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COMMITTEE PRINT

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# NATO SUBCOMMITTEE 1980 TRIP REPORT

DOCUMENTS

REPORT

MAY 11 1981

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SPECIAL SUBCOMMITTEE ON NATO  
STANDARDIZATION, INTEROPERABILITY  
AND READINESS

TO THE

COMMITTEE ON ARMED SERVICES  
HOUSE OF REPRESENTATIVES  
NINETY-SIXTH CONGRESS

SECOND SESSION



Printed for the use of the Committee on Armed Services

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1981

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(II)

## INTRODUCTION

A delegation from the House Armed Services Committee's Special Subcommittee on NATO Standardization, Interoperability and Readiness visited the United Kingdom, West Germany, Denmark, Norway and Iceland during the period August 2-9, 1980, to review the readiness status of United States and Allied forces on Northern Flank of NATO.

The delegation talked with key defense and foreign policy leaders in the United Kingdom, Denmark, and Norway, and with U.S. military authorities in West Germany and Iceland.

A list of some of the major officials with whom the delegation met follows:

### United Kingdom:

The Lord Strathcona,  
Minister of State for Defense.

Mr. Geoffrey Pattie, MP,  
Parliamentary Under Secretary of State for Defense.

Adm. Sir James Eberle, KCB,  
Allied Commander In Chief, Channel and Eastern Atlantic Area.

Esquire H. K. Speed, MP,  
Parliamentary Under Secretary of State for Defense for the Royal Navy.

Air Marshal Sir Peter Terry,  
Commander in Chief, Royal Air Forces Germany.

### West Germany:

Gen. Frederick J. Kroesen,  
Commander in Chief, USA.

Brig. Gen. Thurman E. Anderson,  
Commanding General.

### Denmark:

Hon. Kjeld Olesen,  
Minister of Foreign Affairs.

Lt. Gen. G. K. Kristensen,  
Chief of the Danish Defense Staff.

Lt. Gen. A. C. B. Vegger,  
Commander, Allied Forces—Baltic Approaches.

Hon. K. G. Konradsen,  
Assistant Permanent Under Secretary.

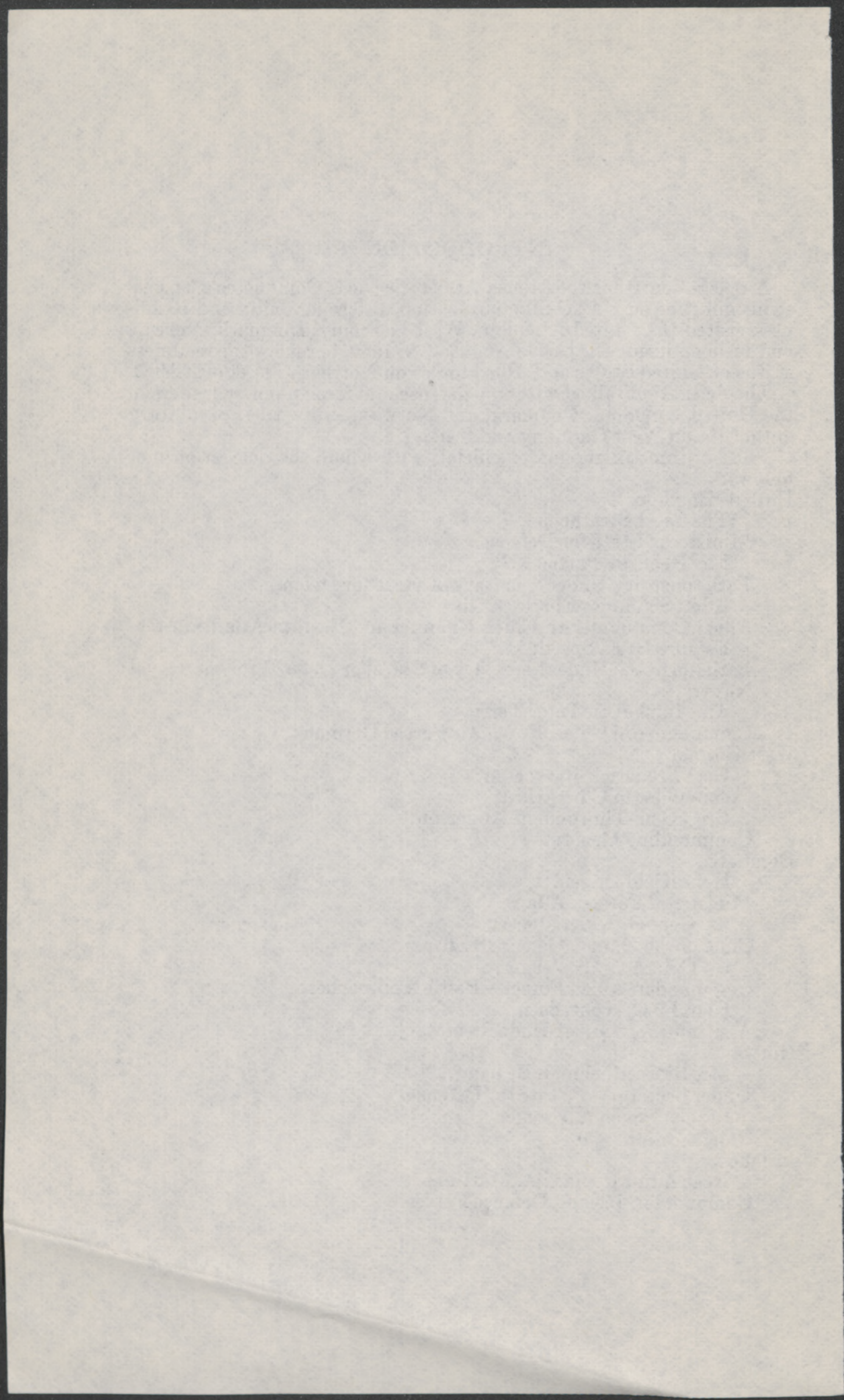
### Norway:

Mr. Bjorn Rochman Bruland,  
Under Secretary of State for Defense.

Lt. Gen. Sven A. Hauge,  
Chief of Staff.

### Iceland:

Rear Adm. Richard A. Martini,  
Commander, Iceland Defense Forces.



## UNITED KINGDOM

### BACKGROUND

A subcommittee delegation previously visited the United Kingdom in 1978. This visit was scheduled, primarily, to enable the subcommittee to assess changes of emphasis on defense matters resulting from the change of government in the United Kingdom since its prior visit.

#### *Meeting at the Ministry of Defense*

The delegation had a lengthy discussion of defense issues with a team of officials from the Ministry of Defense headed by the Lord Strathcona, Minister of State for Defense, and Air Minister Geoffrey Pattie. It also had the benefit of an informal exchange of views during a dinner meeting hosted by the Lord Strathcona. In all, the delegation met with United Kingdom officials for more than 12 hours on August 4.

#### *U.K. Armed Forces*

The current administration in the United Kingdom has attached a high priority to improving its defense capabilities, notwithstanding the fact that a policy of rigid fiscal constraint has resulted in nondefense programs being reduced by more than 4 billion pounds sterling (approximately \$9.6 billion) in the 1980-81 fiscal year. Defense estimates for the current fiscal year represent real growth in the neighborhood of 3 percent. The United Kingdom spends about 5 percent of its gross national product on defense, a burden which compares more favorably with U.S. expenditures (5.2 percent) than any other NATO country.

Since the withdrawal in the 1970's of most of its forces stationed outside Europe, some 95 percent of the United Kingdom defense effort is now devoted to the direct support of NATO.

#### DEFENSE BURDEN COMPARISON

[1979 data]

	United States	United Kingdom	U.K. NATO ranking
Gross domestic product (GDP).....	<sup>1</sup> \$2,336.6	<sup>1</sup> \$387.7	4
Per capita GDP.....	\$9,071	\$458.7	11
Defense expenditures.....	<sup>1</sup> \$122.2	<sup>1</sup> \$19.1	4
Per capita defense expenditures.....	\$480	\$216	7
Defense expenditures as a percent of GDP.....	5.3	4.9	<sup>2</sup> 2
Defense expenditures as a percent of national budget.....	21.5	15.9	<sup>2</sup> 2
Total Armed Forces as percent of total labor force.....	2.0	1.2	<sup>2</sup> 10

<sup>1</sup> Billions.

<sup>2</sup> No official figures for Greece and Turkey which could conceivably alter the United Kingdom ranking.

Since 1975 the U.K. defense budget has had the highest allocation for equipment expenditures of any NATO country. The United Kingdom is strategically placed to make a unique contribution to the military posture of NATO since a large portion of transatlantic reinforcement for Europe would be channeled through the United Kingdom and approximately 40 percent of the NATO European Commander's offensive air effort will be mounted from bases situated in the British Isles.

The United Kingdom maintains a peacetime force of 55,000 soldiers and a tactical Air Force on the continent of Europe. The forward deployment of this force will result in more than \$1.8 billion foreign exchange costs to the United Kingdom this year.

Britain provides forces for all three major NATO commands and is the only European nation to contribute to all three legs of NATO's deterrent triad—conventional, theater nuclear and strategic nuclear forces. In addition to its NATO commitments, Britain still maintains forces in Hong Kong, Gibraltar, Cyprus and Belize.

The United Kingdom abolished conscription about 20 years ago. The current strength of the armed services of 320,000 (71,000 Navy, 159,000 Army and 90,000 Air Force) is beginning to rise after a long period of manpower reductions in the 1960's and 1970's—in large part due to a 50 percent pay increase for the military since 1979. Prior to 1979, military pay had lagged seriously behind that of the civilian sector, a problem similar to that the United States has been experiencing. As a result of the Thatcher government's pay initiatives, recruiting is up significantly and the number of trained personnel leaving the force in midcareer is declining to manageable levels. In the fiscal year which ended in April 1980, the United Kingdom's armed forces recruited 50,652 men and women—the best recruiting results in 17 years.

U.K. officials are concerned, however, that even with increased pay, recruiting will become more difficult in the mid to late 1980's because there will be a smaller pool of eligible young men from which to recruit. They pointed out that in 1980, 10 percent of eligible males reaching recruiting age joined the armed services. By the end of the decade, they will have to raise this figure to 11 percent to maintain existing strength.

Despite its improved manpower situation, many of the units of the British Army of the Rhine (BAOR) remain understrength. Companies have been reduced to cadre strength in many infantry battalions. Another problem affecting the readiness of the BAOR is that about 3,000 men are deployed on short tours in Northern Ireland at any given time.

The delegation was concerned about the impact of the U.K. decision to procure Trident on its conventional force modernization programs. Lord Strathcona said that Trident acquisition would never require more than 5 percent of the U.K. defense budget nor more than 10 percent of defense investment. He said that so long as Britain maintained 3 percent real growth, Trident procurement would not impede other modernization programs such as the Challenger tank, Tornado and the planned U.K. infantry fighting vehicle.

Following the delegation's visit to the United Kingdom, a series of articles appeared in the U.S. press to the effect that the U.K. Government had decided not to exempt defense spending entirely

from its overall policy of fiscal retrenchment. According to these reports, which purported to cite official documents, U.K. officials had decided, at least temporarily, to abandon the goal of 3 percent annual real growth because of severe economic problems the country is experiencing.

