and Senator Stennis said it well—it is impossible to consider several areas. We picked the best, and included factors which I am sure you share with us in believing that they are important, such as costs, We picked the best one and we have gone through the legally required process in that area. If in fact that turns out to be objectionable, we will have to look at alternatives.

PROGRESS STATUS OF MX

Senator INOUYE. At what stage are we in? Assuming that there is no hangup and no opposition from people or from Congress, how soon will the MX be in position and in operation?

General ALLEN. The construction begins next year and it continues through the decade. The first test is scheduled for January 1983, and the first construction on the shelters would be in January of 1984, and the first capability of 10 missiles deployed would be in July of 1986.

Senator INOUYE. That is assuming that everything goes well?

General ALLEN. Yes.

ENVIRONMENTAL IMPACT STUDY

Senator INOUYE. Where are you on the environmental impact study now?

General ALLEN. The process has been changing in the last few weeks. Where we have put out the draft environmental impact statement, it has been subject to public hearing in those regions. A few questions were raised about some numbers not being quite adequate and we granted an extension to allow some additional public interchange on that. I think we are just about the end of the period of public comment on the draft environmental impact statement, which will then be followed within 30 days or so by the final statement.

Senator INOUYE. Do you foresee any problems?

General ALLEN. I think we can go through that process all right; but yes, sir, the environmental impact statement—the process we

are required to go through by law—is a very terrible burden on us. We are required to go out and describe all of the bad effects of this system to the citizens of the area and entertain all of their complaints during a period of time when we are not supposed to be selling it. Obviously, we do try to describe why the country needs the MX, but there is a very long and complicated process which is aimed at giving the citizens the opportunity and the right to register their complaints and concerns.

It drags on so long and is so complicated and so protective of the citizens' rights that, in fact, we see a buildup of various public views for which there isn't really any counterbalance. It is hard to put the national concerns before the local groups who manage to muster up their opposition during this protracted period. It is a difficult process. Since the passage of NEPA, it has proved difficult for a number of different programs, including one that the Navy has. Despite these problems, I believe very sincerely that when the President makes his decision—if he makes it firmly and resolutely—whatever it is, the country will fall in behind him and this period of opposition and antagonism will just vanish.

The basic good will and dedication in the area affected is very high, but the process itself doesn't foster a positive view.

Senator STEVENS. Without objection we will go back into public session.

Senator ANDREWS. I wanted to ask a question.

LASER AND IONIZED BEAM WARFARE

Senator JOHNSTON. General, Dr. Edward Teller and others believe that the future of laser and ionized beam warfare in space is very great. What is your judgment of the possibilities for developing systems that in space could sense and shoot down ICBM's in flight?

General ALLEN. I believe the technology is insufficiently developed for any serious consideration of moving down that road, other than doing the research and development to understand the process.

Second, I think to provide the support of the basic study as with the shuttle, to do the things which are appropriate in space——

Senator JOHNSTON. If that were deferred it would not be forthcoming until when, the next century?

General ALLEN. Yes.

Senator SCHMITT. We will talk about it privately, but——

General ALLEN. There are enthusiasts, and some of them live in the area represented by Senator Schmitt.

Senator SCHMITT. General, now please sir, it is not a question of being an enthusiast. It is a question of looking at the facts of technology in the face and realizing what the future holds. To say it is 20 years away from having an airborne or spaceborne laser capability is ridiculous. We were even ready to go to the moon 20 years ago and we never thought about it. You have to realize what is technically feasible and possible in that period of time, based on a realistic examination of the technology base of this country and what we can do.

Now we can make political decisions that mean it is in the next century, yes, but I think it is unfair to this committee and unrealis-

tic to say there is not a technical option to have a new strategic policy that is based on making boosters obsolete. That is using either airborne laser system and spaceborne laser and/or partical beam systems.

Now there is a lot of research going into it, there is not enough and there is no coherent plan to make it happen but to sit here and say that it is not possible as an accessory system is ridiculous, because the Department of Defense has never put together a program that looked at that.

Senator INOUYE. Now, is it a real option as an alternative to the Race Track system?

Senator SCHMITT. I think there is an alternative, Senator, that is the integration of several different systems. It would be an alternative as conceived by the Air Force at this time, and would utilize some new silo systems, low altitude atmospheric ICBM systems and in the long run, depending upon how fast you want to push and the resources you want to put into it, of a 10-to-15 year third level or third layer of defense which is an antibooster system. That is my technical judgment and it has nothing to do with what is going on. That technology is going on everywhere and it is an integration that is going on in space as well as laser partical beam work throughout our R. & D. community.

Senator STEVENS. I made a commitment and will you please stick to MX and get to the planning? I made a commitment that we will get the bill out of here today, to go to the full committee.

CIVIL DEFENSE

Senator ANDREWS. It is the chairman that stimulated my interest in this one when you talked about what studies have been done. One of the things that bothers me is that when I was in the Soviet Union and the People's Republic of China is the fact that in those countries they have done a whale of a lot more on civilian shelters than we have.

Now you are talking about basing the MX in the western part of the Nation, and you talked before this committee at length about [deleted] vehicles that would be targeted in, and hopefully we will build enough houses out there for them to shoot at. But nobody as far as I can see has addressed the problem of location of the MX or whatever system from the standpoint of where the fallout debris is going to be. If we keep putting these things out in midcontinent America and inviting a strike of some type or another of [deleted] warheads, generating a cloud that moves across the eastern two-thirds of the country, what have we gained?

Has anybody addressed that?

General ALLEN. Yes, and let me make a couple of points. You are quite correct; the country has not taken civil defense very seriously. There are a lot of reasons for that, and I won't go into them.

Senator ANDREWS. I think we both know the reasons.

General ALLEN. The second thing I must add to your comments is that if we do the MX or any other deterrent systems correctly, their purpose is certainly not to draw fire. Their purpose is to make it obvious to the Soviets that there is no merit in attacking.

Senator ANDREWS. But a few moments ago in answer to the questions or in answer to Senator Rudman's question, you were

talking about the number of missiles they would aim at our MX system. The whole thrust of the discussion we got into was based on that. Now I am not postulating we ought to move the MX into the Eastern States, and maybe we ought to, and all of that cloud would go out over the Atlantic, but somehow or other someone ought to be addressing this particular problem based on location if indeed the situation is such as you were describing to Senator Rudman earlier.

Senator STEVENS. That is a question, sir?

Senator ANDREWS. I am asking, have you given any thought to fallout and is there any idea of locating MX in an area to minimize fallout on the major population centers of this country?

General ALLEN. Yes, we have considered that in regard to civil defense, but our objective is to deter the attack. If the job is done correctly it will deter the attack.

Senator ANDREWS. If they put all of this stuff in New England, there isn't anything to worry about.

Senator STEVENS. The executive session is concluded. The subcommittee will go into open session.

[Whereupon, the subcommittee proceeded in open session.]

OPEN SESSION

Senator STEVENS. Mr. Secretary, we appreciate your being here, and both the generals. There are some questions that we have on technical matters and there are one or two policy matters and if you would supply a response on the record we look forward to a chance, Mr. Secretary, to have a business meeting about some of these matters.

Secretary ORR. It will be at your convenience in your office.

SUBCOMMITTEE RECESS

[Whereupon, at 11:10 a.m., the subcommittee was recessed, to reconvene at 9 a.m., Thursday, May 7]

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