The position of the Government is reflected in the following official statements by Defense Secretary Francis Pym:

These quotes appear to be taken from genuine documents, but no decisions have yet been taken. They can be taken only after collective consideration by Ministers. Discussion about future levels of expenditure, including defence expenditure, is only just beginning, as part of the annual public expenditure survey cycle. The Government is in no doubt that we must increase year by year our defence capability until we reach a level which we believe is essential for our national safety. Last year there was a real increase of about 2½ percent in defence expenditure. This year we will also achieve an increase, but we cannot say how close it will be to the 3 percent NATO target, since this depends on factors outside our control like the exchange rate of sterling, the rate of inflation, and changes in the price of oil. But we remain fully committed to the agreed NATO aim of a 3 percent real increase in defence spending.

The subcommittee is encouraged by this response but remains seriously concerned that the alternative real growth rate of 2 percent would constitute a reduction of nearly \$500 million in the 1981-82 defense budget nearly all of which would have to be absorbed by reductions to the conventional force modernization program.

#### *British Views on NATO Issues*

At the Washington Summit in 1978 Alliance Heads of State endorsed a Long Term Defense Program (LTDP). At the same time NATO's Nuclear Planning Group was tasked with examining the future of Alliance Theatre Nuclear Forces. These decisions reflected NATO's concern at what the Summit communique referred to as "the continuing momentum of the Warsaw Pact military buildup."

The United Kingdom has pledged its support for the program and recently published planned expenditure figures up to 1983-84 which meet NATO's aim. At a time when the government is committed to reduce the overall growth of public expenditure these plans demonstrate the priority the United Kingdom is giving to defense and to meeting the needs of the Alliance.

The United Kingdom already has plans to meet many of the LTDP measures addressed to the United Kingdom and is playing its part in those steps calling for international activity. Major programs which the United Kingdom has under way in the LTDP key areas include air defense measures such as the planned formation of an additional squadron of Lightning aircraft; 18 additional Hawk training aircraft; and the modification of up to 100 Hawk aircraft to carry Sidewinder air-to-air missiles. In the maritime field improvements being made include the introduction into service of the new *Hunt* class of Mine Counter Measures Vessels, the Sea Wolf point defense missile system; and the formation of the first-line squadron of Sea Harriers. In the area of mobilization, the United Kingdom is introducing an Individual

Reinforcement Plan to halve the time to mobilize the reservists concerned. Most recently the government announced a program to purchase up to 240 Challenger tanks which will equip one of BAOR's 4 armored divisions. The present assumption is that this program will be the first step towards replacing up to half the existing Chieftain main battle tanks in the British Army on the Rhine. These improvements will make a significant contribution to the strengthening of NATO's conventional forces.

In the area of Theatre Nuclear Forces (TNF) the Alliance has recognized a crucial imbalance between its own forces and those of the Soviet Union. Qualitative improvements have been made to Soviet systems already enjoying a massive numerical superiority. The mobile and highly accurate SS20 missile and the Backfire bomber still coming into service (at the rate of some 30 a year) are capable of striking targets throughout Europe. NATO, on the other hand, has not deployed any comparable new theatre nuclear systems since the introduction of the American F-111 aircraft in the 1960's. The U.K. contribution to Alliance long-range theatre nuclear forces—the Vulcan aircraft—will have to be phased out of service in the early 1980's. In the face of the growing Warsaw Pact threat, the Alliance agreed in December 1979 on a program to deploy 572 U.S. missiles in Europe comprising 464 Ground Launched Cruise Missiles and 108 Pershing II Missiles. The United Kingdom played an active part in shaping this program and advocating its adoption. The British Government agreed to provide basing for 160 U.S. Ground Launched Cruise Missiles and recently announced that these will be sited at 2 Royal Air Force bases—Greenham Common and Molesworth.

NATO's TNF decision was followed almost immediately by the Soviet invasion of Afghanistan which has, in the British view, altered the international strategic situation. Together with the continued instability of the Middle East, it has also brought forcibly home to NATO the need to take account of regions outside the NATO area in its planning. The Alliance now perceives clearly that the threat to western security and interests is of a global nature. Thus, the issues now of central importance to the Alliance are how its future plans should take account of the altered strategic situation and how best it can respond to the threat to its interests worldwide. There is still no disposition within the Alliance to redraw the NATO boundaries. Nor is this necessary in the view of U.K. officials.

However, NATO defense ministers have agreed that countries able to do so should work individually to promote stability outside the NATO area. Clearly, these efforts should be coordinated where possible and should encompass the strengthening of traditional political, diplomatic, trade or aid links as well as purely military activities. Ministry of Defense officials pointed out that the U.K. is historically well placed to make a contribution. It has longstanding ties in south west Asia and in the Persian Gulf and it makes a significant contribution to the security of friendly states by the attachment of loan service personnel and other forms of military training assistance and advice. Currently the United Kingdom has some 300 officers and men on loan in the Gulf region and several hundred students from the region receive military training in the United Kingdom every year. Units of all three of its military services deploy regularly to the Gulf area for visits and exercises. A Royal Navy Task Group is there now, making calls in the Gulf and Indian Ocean littoral. The United

Kingdom recently reviewed the capabilities of its forces for military intervention where required outside the NATO area and identified several useful enhancements that can be made at modest cost without detriment to its central NATO commitment. They now have one parachute battalion ready on 7 days call and they are looking at the possible restoration of a limited assault parachute capability, contingency stockpiling for out-of-area operations and command and control improvements.

However, the United Kingdom recognizes that the main burden outside NATO will fall on the United States. While the U.S. non-NATO commitments will not result in the withdrawal of any American ground or air forces permanently stationed in Europe, it does affect the availability of reinforcements and of maritime forces and it is not difficult to envisage situations where the commitment could increase substantially. U.K. officials believe, therefore, that NATO needs to draw up plans in the light of the changed strategic situation in such a way as to fill any gap that might be created by the redeployment of American forces: in other words sharing the burden of defense by "taking up the slack" in Europe.

In March 1980 the United States put forward a two-phased plan for Alliance response. Phase I, which was agreed to by Ministers in May, called for short-term acceleration of some existing defence programs including selected LTDP measures. The United Kingdom was able to make a positive contribution. Work is still in hand on the Phase II program and a report on these measures will be considered by NATO Defense Ministers in 1981. In most instances the measures are to be drawn from current programs, including the LTDP. Also implicit in Phase II is the need to augment the current ceiling of the NATO Infrastructure Fund, and it is clear that the achievement of the 3 percent expenditure increases is more than ever the key to maintaining an adequate defense posture in NATO.

In the view of U.K. officials, the main task ahead is to come to grips with the new dimension of Afghanistan and to do so in a way that will consolidate and not undermine the need for continued vigilance and effort elsewhere.

#### *United States Forces in the United Kingdom*

There is a growing perception in the U.S. Congress that our NATO allies do not contribute adequately to the defense of NATO nor to the added cost to the United States of maintaining forward deployed forces in Europe. In an effort to place this issue in perspective, the delegation reviewed the cost sharing arrangements in effect with respect to support of U.S. forces in the United Kingdom.

There are 24,500 Americans stationed in Britain—100 Army, 3,500 Navy, and 21,000 Air Force. The main naval presence is the submarine base at Holy Loch, Scotland and the U.S. Naval Forces Europe Headquarters in London.

By far the largest U.S. military presence in the United Kingdom is that of the Air Force which maintains about 340 of the 800 aircraft assigned to Europe in 7 main operating bases in Britain, including A-10's, nuclear-capable F-111's, and KC-135 tankers. The United Kingdom will also serve as home base for two new ground launched cruise missile bases by the mid 1980's. In addition, another dozen U.K. national airfields have been designated as colocated operating bases from which the U.S. Air Force would operate in wartime.

### *United Kingdom Host Nation Support*

U.K. officials were well aware of the U.S. Congress views on burden sharing and welcomed the opportunity to describe the nature and extent of their current level of host nation support.

The framework for host nation support is set by the NATO Status of Forces Agreement of 1951. But within that framework, support of U.S. forces in the United Kingdom is regulated by a number of bilateral agreements which fall into three general categories: (1) support provided free of charge; (2) support provided at a discount or on the basis of partial repayment; and (3) support for which U.S. forces reimburse the United Kingdom in full.

The most significant type of free support is government land which is otherwise surplus to U.K. military requirements. For example, the United Kingdom recently made its surplus Royal Air Force base at Fairford available to the USAF. Fairford has a fair market value of \$25 million. This year the government is purchasing additional parcels of land adjacent to USAF bases for their use which will cost approximately \$3 million.

A further agreement commits the United Kingdom to pay the first 100,000 pounds (\$240,000) each year of the cost of supplying U.S. forces with lands not surplus to U.K. requirements (i.e.: situations where U.K. installations have to be relocated elsewhere.) The annual cost to the United Kingdom of providing this kind of support is between \$12 million and \$24 million in rents foregone. A final example of free support is two quite unique agreements by which the United Kingdom is committed to provide manpower to guard U.S. cruise missile sites and crews to man USAF Rapier squadrons. Those two commitments, together, will represent a continuing annual cost to the United Kingdom of about \$15 million.

With respect to support provided at a discount, British officials explained that although land and buildings are provided free of charge, government construction and maintenance work on the facilities is done on a partial reimbursement basis. U.S. forces are charged a flat rate of 7.5 percent of the actual cost of the work although the actual cost to the British Government is currently running at about 18 percent.

One type of cost which has been the subject of controversy in the U.S. Congress is the charge levied on U.S. forces for use of crown property. The appropriations committees construed this to be a tax whereas it is, in reality, a payment for provision of local services. The British Government pays 86 percent of these charges on U.S. facilities—approximately \$8.4 million in 1980-81.

### U.K. VIEWS ON EQUIPMENT COLLABORATION

There is now a substantial history of equipment collaboration in Europe. U.K. officials believe that the increasing cost of development and the limits on the numbers of systems each nation could afford have provided a powerful motive for seeking to share development and combine production runs. They cited a number of successful projects that have resulted from arms cooperation such as the Jaguar aircraft, the Lynx, Gazelle and Puma helicopters, the FH-70 howitzer and the Tornado, and said that discussions are now underway for a new generation of systems including a new tactical combat aircraft

and guided missiles. In Britain 15 percent of the procurement budget is now spent on collaborative programs.

In British eyes, the virtue of this form of collaboration is that it does not prevent them from maintaining a viable defense industrial base. They believe that they must maintain such a base to support the formulation of service operational requirements, to retain the option of supplying their own needs and to maintain a potential for overseas sales of defense equipment which contribute to their economy in employment and balance of payments terms. This industrial requirement has had an important place in their collaborative efforts.

According to officials in the M.O.D., the other major powers in Europe have similar objectives, believing that the maintenance of an effective European defense industrial base is essential for NATO, not only in terms of European self-respect but also to enhance allied capabilities.

The United Kingdom feels that seeking an improved balance in transatlantic defense trade is not unreasonable. In addition to the 15 percent spent on collaborative projects, a further 10 percent of their equipment expenditures are devoted to foreign purchases largely from America such as the Harpoon, TOW and AIM 9L missiles, and the Chinook helicopters.

According to U.K. officials explained that what they are looking for is balance of effort, with the recognition that this will both give much needed support to the economics of the European defense industrial contribution and enhance transatlantic standardization. They believe the basic problem is to reconcile American adherence to the principle of competition with the European need for an element of controlled management to insure a more equitable balance.

Of particular interest to the British is the "family of weapons concept" which they regard as an imaginative idea. They feel that it grasps the point about the concern over duplication of R. & D. within the Alliance while recognizing the point that it is not politically acceptable that all R. & D. be done in the United States.

The British stressed, however, that an important element in any successful package is the need to insure the economics of a European production line, if necessary by a commitment to satisfy some part of the American demand from it. They also feel that there must be flexible arrangements in regard to foreign military sales.

With respect to the prospects for expanded use of dual production lines (one in Europe and one in North America) U.K. officials believe that it is dependent on the degree to which the industrial interests of the adopting countries are considered and the extent to which adopting countries can market the product outside the alliance as they would their own national programs. U.K. officials believe that proposals involving licensed production, with the British line acting as second source for American supply could be attractive. They said that arrangements of this sort were studied seriously during discussions on a possible U.K. procurement of the U.S. Infantry Fighting Vehicle. They pointed out, however, that with so much at stake nationally, firm arrangements have to be agreed to in advance. The IFV negotiations failed because the American system could not accommodate firm guarantees. They cited the case of the IFV as an aspect of a wider problem in their equipment dealings with America, where the commitments they are looking for at the beginning of a program cannot be guaranteed by the American Government.

The United Kingdom is concerned that American purchases from Europe have been essentially at the level of components and sub-systems, and that no progress has been made with complete systems on the two-way street. In their judgment, the importance of such purchases to improving the economics of defense developments in Europe cannot be too greatly emphasized. The United Kingdom feels that there is an awareness of these issues at the top level in Washington but that there is a noticeable lack of such awareness at the grass roots of the procurement systems. However, they regard the recent congressional initiative to procure the Rapier missile as an encouraging sign.

*Visit to Rapier Site*

Accompanied by Air Minister Geoffrey Pattie, several members of the delegation flew to the RAF base at Wildenrath, Germany to inspect a Rapier Air Defense Missile site. The delegation was particularly interested in seeing the Rapier in operation since the initial funding for the Rapier in the fiscal year 1981 budget was a House Armed Services Committee initiative.

The delegation was impressed by the capabilities of the Rapier which provides the only practical solution to short range air defense requirements for United States air bases in the United Kingdom.

Subsequent to the visit, the Appropriations Committees approved \$90 million to begin accelerated procurement of the Rapier.

## U.S. BRIGADE AT GARLSTADT, WEST GERMANY

On August 5, the subcommittee delegation visited the U.S. brigade of the 2d Armored Division (Forward) at Garlstadt, Germany to review the current readiness of Army units in Europe and the status of efforts to establish a command and support framework for a new three division corps deploying from the United States in wartime. As the forward element of that reinforcing corps, the brigade at Garlstadt is a clear manifestation of American resolve to bolster NATO's ability to counter a short-warning Warsaw Pact attack across the North German Plain.

This positive spirit of allied cooperation was also reflected in the quality of facilities built and maintained for U.S. forces at Garlstadt by West Germany which are among the finest anywhere. This stands in stark contrast to the deteriorating installations and deplorable conditions most American military personnel and their families must contend with elsewhere in Europe.

While at Garlstadt, the subcommittee received detailed briefings from General Frederick Kroesen, the U.S. Army Commander in Europe (USAREUR), and his staff. Addressing the issue of Army readiness, General Kroesen said that the situation had improved over the past year, but serious deficiencies remain. In particular, he cited the inadequate level of training and equipment maintenance problems stemming from insufficient operations and maintenance (O. & M.) funding. The impact of these shortfalls is particularly acute in Europe because of the dispersion of installations and the scarcity and limited size of training areas. For example, a projected \$78 million decrease in the fiscal year 1981 USAREUR request in the training and maintenance accounts would restrict field training to battalion level, and limit maintenance to little more than emergency repairs. However, General Kroesen was careful to point out that the negative impact of O. & M. funding shortfalls was not confined to those two accounts. He said that resource constraints are severely hampering efforts to contain, let alone reduce, the Army's current \$1 billion backlog in real property maintenance. He also expressed concern about delays and stretch-outs in procurement programs which are slowing the flow of modern equipment to the Army in Europe.

General Kroesen discussed the implications of the massive Soviet modernization program and a growing Warsaw Pact capability to launch a short-warning attack on Western Europe. Surveying NATO readiness, he was particularly alarmed about the alliance's limited ability to cope with formidable Soviet chemical and electronic warfare capabilities and its serious deficiencies in war reserve stocks. Unless Army modernization is vigorously pressed and determined collective efforts are made to address critical readiness problems General Kroesen warned that NATO's military posture will continue to erode in the central region.

The subcommittee found that progress toward the implementation of NORTHAG reinforcement plans was uneven. The principal element in those plans was the completion of three division POMCUS (Pre-positioned Overseas Materiel Configured in Unit Sets) sites in Germany, Belgium and the Netherlands by the end of fiscal year 1982. While the site at Moenchengladbach, Germany is nearing completion, it is doubtful that the others will be finished on schedule due to delays in site selection and land acquisition.

Efforts by the Army to establish a functioning forward headquarters for the new wartime units in NORTHAG and arrangements for the reception and initial logistical support of arriving forces have been more successful. However, until the arrival of support units from the United States to establish and maintain a satisfactory line of communication, the new corps will be almost wholly dependent on host nation logistical support. The subcommittee found this to be the area where the greatest uncertainty remains. Neither the U.S. brigade commander at Garlstadt, nor any of his counterparts arriving from the United States can say with any confidence the exact nature and extent of host nation support he will receive. Without firm, specific commitments by our allies, the effective wartime employment and sustainability of U.S. reinforcements will be in serious jeopardy. Consequently, the need to expeditiously reach agreement on specific host nation support arrangements in NORTHAG remains one of the Army's highest priorities.

But the onus does not rest wholly on the allies. In recent years, the United States has consciously pursued a policy of paring back combat service support capabilities to achieve a congressionally mandated "tooth-to-tail" ratio. As a result, today nearly 80 percent of the Army's total logistic support is the responsibility of reserve units, the majority of which are understrength and underequipped. These reductions have created readiness deficiencies in such critical areas as ammunition handling, maintenance, transportation, fuel, engineer, and medical services. The upshot is that we now find ourselves in the paradoxical position of attempting to press forward with NORTHAG reinforcement plans, while simultaneously endorsing a course of action that jeopardizes their successful implementation.

Whatever its initial justification, it has become abundantly clear that we have carried our pursuit of a better tooth-to-tail ratio too far. The subcommittee believes it is time for the Department of Defense and Congress to comprehensively reexamine the whole question of the proper mix of combat and support capabilities in light of current and projected mission requirements.

These concerns notwithstanding, the subcommittee strongly supports efforts to strengthen NATO's military posture in North Germany. The programed rapid deployment of three divisions and supporting units testifies to a clear U.S. commitment and represents a substantial increase in alliance capabilities in North Germany. By the same token, the subcommittee believes that the United States has a right to expect that its initiatives will be accompanied by vigorous efforts by its allies to upgrade military readiness and responsiveness in that critical region. The plans have been drawn, the specific objectives defined, it remains to be seen whether the collective resolve exists to translate them into substance.

## BREMER-VULCAN SHIPYARD, BREMEN, WEST GERMANY

A staff member visited the Bremer-Vulcan Shipyard to observe shipbuilding methods and shipyard capabilities with specific interest in the progress of the new NATO Type-122 frigate.

Bremer-Vulcan is the second largest shipbuilder in the Federal Republic of Germany. The facilities are extensive, and Bremer-Vulcan is currently building a 320,000-ton supertanker. The company is also the prime contractor with the German government for construction of six F-122 frigates.

The shipyard has three drydocks, each capable of housing the construction of an 80,000-ton vessel. One drydock is over 1,100 feet long and could take a vessel the size of a *Nimitz*-class carrier.

This facility is an example of the potential for the German shipbuilding industry to contribute substantially to NATO naval assets should a decision be made to take advantage of existing shipbuilding capability in the Federal Republic of Germany.

## DENMARK

### THE THREAT TO DENMARK AND THE BALTIC APPROACHES

#### *Strategic Importance of Denmark*

Denmark's strategic importance to NATO is largely a factor of geography. The Danish straits constitute the three natural exits from the Baltic Sea to the ocean.<sup>1</sup> Of these three exits—the Great Belt, the Little Belt, and the Sound—only the Great Belt is a deep water passage. Closure of these straits would bottle up the Warsaw Pact Baltic Fleet and deny it access to the Atlantic in the event of war. Such action would also deny Northern Fleet access to Baltic facilities to maintain vessels and sustain operations in the Atlantic. Thus, control of the straits is of paramount importance in NATO defense planning, and control of Denmark is essential to control of the straits.

Denmark's geographic location is also strategically important because it serves as a bridge between Norway and the NATO countries on the central front. NATO control of Denmark and the straits simplifies the defense of South Norway and allows the Allied Forces North (AFNORTH) Command to concentrate forces on the defense of Northern Norway with its critical airfields.

A third aspect of Denmark's strategic importance is the value of the Jutland Peninsula as a staging area on the flank either for NATO or the Warsaw Pact. The forward defense of NATO in the initial stages of a war would be concentrated along the inter-German border and an amphibious assault on the peninsula by the Warsaw Pact would position pact forces to flank NATO's forward defense and attack into their rear. Similarly, the peninsula could be used to mount a counterattack against the rear of a successful Warsaw Pact drive across the North German plain.

#### *Warsaw Pact Forces in the Baltic*

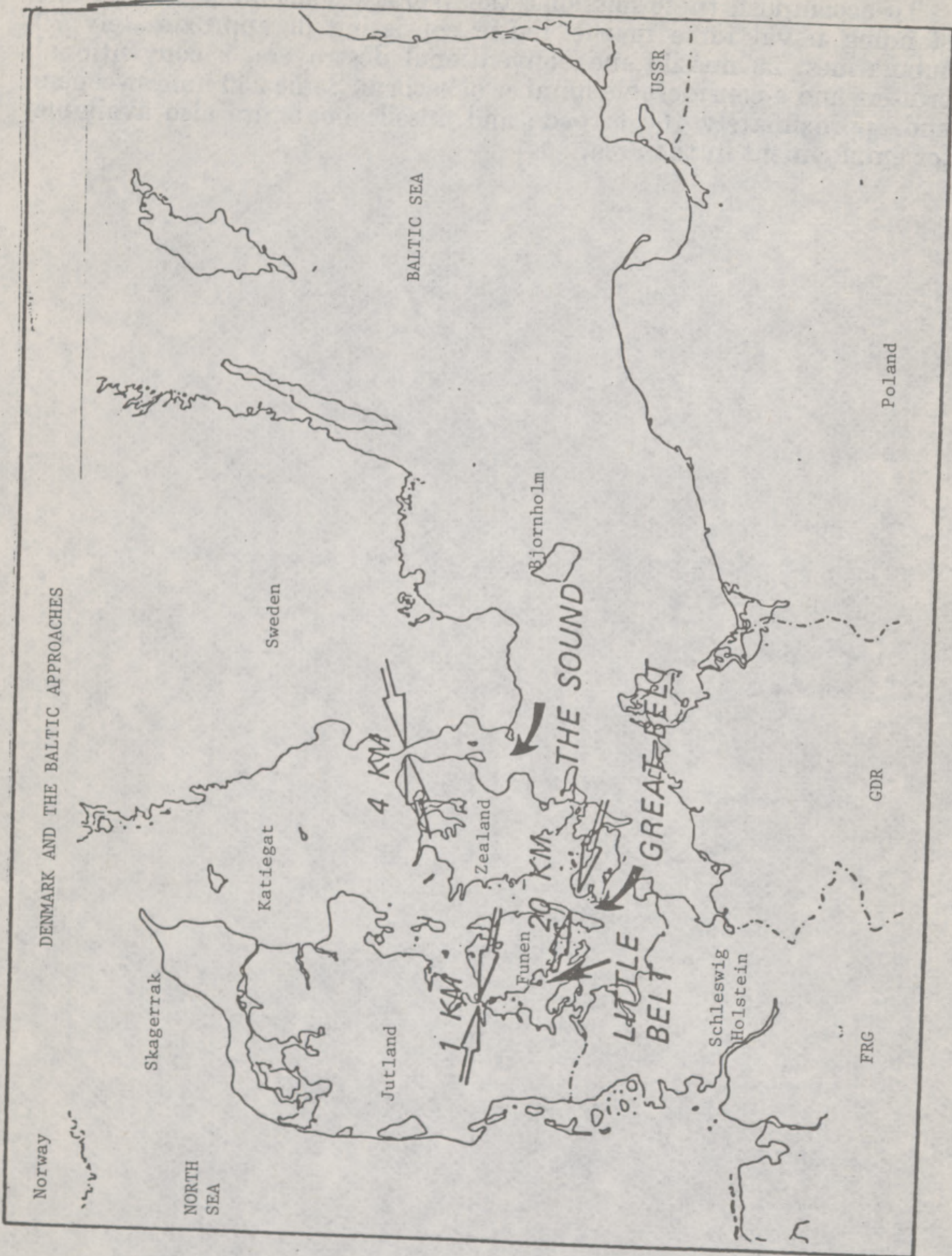
*Naval.*—The western Baltic is a confined, shallow body of water unsuitable for ocean-type operations. However, it is highly suitable for small ships, coastal forces, mine warfare and amphibious operations. The Warsaw Pact naval forces—consisting of Soviet, East German and Polish Fleets—are tailored for that environment. Their major combat missions include seizure of the Danish Straits, neutralization of NATO naval forces in the Baltic, surveillance, and amphibious operations against Denmark and Southern Norway.

Pact control of the Baltic would secure the flank of their forces in Northern Germany, deny NATO early warning and forward bases and provide a springboard for subsequent actions against Norway and NATO lifelines in the North Atlantic.

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<sup>1</sup> There are also two man-made exits: the Kiel Canal which crosses Schleswig-Holstein from Kiel to the estuary of the Elbe River; and the White Sea-Baltic Canal which is closed by ice 6-7 months of the year, and is complicated by a series of 21 locks.

To accomplish these missions, the Warsaw Pact maintains a large standing naval force in the Baltic consisting of approximately 70 submarines, 25 missile and conventional destroyers, 2 conventional cruisers and a considerable number of escorts. Some 250 minesweepers and approximately 100 torpedo and missile boats are also available for employment in the area.



Perhaps most indicative of pact intentions is the large, modern and growing force of 75-80 amphibious and assault landing ships capable of lifting in a first wave in excess of 6,000 fully equipped combat troops. This formidable assault capability is backed by a growing fleet of roll-on roll-off ships and barge transport vessels which have demonstrated a capability of landing up to 25,000 tons of cargo in a 13-hour period, including heavy armor such as T-72 tanks.

Warsaw Pact naval activity in the western Baltic has been steadily intensifying in recent years. Fleet exercises, once concentrated off the U.S.S.R.'s Baltic republics and the Polish Coast have edged westward to Rugen only 55 miles off the coast of Denmark. Exercises in the Kattegat and circumnavigation of Danish islands in the straits have become a routine part of Pact training maneuvers and permanent patrol and surveillance activities.

It is also significant to note that since 1976 the U.S.S.R. has deployed six Golf-2 class submarines to the Baltic fleet, each carrying SS-5 ballistic missiles with a 750-mile range. The introduction of nuclear weapons platforms into the Baltic represents part of an overall pattern of steadily increasing pressure on the region.

#### *Air*

The air threat against the Baltic approaches consists of three Soviet tactical air armies (one in East Germany, one in the Poland and one in the western U.S.S.R.); the Soviet Baltic Fleet Air Force, the naval air arms of East Germany and Poland, and Soviet long range aviation. Altogether this force amounts to 440 offensive aircraft, 225 defensive aircraft and airborne transports.

#### *Land*

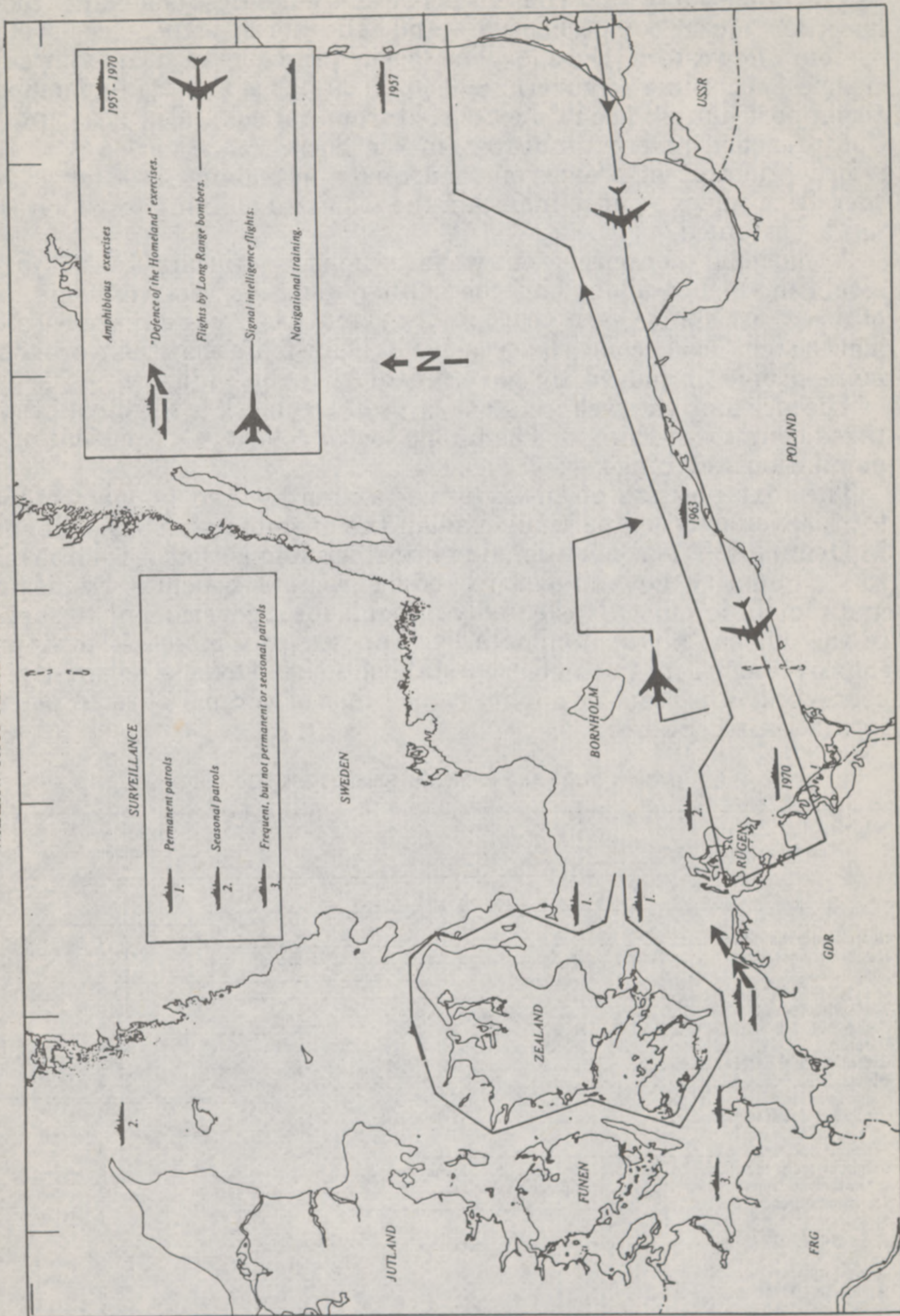
The Warsaw Pact controls 1,000 kilometers of Baltic coastline with bases and ports suitable for staging amphibious attacks on NATO territory. The pact has 12 motorized divisions and 1 tank division in the area, of which as many as 8 are likely to be committed in the Baltic approaches. The major land threat, however, is the 10,000-man amphibious force consisting of a Soviet naval infantry regiment, a Polish sea-landing division and elements of an East German rifle division specifically trained for amphibious warfare. This amphibious force, supported by two airborne regiments, poses a serious challenge to the BALTAP Command which must divide its forces between Jutland and the offshore islands.

#### THE POLITICAL CLIMATE IN DENMARK

With brief interruptions, the Social Democratic Party has exercised political control in Denmark since 1929. However, the Social Democrats currently control only 68 of 175 seats in the Folketing (parliament) and the government headed by Prime Minister Anker Jorgensen depends upon the maintenance of a fragile consensus on major issues.

Party	Percent of vote Representatives	
Communist (founded 1932)	1.9	0
Left Socialists (1968)	3.6	6
Socialist People's (1960)	5.9	11
Social Democrat (1884)	38.5	68
Radical Liberal (1905)	5.4	10
Single Tax (1926)	2.7	5
Centre Democrats (1973)	3.2	6
Christian People's (1973)	2.6	5
Liberal (1870)	12.5	22
Conservative (1915)	12.5	22
Progress (1973)	11.0	20
Total	100.0	175

WARSAW PACT PEACETIME ACTIVITIES IN THE BALTIC



The linch-pin of that consensus is welfare politics. Denmark, today, has the most comprehensive—and the most expensive—welfare system in western Europe. The basic principle in Danish welfare policies, according to government publications is that “anyone unable to support himself should be assisted from public funds.” That philosophy reached political maturity in the Social Assistance Act of 1976 which guarantees “everyone adequate economic assistance, not merely to survive but to maintain the standard of living to which they are accustomed.”

A national consensus on welfare politics appears to be firmly established since about half the adult population receives some form of direct assistance each year and everyone has a vested interest in it. The system has become so pervasive in Danish life that there are today more people employed by government than by industry.

The price of the welfare state is that Denmark is the most heavily taxed country in Europe. The public sector collects 47.1 percent of the population's earnings.

The juxtaposition of an excessive tax burden and popular support for the welfare state partially explain the dilemma of defense planning in Denmark. The conventional political wisdom is that it is impossible for a minority government to reduce welfare benefits significantly and remain in office. It is equally difficult for a government to survive in the current political climate by proposing tax increases to finance improvements in the defense establishment. Defense currently receives only 4 percent of public sector funds as compared to 16 percent in the United States.

OVERALL STATE AND MUNICIPAL BUDGETS FOR FISCAL 1979

Current expenditures	DKr 1,000 million	Percent
Services.....	100.0	60
Central administration.....	6.1	4
Health services.....	17.9	11
Social welfare.....	18.8	11
Education and research.....	20.3	12
Transport, communications.....	10.9	7
Police and courts.....	3.0	2
Defense.....	6.6	4
Greenland and Faroes.....	3.1	2
Other.....	13.3	8
Income transfers.....	62.9	38
Pensions and services.....	20.9	14
Unemployment benefits.....	10.2	6
Other income transfers.....	29.8	18
Transfers abroad.....	4.1	2
Total expenditure.....	167.0	100
Current income:		
Income taxation.....	78.0	46
Value-added tax.....	32.2	19
Other taxes.....	23.0	13
Capital and property taxes.....	9.4	5
Other incomes.....	28.8	17
Total incomes.....	171.4	100

Note: 1979 price and wage level.

Source: Budget, January 1979, Ministry of Finance.

The magnitude of the problem confronting defense planners perhaps is best illustrated in this table by the fact that Denmark spends 50 percent more on unemployment benefits than it does on National defense. In contrast, the United States spends eight times as much on defense as it does on unemployment benefits.

At the present time, Denmark is experiencing an economic recession and the government is being forced to consider cuts in social welfare programs. Prime Minister Jorgensen apparently does not believe that he can justify real growth in defense spending under these circumstances. Jorgensen's problem is not simply to justify such action to the Folketing as a whole, but also to his own party. The elections produced an unusually large "Class of 79"—first term parliamentarians—who tend to be more doctrinaire than their predecessors. The result has been a shift to the left in the Social Democratic bloc in the Folketing and a lessening of traditional party discipline.

This left-wing of the SDP favors cuts in defense spending and opposes reductions in welfare programs, thus the Prime Minister has a difficult time maintaining a consensus within his own party. Because Jorgensen appears to believe that Denmark cannot be governed responsibly without a strong Social Democratic party, he apparently feels that he cannot allow it to split over the issue of defense spending.

Denmark's reluctance to increase defense spending is not simply a byproduct of its current financial difficulties or of political tensions within the Folketing. The underlying reality is that there is no popular pressure on the government to improve Denmark's defense capabilities. Outside of the Ministry of Defense the Danes do not seem to believe there is a threat to Denmark.

The Danes have always been as much a part of the "Nordic Balance"—an ideological bloc of Scandinavian countries including Sweden and Finland—as a part of NATO. As such, the Danes see themselves as innocent victims likely to be caught up in a struggle between the superpowers. They tend to believe that the little countries on both sides must bridge the gap between NATO and the Warsaw Pact, both to keep things under control and to act as a brake on superpower policy excesses.

As a result, Denmark remains strongly in favor of detente and seeks to minimize the significance of events, such as Afghanistan, which threaten the status quo in East-West relations. The national view appears to be that the Soviet Union has no territorial ambitions in western Europe, nor any motivation for starting a world war. This translates into a perception that the principal threat to Denmark lies in the possibility of a collapse of the East-West dialogue as the result of NATO over-reaction to events in Afghanistan or other far-away places.

From the beginning, Danish participation in NATO has been regarded by many (only 57 percent of the population currently supports membership in NATO according to a recent poll) as a necessary evil—a resignation to the fact that a posture of uninvolved neutrality in a war in Europe is not a realistic option. However, the Danes have never been prepared to assume the full burden of defending themselves. Their forces have always been structured toward the objective of holding on until help arrives. That basic attitude appears unchanged today. The Danish Government is apparently unwilling or perceives itself to be unable to honor its commitment to its NATO allies for 3 percent annual real growth in defense, but it is amenable to providing facilities

for depots and pre-positioned equipment for United States reinforcements to Denmark.

The Danish attitude toward national defense has resulted in the coinage of a new term gaining in usage throughout NATO: "Denmarkization," implying a desire to stay under the NATO security umbrella without paying for it.

#### BACKGROUND ON THE DEFENSE DEBATE

The last omnibus defense bill passed by the Folketing was the Defense Act of 1969. Because of the difficulties associated with establishing a broad, legislative consensus on defense, the government has since chosen to avoid confrontation by extending the 1969 Act for successive four year periods in 1973 and 1977. The result of this parliamentary maneuver is that there has not been a full-scale debate on national defense capabilities and requirements in the Folketing for 11 years. The 1977 extension provided for indexation of wages and prices as a hedge against inflation but otherwise continued the prior level of effort in the defense budget. In the context of the budget process in the United States, the Danish Defense Establishment has been operating on a continuing resolution since 1973.

Despite the no-growth decision implicit in the 1977 extension, there has been modest real growth in the Danish Defense budget during the past 3 years, but nothing approaching the 3 percent annual increase to which the government committed itself in May 1977. In responding to criticism from its NATO allies about Denmark's failure to honor that commitment, the government has taken the position that the NATO heads of state agreement came too late to be incorporated in the 1977 4-year plan and that no increases to the defense budget would be possible until 1981.

In 1978, looking ahead to the 1981 defense budget debate, the Defense Minister directed the armed services to project the costs of maintaining current defense capabilities and to develop alternative 10 year plans based upon 0, 1½, and 3 percent annual real growth.

At the time of the delegation visit to Denmark, the professional military evaluations had been completed and forwarded to the Ministry of Defense but no formal government recommendation had been submitted to the Folketing. However, the delegation was informed that the government had recently cut the 1980 budget and seemed to be leaning in favor of an inflation-proofed, zero growth defense program starting in 1981.

To put this debate into perspective, the Danish defense budget for 1980 was 7.3 billion kroner—approximately \$1.35 billion. Three percent real growth thus amounts to about \$40 million.

#### MEETING WITH THE FOREIGN MINISTER

Foreign Minister Kjeld Oleson met with the delegation to brief the members on the Danish Government's current thinking about defense matters and to explain how defense policy and plans are integrated into the broader context of Danish domestic and foreign policy.

Oleson said that, having been in Washington in December 1979, he was aware of the growing feeling in the United States that Europe is not carrying its fair share of the defense burden, but he stressed that the view from Copenhagen was quite different from that in Washington.

Oleson echoed the oft-cited European theme that a comparison between United States and NATO-European defense contributions was misleading. He said that the United States was a superpower with global responsibilities whereas small NATO countries such as Denmark are responsible only for their contribution to NATO's regional security. The foreign minister made it clear that while they had a commonality of interests with the United States, Denmark would not structure its policies on the basis of shifts in American public and congressional opinion. Unspoken, but clearly implied, was the view that American policy tends to be overreactive and possibly even counterproductive.

To illustrate his point, Oleson noted that the Danes regarded the Soviet invasion of Afghanistan as "a step in the wrong direction" and that they had joined in condemning the action. However, he said that "after objective analysis, Denmark had concluded that Afghanistan does not affect the military situation in Europe." He acknowledged that it had temporarily changed the atmosphere for Mutual Balanced Force Reduction (MBFR) negotiations but Oleson stressed that Denmark was most concerned with "keeping the Bridge to the East open" and to avoid the kind of military reaction that could only result in an escalation of tension.

The foreign minister said that superpower politics placed too much emphasis on military capabilities and not enough on the so-called North-South dialogue which would shape the globe in the coming decades. He said he believed the future of the West to be connected to the political movement of the nonaligned countries. Oleson pointed out that the world is spending \$450 billion on arms but only \$20 billion on foreign aid to emerging nations. He said this focus on the military balance at the expense of addressing solutions to the North-South income imbalance was viewed with alarm in Denmark where they were seeking to strike a more constructive balance between defense and foreign aid.

With respect to the upcoming debate in the Folketing on defense spending, Oleson stressed that Denmark's military situation was not as bad as it had been depicted abroad, and that the debate would begin in September 1980.

Oleson said that while he understood the political reasons for the U.S. attempt to induce its allies to adopt larger defense budgets, Americans must also understand that Danish defense policies and budgets are formulated in Copenhagen and not in Washington. He added that, in his view, Denmark currently has a very capable defense and that the new 5-year plan would be adequate for Denmark to meet its commitments to NATO.

In response to questions from the delegation about what the government would recommend for defense spending, Oleson said Denmark would carry its share of the burden, but that the real question was "what is the right balance?" He said the Folketing "would not accept the word of the generals as final."

According to the foreign minister, the Ministry of Defense was asked to prepare three alternative budgets reflecting zero, 1½ percent, and 3 percent annual growth. He said, also, that the MOD had been asked to look at the possibility of restructuring Danish forces to tailor them to Denmark's unique defense requirements and that NATO should not be alarmed if that should result in some reductions to the force structure.

Since the delegation's visit to Denmark, the Folketing has initiated its debate on defense spending, final action is not expected before March 1981.

As expected, the government proposed a zero-growth program which allocates only 2.4 percent of the Danish gross domestic product to defense—the lowest rate among all NATO allies. External pressure to increase defense spending is being matched internally by an unusually vocal stand by Denmark's defense chiefs. However, the outcome of the debate in the Folketing remains uncertain at this time.

#### MEETING AT MINISTRY OF DEFENSE

The delegation held a lengthy discussion on the status of Danish defense programs with representatives from the Ministry of Defense and the Chief of the Danish Defense Staff, Lt. Gen. G. K. Kristensen.

#### *Current Forces and Programs General*

Denmark's 1980 defense budget of 7.3 billion kroner (\$1.35 billion) supports a standing military force of 34,200. To put these numbers into perspective, the 1981 budget for the District of Columbia is \$1.4 billion and New York City maintains a police force of 29,500.

The budget breaks down into the following broad spending categories:

	<i>Percent</i>
Personnel.....	59
Operating materiel.....	18
Other operating costs.....	7
Investment.....	16

#### *The Army*

The peacetime Army totals 22,000 men of which 8,500 are assigned to combat units. The Army has traditionally relied heavily on its wartime mobilization capability to expand to a force of 90,000 organized into a field army of 5 Armored brigades and a Local Defense Force composed of 21 light infantry battalions and a Home Guard.

The field army, which constitutes the major element of Denmark's ground combat power, could not effectively concentrate its forces against an attacker since three brigades are deployed on the Jutland Peninsula and two are assigned to defense of the island of Zealand.

The limited size of the standing army is not offset by the quality of its equipment, much of which is aging to the point of obsolescence.

The Defense Staff considers the status of Military equipment to be "satisfactory—considering the resources that are available." However, its force of 200 tanks consists of 80 Centurions (a contemporary of the U.S. M-48,) and 120 Leopard I's (now being replaced in Germany and the Netherlands by the Leopard II). Denmark plans to replace its remaining 80 Centurion tanks with Leopard I's. Their force of armored personnel carriers is similarly obsolescent when compared to the modern infantry fighting vehicles now being fielded by other NATO countries.

Danish military officials were candid in acknowledging that all three services suffer serious deficiencies in the area of war reserve stocks; command, control and communications; electronic warfare capabilities; training levels and air defense.

In the case of the Army, the prospects for near term improvement are not very encouraging since F-16 aircraft procurement consumes

60 percent of the investment budget, leaving only some \$60 million available for other investment programs throughout the three services.

General Kristensen told the delegation that allied reinforcements figure prominently in Danish defense planning. He said that they would have to have U.S. Marines in Denmark "within a few days, not a few weeks" and that the government was working actively to conclude arrangements for pre-positioning equipment for U.S. Marines and Air Force squadrons in Denmark.

He said, also, that Denmark was actively seeking a commitment for U.S. Army units in the evolving NATO Rapid Reinforcement programs.

Because of Denmark's funding constraints, the major improvement in ground air defense will be the acquisition of a limited number of U.S. Hawk batteries as they are replaced in the U.S. force structure by the modern Patriot Missile System.

### *The Air Force*

With the exception of the planned acquisition of 58 F-16 fighter aircraft, the status of the Danish Air Force is not much more encouraging than that of the Army. The Air Force consists of 7,000 men in peacetime and would expand to a force of 14,500 in wartime.

Until significant numbers of F-16 fighter aircraft begin entering service (Denmark has ordered 58 from the NATO consortium discussed later in this report) the Danish Air Force will consist of 40 F-100 fighter bombers (being replaced by the F-16), 40 F-104 air defense fighters, 20 F-35 Draken fighter-bombers and 35 other reconnaissance, transport and rescue aircraft.

The obsolescence of the 100 combat aircraft is illustrated by the fact that the F-100 and F-104 have not been in active service in the U.S. Air Force since 1972. The Swedish-made F-35, while a Mach-2 aircraft, carries limited ordnance and is in the class of the F-100. The first F-35's were produced in the 1950's.

### *The Navy*

The strength of the Navy is 5,200, of which 1,000 are conscripts, a force structure which expands upon mobilization to 8,000.

The force consists of:

	Current	Goal
Frigates/corvettes.....	5	5
Fast patrol boats (FPB).....	16	18
Submarines.....	6	6
Minelayers.....	6	4
Coastal minelayers.....	3	3
Minesweepers.....	8	8
Seaward defense craft.....	8	8
Total.....	50	52

Three new *Niels Juel*-class corvettes are scheduled to become operational during the period 1980-82 and 10 new *Willemoes*-class FPB are recent additions to the force equipped with Harpoon missiles. Two of the coastal minelayers are also new, having become operational in 1978.

The Danish fleet, even when augmented by West German forces in the Baltic, stands in stark contrast to the much larger naval force

maintained in the area by the Warsaw Pact. The disparity of numbers, even after taking into consideration the unique features of naval operations in the Baltic, is disquieting. In view of Denmark's preoccupation with allied reinforcements, it is apparent that the Danish and West German naval forces in the Baltic are designed to delay and complicate assaults on Jutland and Zealand rather than to repel them.

### *The Potential Impact of the Defense Budget Debate*

As mentioned previously, the Foreign Minister informed the delegation that the Folketing would be considering three alternative 4-year defense budgets; no growth; 1½ percent growth; and 3 percent growth. The members questioned defense officials at length on what impact the decision would have on Danish defense capabilities. A *no-growth budget* would result in major reductions in force structure. One of the two Zealand brigades would have to be abolished and the modest Army modernization and war reserve stockage program would proceed at a much slower rate.

In the case of the Navy, a no growth defense budget would result in insufficient funding for procurement of both fast patrol boats and mine hunters. It would also force a significant reduction in the number of tactical helicopters.

The Air Force would decline from 116 combat aircraft to 80 and leave the problems of ammunition shortfalls and electronic warfare deficiencies unaddressed.

### *3 Percent Growth*

Even with 3 percent real growth in the defense budget, the manpower in the Army must be reduced and the Air Force inventory will decline to 88 aircraft, and the F-104's will not be replaced when phased out during the mid-1980's.

General Kristensen told the delegation that a minimum of 5 percent annual real growth in defense spending would be required to maintain the current force structure. He said that the military had told Denmark's political leaders that 3 percent was an absolute minimum. Kristensen added, however, that at even that level, Denmark could implement only about 50 percent of its commitment to NATO in the Long Term Defense Plan. He said that to fulfill its obligations to NATO, Denmark would have to increase its defense budget by 70 percent and sustain that increase over a 10-year period.

### MEETING WITH GENERAL VEGGER

The subcommittee visit to the Headquarters, Allied Forces, Baltic Approaches (BALTAP) at Karup, Denmark represented the first congressional visit to that headquarters in its 30-year history.

BALTAP forms the southern part of the Northern European Command and covers Denmark, North Germany from Schleswig-Holstein to Hamburg, parts of the North Sea, the Skagerrak, the Kattegat, the Baltic Straits and the Baltic Sea. It is a complex command requiring close cooperation of land, naval and air forces. The joint staff of BALTAP is manned by one-third Danish, one-third German and one-third U.S./U.K. personnel—the only multinational peacetime NATO headquarters.

The commander of BALTAP is always Danish, and he also commands all Danish forces. Lt. Gen. A.C.B. Vegger, the BALTAP commander conducted a comprehensive briefing for the members, enumerating threat capabilities. (See previous section on the threat to the Baltic approaches) and the allied forces available to his command to counter the threat.

General Vegger summed up the situation confronting him by saying:

We face a major amphibious threat and the prospect of a breakout North across the Kiel Canal. Unless strongly reinforced, attrition will outrun my capacity to replace losses.

He said that rapid reinforcement was essential to the defense of BALTAP and approximately three divisions would be required.

General Vegger was very outspoken in his concern about the nature of the threat in contrast to the official positions being taken by his government. He said that a new generation had grown up in Denmark which had never seen war, and it was difficult to convince them of the seriousness of the situation. He said, however, that he had no difficulty understanding why the Warsaw Pact had amassed the largest amphibious assault force in the world in the Baltic: "It can only be used against Sweden, Zealand or Jutland." He emphasized his point by asking "Why else is the Polish Sea landing division in Cracow learning Danish?"

Vegger pointed out that if the Warsaw Pact mounted a major attack on BALTAP, the force ratios would be overwhelming and that if BALTAP were defeated the Central region of NATO must ultimately fall.

When asked his views on the debate over the Danish defense budget and its impact on his command, Vegger said that "a zero solution for defense will imply a reduction of all three armed forces by one third. And this will clearly reduce our possibilities of solving the tasks which have been assigned to us." Vegger said that "the quality of a defense is measured in terms of its forces and if these forces are reduced below a certain minimum, they cannot solve their tasks, no matter what qualities they may otherwise have."

Vegger noted that Denmark's Army had already been reduced to 14,000 men (excluding schools and administrative units) from a 1960's force level of 30,000, and he responded to a question about the proposed elimination of a brigade on Zealand by saying that if that happened "there would in fact be nothing left."

General Vegger summed up his concerns about the trend of the defense debate thusly:

There is an old saying that one should never reinforce a failure \* \* \* I greatly doubt that we can maintain a defense until the reinforcements can get here.

## NORWAY

### GENERAL

During August 7-8, the subcommittee delegation met with senior Norwegian civilian and military leaders at the Ministry of Defense in Oslo and with General Sir Farrar-Hockley, Commander of Allied Forces North (AFNORTH) in Kolsass to discuss the military balance in North Norway, Norwegian defense plans, and prospects for increased allied cooperation that would enhance NATO capabilities and readiness in that region.

In general the delegation found the politico-military climate in Norway more positive than that in Denmark. Norway has achieved the NATO goal of 3 percent real growth in defense spending since 1978 and is expected to do so again in fiscal year 1980. Norway is in the process of implementing a comprehensive long-term defense program that addresses its most serious military needs, and is basically consistent with the NATO Long Term Defense Plan (LTDP). Finally, Norwegian efforts have been instrumental in securing NATO approval of the Theater Nuclear Force (TNF) modernization and the NATO Airborne Early Warning (AEW) aircraft program.

Less encouraging is Norway's apparent failure to fully appreciate the ominous military implications stemming from the Soviet invasion of Afghanistan. Although the subcommittee commends the Norwegian Government for the political actions it has taken expressing its displeasure over this act of naked aggression, they have not been accompanied by significant new initiatives upgrading Norway's near-term defense capabilities.

#### *Uncertainties in the Norwegian Defense Program*

Norway has a number of serious readiness deficiencies that significantly impair its ability to defend North Norway, or to receive and support reinforcing allied land, sea, and air units.

There appears to be some doubt that the proposed Norwegian long-term defense program can be executed on schedule, or that that level of effort is adequate to meet the projected Soviet threat.

Contributing to these defense shortcomings and impeding efforts to effectively address them are three major factors. First, unanticipated economic problems, including a decline in the projected demand for Norwegian exports, make it clear that the economic assumptions on which the long-term defense program is based have become unrealistic.

The current political situation also complicates defense policy-making as the ruling Labor Party government is dependent on two seats from the far left to maintain a bare parliamentary majority. To avoid alienating that leftist support, the government has moved cautiously in its handling of defense issues.

A third complicating factor is the delicate nature of Soviet-

Norwegian relations at this time. Currently, they are engaged in negotiations over the disputed Soviet-Norwegian maritime boundary on the Arctic continental shelf, and the Norwegian exercise of sovereignty over Svalbard (a Norwegian island in the Arctic Ocean on which the Soviets mine coal under the terms of the 1920 Spitzbergen treaty). There is also the issue of oil exploration and production in the North Sea. While current drilling is confined to the southern coastal areas, there is likely to be substantial reserves located off the North Cape and their existence can be expected to add to the difficulty in resolving the outstanding differences between Norway and the Soviet Union over sovereignty and maritime boundaries.

A related consideration is Norway's commitment to the Nordic Balance, a term that does not relate to a military relationship between the five Nordic countries but to the policies they have chosen to follow to guarantee their "individual security." Practically, this means that Norway must weigh the military efficacy of any contemplated defense initiative against the impact it might have on its Nordic neighbors by raising tensions in the region and precipitating a negative Soviet response.

#### *The Norwegian Defense Establishment*

Nominally commanded by the King through the Minister of Defense, the Chief of Defense exercises actual peacetime control over Norwegian Armed Forces (Army, Navy, Air Force and Home Guard). In wartime, operational control reverts to the Chief, Allied Forces Northern Europe (CINCNORTH), and two subordinate triservice national commands—Chief of Defense Command, North Norway (COMMON) and Chief of Defence, South Norway (CONSONOR).

In the event of a major NATO-Warsaw Pact conflict, the wartime missions of the Norwegian Armed Forces would be the defense of North Norway; to resist Soviet amphibious and airborne assaults; provide security for the transfer of national augmentation forces from the south; and the reception and deployment of allied air and ground reinforcements. The accomplishment of these tasks will be largely dependent upon having sufficient warning time to mobilize and augment forward deployed forces in North Norway and upon timely reinforcement by allied air, naval and ground forces.

Attempting to mount a relatively large defense effort with a limited population base of four million, the force structure of the Norwegian Armed Forces reflects the dual need for universal conscription and large scale mobilization. The peacetime strength of the Army is 20,000 (17,000 conscripts), organized into one brigade group in North Norway with independent armored squadrons, infantry battalions and artillery regiments stationed elsewhere. In wartime, however, 120,000 Army Reserves would be called up and 11 additional brigades activated. Simultaneously, 85,000 Home Guard personnel would be mobilized to provide local security and protect key installations.

The Norwegian Navy has an active strength of 9,000, augmented by 22,000 Naval Reserves upon mobilization. Manning a fleet of over 90 vessels and 36 coastal artillery batteries, the Navy is responsible for the protection of Norwegian coastal areas.

With a peacetime strength of 10,000, backed by 18,000 reservists,

the Norwegian Air Force operates over 150 fixed and rotary wing aircraft in 11 squadrons. In addition, Air Force personnel man the Nike-Hercules battalion in South Norway and four active and seven reserve light anti-aircraft gun battalions.

*The Military Balance in North Norway*

Long one of NATO's most strategically vital areas, North Norway's value to the alliance has increased with the buildup of Soviet military capabilities in the region. Comprising the northernmost counties of Finnmark, Troms, and Nordland, it is roughly equal in size to Denmark, Belgium, and the Netherlands, yet has a population of less than half a million. The area's rugged terrain inaccessibility, and inhospitable climate, which account for the sparse population, necessitate the use of highly-trained arctic-mountain troops to fight there.

Sharing a 196 kilometer border with the Soviet Union, North Norway is situated less than 100 kilometers from one of the world's largest and most concentrated naval and military base complexes on the Kola Peninsula. Equally important, it commands the transit routes to the North Atlantic that would have to be used by Soviet aircraft and naval units in wartime. As was pointed out to the subcommittee delegation during the AFNORTH briefing at Kolsass, the loss of NATO control over North Norway could be decisive:

If the Soviets had the use of North Norwegian coastal areas, with the protection afforded by its fjords and mountains, dispersal of their facilities would be possible and NATO's ability to monitor and restrict Soviet naval and air activity around the North Cape would be very severely impeded, and Soviet landbased aircraft operating from North Norwegian airfields could support surface units in the Norwegian Sea and the Atlantic, as well as increase the surveillance to the West. Furthermore, the range of their naval forces into the Atlantic would be extended substantially. Therefore, if the Soviets were to occupy North Norway, the seaborne reinforcement of Europe from North America over the Atlantic, would be threatened.

Soviet awareness of the strategic military and economic value of this region has been clearly manifested in recent years by the deployment of increasingly more capable forces there, along with vigorous exercise patterns indicating an intent to project control into the Atlantic as far forward as possible. Soviet air activity is maintained at a very high level in the region, especially in the case of maritime surveillance and naval strike units. With some 350 surface ships and a large submarine force, the Soviet Northern Fleet is expressly tasked to interdict allied reinforcement and resupply across the North Atlantic. While there has been no significant increase in the size of land forces deployed in the Kola Peninsula in recent years, rapid reinforcement capabilities have been substantially enhanced. The two full strength, arctic-mountain warfare trained motorized rifle divisions, together with an airborne division and naval infantry regiment, constitute a substantial short warning attack threat. By any measurement, the Soviet military posture on the Kola Peninsula is more than sufficient to meet realistic defensive requirements.

Given its strategic importance and the proximity of the Soviet military threat, North Norway has become the primary focus of Norwegian defense efforts. The majority of Norwegian standing forces are deployed there under Commander North Norway (COMMON),

headquartered at Reitan near Bodo. To compensate for the initial disparity of standing forces in the region and the improved Soviet rapid augmentation capabilities, Norway relies on an excellent mobilization system capable of bringing all eleven reserve brigades to full strength in 36 hours, with the entire defense establishment of 270,000 officers and men, along with 85,000 Home Guard personnel, mobilized in 48 hours. Current plans envision the early deployment of another brigade by air to North Norway that would fall in on pre-positioned heavy equipment there. Thereafter, other reinforcing brigades, support units, and augmentation aircraft would be transferred to forward defensive positions and bases in the north.

Norwegian forces would also benefit from the fact that many local units would be fighting on their home ground (on terrain which greatly favor the defender) and a large proportion of reinforcements from South Norway have previously trained in the north. Nevertheless, the ability of Norwegian forces to successfully withstand a determined Soviet attack is doubtful without timely and substantial external assistance. This has long been recognized and was the determining factor in Norway's decision to join the NATO Alliance.

Running counter to this recognition, however, has been Norway's basing policy, adopted in 1949, which bars the stationing of foreign troops on Norwegian soil in peacetime. This policy does not preclude active measures preparing for and facilitating the reception of foreign reinforcements, but its practical effect has been to constrain such initiatives. Since only seasoned arctic-mountain warfare trained soldiers can operate in the harsh environment in North Norway, initiatives. Since only seasoned arctic-mountain warfare trained soldiers can operate in the harsh environment in North Norway, sustained training there is required to master those skills. Due to the basing policy and other restrictions, that level of training has been difficult to achieve so that few allied units either have the necessary training or field experience to be effectively employed there.

Norwegian actions have also constrained allied air reinforcement of North Norway. Although the early augmentation of allied assets may be critical to maintaining a friendly air environment there, the lack of funding and available personnel has resulted in Norway's qualified participation in the NATO Stage-B cross-servicing program (providing limited maintenance and rearming with standard munitions). The introduction of the F-16 aircraft should alleviate this problem, but the lack of Norwegian support limits the type of allied assistance possible.

Compounding the difficulties created by policy constraints and Soviet numerical superiority is the qualitative inferiority of Norway's military equipment and its readiness deficiencies. Norway is still relying upon large material procurements in the 1950's and 1960's and its capabilities have seriously declined in the face of steady Soviet modernization efforts. As the recent report of the Norwegian Defence Review Commission stated:

\* \* \* the technical standard of material in parts of our defence does not compare reasonably with weapons of possible aggressors. The need to strengthen the land defence's anti-aircraft defence, anti-armour defence, fire support, mobility and endurance under attack is especially urgent. There is also the need to modernize and increase the endurance of our maritime invasion defence and air defence.

Norwegian forces are particularly vulnerable to Soviet chemical and electronic warfare capabilities. Other serious shortages include inadequate war reserve stocks, insufficient training for active and reserve forces, and deficient runway repair capability.

In sum, the military balance in North Norway is tilting precariously in favor of the Soviet Union. To forestall further deterioration, Norway will have to undertake a comprehensive modernization program, continue to improve national rapid reinforcement capabilities, and increase its ability to receive and support allied reinforcements. Clearly, this will involve larger defense expenditures than the 3 percent annual real growth achieved in the past three years. It will also require closer and more concrete cooperation with NATO allies to complete arrangements that will facilitate the reception and timely operational employment of allied reinforcements.

### *Norwegian Defense Plans*

Confronted by the steady enhancement of Soviet qualitative capabilities and the looming obsolescence of Norway's aging military equipment, a bipartisan Defence Review Commission was appointed on May 31, 1974, to review the role and composition of the Norwegian defense establishment and recommend a viable acquisition strategy for material modernization through 1990.

The Defence Review Commission submitted a report to the Minister of Defense on March 31, 1978, addressing virtually all aspects of Norwegian defense policy, but placing its greatest emphasis on force modernization. The centerpiece of the commission's work was a long-term defense program for the period 1979-1993, subdivided into three 5-year programs. Reflecting the limited resources available for modernization, the commission recommended a sequential approach with the first 5-year increment favoring Air Force procurement, the second the Army and the last the Navy. Therefore, this acquisition strategy seeks to address Norway's most pressing military requirements in a prioritized manner within funding constraints.

The predominance of the Air Force in Norway's initial 5-year modernization program reflects the compelling need to upgrade air defense capabilities through the procurement of the F-16 aircraft and U.S. Roland missile system. Other major Air Force procurements involve improved antiaircraft guns and upgraded control and warning capabilities.

While the approaching obsolescence of Norwegian fighter/attack aircraft necessitates an expedited F-16 replacement program, the 72 aircraft buy will have far-reaching budgetary and force structure implications. First of all, the high cost of the program will result in F-16 procurement absorbing approximately 60 percent of the entire Norwegian military investment budget between 1979-83. By comparison, Army and Navy procurements will receive an average of 11.5 percent and 5.5 percent, respectively. Another result will be the decrease in fighter/attack assets from the current inventory of 125 to 72, although an interim mix of older and new aircraft may be instituted to prevent numbers from dropping off that dramatically.

The Army investment program reflects a realization that current Norwegian standing and mobilization brigades "are too poorly equipped to be able to prove themselves against land forces with modern equipment." Therefore, the focus of Army procurement is to

upgrade the capabilities of existing brigades through the acquisition of improved antitank weapons, unit air defense systems, increased mobility, and greater war reserve stocks of ammunition.

Since certain areas of North and Central Norway are suitable for mechanized warfare, the Commission recommended the conversion of three brigades (including the standing brigade in North Norway) to a heavier configuration. This would be accomplished through the substitution of an armored for an infantry battalion in each brigade. The increasing threat of a short-warning attack also shaped the Commission's recommendation that the Army procure duplicate sets of equipment to be placed in North Norway to reduce the response time of reinforcing units from the south. Although these initiatives appear to address the Army's most pressing needs, the following table indicates their realization will not take place until the latter half of the decade.

PERCENTAGE DISTRIBUTION OF INVESTMENTS IN MATERIEL BETWEEN SERVICES

	1979	1980	1981	1982	1983	1979-83	1984-88	1989-93	1979-93
Army.....	9.0	7.5	11.0	16.0	12.0	11.5	31.0	44.5	31.5
Navy <sup>1</sup> .....	12.0	5.0	6.5	0.5	5.5	5.5	19.0	27.0	18.5
Air Force.....	70.5	79.5	75.0	66.0	66.0	71.0	35.5	8.5	34.0
Home Guard.....	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Joint measures.....	7.0	6.5	6.0	16.0	15.0	10.5	13.0	18.5	14.5
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

<sup>1</sup> In addition, there are funds for construction of new vessels for the Coast Guard. For the period 1979-81 these are estimated at 735,000,000 kroner.

The above table also shows that the Navy will receive the smallest proportion of the investment budget throughout the entire planning period and will not significantly increase its share until the last 5-year increment. The impact of this investment profile will be to substantially reduce the number of naval units from approximately 90 to 71 vessels. Although existing combatants will be replaced by more capable vessels, it is questionable whether they will be able to compensate for the decline in numbers. There is also good reason to believe that the 71 vessels projected by the Commission may be too optimistic. In addition to ship construction and modernization, the Navy plans to improve its mine capabilities and strengthen the coast defense network.

There have been modifications to the recommendations proposed by the Defence Review Commission, but the Ministry of Defence has substantially adopted them as the basis for Norway's long-term defense program. The subcommittee believes that the commission report is an impressive planning document that comprehensively reviews Norwegian defense policy. Insofar as materiel modernization aspects of the program are concerned, however, significant uncertainties appear to exist about the ability to execute the proposed acquisition strategy.

The paramount uncertainty involves the economic assumptions on which the investment program is based. While the Commission envisioned an annual rate of 3.9 percent real growth in the defense budget for 1979-83, Norway is experiencing unanticipated economic problems and actual real growth for 1979 and 1980 will not exceed 3 percent. Commenting on this development the Ministry of Defence observed:

Since that which is "lost" in the first years is carried through the whole plan period, it is obvious that the programme proposals will not be fully realized at the tempo and in the profile proposed by the Commission.

If history is any guide, the Commission's estimates of program costs of the various procurements in the outyears are likely to be understated.

There is serious question whether the modernization program envisioned by the Commission and Ministry of Defence can actually be carried out as scheduled. Since the program is designed to meet minimum defense requirements, any significant deviation from it is certain to have serious implications. If procurements are stretched out or reduced to fit within tighter funding constraints, Army and Navy modernization efforts would be severely impacted.

#### *Pre-positioning a Marine Brigade Set of Equipment in Norway*

As mentioned earlier, Norway's defense of North Norway is dependent upon the timely reinforcement of allied land and air forces. Presently, however, the only dedicated allied ground unit for early deployment to that region is the Canadian Air/Sea Transport combat group (CAST). A 4,000-man light infantry force, trained in mountain-arctic warfare, CAST is capable of being deployed to Norway in about 2 weeks. While a number of other NATO units, such as the 3rd Commando Brigade, Royal Marines, and ACE Mobile Force (Land) are suitable reinforcements for North Norway, they have alternative missions. The uncertainty about the nature of allied ground reinforcements seriously complicates Norwegian planning and reception arrangements and dilutes the deterrent effect of external assistance on Soviet calculations. Furthermore, while all of these units are very capable, they are light forces having marginal effectiveness against mechanized units and possess limited sustainability.

The current situation is much the same with allied air reinforcements. Beyond the likelihood that CAST would be accompanied by two squadrons of Canadian CF-104 Starfighters or CF-5's, the availability of other early augmentation aircraft would be contingent upon the operational situation as none are exclusively dedicated for early deployment to Norway. As noted previously, Norway's qualified participation in the NATO Stage-B cross-servicing program constrains allied planning options. A more positive development has been Norway's participation in the NATO Airborne Early Warning (AEW) program. By making available the Norwegian air base at Evenes to perform simple maintenance and changing of crews of NATO AEW aircraft during routine tasks and exercises, Norway will significantly enhance the operational effectiveness of those aircraft, while substantially improving air warning and control over North Norway.

Conscious of the need to secure the dedication of additional and more capable allied reinforcements, the Norwegian Government initiated negotiations with the United States for the pre-positioning of a Marine brigade set of equipment in Norway. By the end of 1979, extensive studies had been conducted by the Norwegian military and discussions had reached the stage where the United States was prepared to begin detailed planning and make programmatic decisions. However, the Norwegian Government announced that any decision on pre-positioning would be held in abeyance until a newer, more comprehensive study could be completed under the supervision of Undersecretary of State for Defence Bjorn Bruland.

Such was the state of affairs when the subcommittee visited the Ministry of Defence in Oslo, August 8, for meetings with Norwegian civilian and military leaders presided over by Undersecretary Bruland. In response to the delegation's inquiry about the prospects of pre-positioning efforts, Mr. Bruland indicated that the government was unable to take a firm position on the matter until his study group had concluded its review and made its recommendations by the end of the year. Expressing its concern over the Norwegian Government's apparent lack of a sense of urgency, the subcommittee pointed out that if a firm decision were deferred much longer, competing demands for Marine Corps assets would become irresistible. Thus, instead of being pre-positioned in Norway, the brigade set of equipment in question might end up elsewhere, thus foreclosing the firm dedication of a Marine brigade as an early deploying reinforcement force.

Subsequent to its return to the United States, the subcommittee learned that an alternative Norwegian proposal on pre-positioning had been offered when Undersecretary Bruland visited Washington in September. This compromise proposal involved the shifting of the site for Marine pre-positioned equipment from North Norway to the central or southern part of the country. In turn, Norway would provide for the early deployment of a second brigade to North Norway by pre-positioning another set of equipment there. Finally, Norway would place expendables in the north to support Marine forces until U.S. supplies move up from the south and provide adequate transportation to move the brigade from Mid-Norway.

The Norwegian proposal served as the basis for a pre-positioning agreement signed as a Memorandum of Understanding between the two countries on January 16, 1981. Ongoing discussions between United States and Norwegian military staffs are developing the concept of operations, Marine force composition, and the details involving the prestocking of equipment and reception arrangements. Also underway are negotiations on host nation support requirements and transportation plans to move the Marine Amphibious Brigade to possible operational areas. These initial joint planning efforts appear to be proceeding well and should be completed by June 1, 1981. The subcommittee hopes that this planning schedule is met so that national implementing actions can be initiated as soon as possible.

The subcommittee is encouraged by Norway's willingness to expedite its decision on pre-positioning. While the specific details have yet to be agreed upon, the Norwegian proposal has the advantage of reducing the vulnerability of reinforcing airlift missions and enabling the Marine brigade to be in position to counter Soviet thrusts against both northern and central Norway. However, the Norwegian proposal is dependent upon unprogrammed actions that may not only be difficult to implement, but also have a significant adverse impact on Norwegian long-term defense planning if not accompanied by substantial increased defense expenditures.

## SUMMARY

The subcommittee's review of Norwegian defense efforts results in a mixed assessment. There is no question that Norway has made significant progress in recent years toward improving the effectiveness of its armed forces. It is embarking on an ambitious modernization program and pursuing initiatives to increase the level of allied cooperation in the region. However, Norway's current level of effort is not sufficient to match the increasing Soviet threat, nor to fully address existing military deficiencies. It is not a question of not being able to do more. Norway enjoys the highest per capita Gross Domestic Product in NATO, yet the proportion of the national budget devoted to defense has steadily fallen over the last decade from 12.4 percent to 9.4 percent. If Norway proves incapable of demonstrating the political will to redirect national priorities toward a greater emphasis on defense, it does not augur well for collective efforts to maintain a credible deterrent to Soviet adventurism in North Norway.

## KEFLAVIK NATO BASE, ICELAND

On August 8, 1980 the subcommittee visited with the U.S. Commander, Iceland Defense Force and Commander Fleet Air, Keflavik; Rear Adm. Richard A. Martini.

Admiral Martini is also in charge of two NATO commands. Under Allied Command Atlantic, his primary NATO responsibility is Island Commander Iceland through which he is responsible for peacetime planning for NATO operations and control of such operations in war. Admiral Martini is also the NATO commander responsible for certain naval operations in the Greenland-Iceland-United Kingdom (G-I-UK) gap.

Iceland is strategically important to NATO. It has a unique geographical position in the G-I-UK gap. Iceland lies astride the only year around ice-free exit from the Arctic Ocean and Murmansk. Iceland's choke-point location is critical to the security of sea and air lines of communications between North America and the European continent.

Warsaw Pact countries are well aware of the important role an Icelandic base plays in support of NATO interests. The Soviet northern fleet is comprised of approximately 800 naval vessels and about 300 naval combat aircraft. Soviet capabilities in that vital area of NATO's northern flank are substantial. Iceland's strategic importance grows almost in direct proportion to the growth of Soviet naval activity in the Atlantic.

The present government of Iceland recognizes the danger of its security without military assistance from NATO. The stationing of U.S. forces in Iceland remains a sensitive issue in Icelandic politics. The U.S. respects that position. Nevertheless, it is in the best interests of both nations to continue mutual assistance in defense of the G-I-UK gap.

## ADDITIONAL ACTIVITIES OF CONGRESSMAN DICKINSON

### INTRODUCTION

As an extension to the subcommittee visit to the Northern Flank of NATO. I spent several additional days in West Germany and The Netherlands receiving briefings on the multinational F-16 fighter aircraft production program, and new construction requirements for certain U.S. Army and Air Force units in Europe. Both programs are extremely important to the overall readiness of NATO. Following is a summary of information and views on these matters.

### MULTINATIONAL F-16 PROGRAM

#### *Background*

In 1971, the Department of Defense initiated the Lightweight Fighter program. The primary purpose of the program was to develop a low-cost fighter that would have the potential of arresting the projected decline in the military aircraft inventory due to constrained defense budgets and the rising costs of sophisticated fighters. Two contractors, General Dynamics of Fort Worth, Tex. and Northrop of Hawthorne, Calif., were selected to produce fighter prototypes for test and evaluation. Their entries were respectively, the single-engine YF-16 powered by a Pratt-Whitney F100 afterburning turbofan engine and the twin-engine YF-17 powered by two General Electric F404 afterburning turbo-jet engines.

In early 1974, after announcing an intent to procure, the United States Air Force (USAF) initiated flight test evaluation of the YF-16 and YF-17. During this same timeframe, four North Atlantic Treaty Organization (NATO) countries formed a consortium to shop for a replacement for their aging F-104G aircraft. The four European Participating Governments (EPG)—Belgium, Denmark, The Netherlands and Norway—were extremely interested in the winner of the YF-16/YF-17 competition but were also considering the Swedish Viggen and French Mirage aircraft as well.

On January 13, 1975, the USAF, with EPG participation, selected the F-16 as its new Air Combat Fighter (ACF). The program was to have three main objectives. First, the F-16 was to be developed to be a high performance fighter capable of multimission roles. Second, the F-16 was to be the low-cost element in the Air Force concept of a high (F-15)/low (F-16) fighter mix. Finally, it was hoped the F-16 would become multinational in nature thereby providing our allies with an affordable, high performance fighter. A multinational F-16 program would also further the Defense Department's goal of increased NATO standardization.

Following the selection of the F-16 as the USAF Air Combat Fighter, five months of intense negotiations were conducted with the EPG leading to the ultimate signing of an F-16 Memorandum of Understanding (MOU). The MOU represents the commitment of the

U.S. Government and employs the USAF as the implementing agency. The MOU provides for

Aircraft procurements:	<i>Aircraft</i>
Belgium.....	116
Denmark.....	58
The Netherlands.....	102
Norway.....	72
Total.....	348

Coproduction arrangement for the first 650 USAF/348 EPG Aircraft.

An estimate Not-to-Exceed cost of \$6.09 million (FY 75\$) for EPG aircraft.

European industrial coproduction of 40 percent of the value of the 348 EPG aircraft, 10 percent of the value of 650 USAF aircraft, and 15 percent of the value of aircraft for third country sales.

A minimum commitment of 58 percent offset against EPG procurement value, i.e.,  $(40 \text{ percent EPG } 348 + 10 \text{ percent USAF } 650) / 348 = 58 \text{ percent}$ . The MOU stipulates that the work distribution of the offset shall be proportioned to each country's share of the 348 aircraft buy and that implementation is an EPG responsibility.

Consideration for continued collaboration in follow-on buys.

One of the most important aspects of the multinational F-16 program is European industrial participation. This coproduction arrangement has been achieved by using a prime contract/subcontract relationship. Originally there were only two prime contractors involved: Pratt-Whitney for the engine, and General Dynamics for the airframe and all remaining components. Recently, Westinghouse has been established as a third prime contractor for the radar. In total, some 58 items are being coproduced by 30 major European subcontractors. Overall, several thousand United States and European suppliers are participating in the multinational F-16 program.

#### *Current Status*

The U.S. Air Force accepted delivery of its first production F-16 in early January 1979. The first EPG F-16 was accepted by the Belgian Air Force in late January 1979 followed by initial deliveries to the Dutch Air Force in June 1979 and to the Danish and Norwegian Air Forces in January 1980. As of September 5, 1980, a total of 218 production aircraft have been delivered; 138 to the USAF, 66 to the EPG Air Forces and 14 to the Israeli Air Force.

A Multinational Operational Test and Evaluation (M.O.T. & E.) team was formed in September 1978 to evaluate the capabilities, maintainability and supportability of the F-16 when operating under realistic and varied conditions. This team recently completed 12 months of intensive testing in the United States and has now moved on to Europe where an additional 6 months of testing will be conducted in a European environment. At the conclusion of the test program, the M.O.T. & E. team will prepare a detailed report on its findings. This report will be presented to the USAF Tactical Air Command and to the air staffs of the four participating European countries.

Sales of the F-16 to third countries (countries other than the United

States and EPG countries) have not materialized at the rate originally expected. The multinational program received a major setback when Iran withdrew from the program in early 1979. At that time, Iran had indicated an intent to procure 160 F-16's with an option to procure 140 more.

In addition to the 348 EPG F-16's currently on contract, Israel has ordered 75 and Egypt has ordered 40. The Royal Netherlands Air Force has recently announced that it is considering a follow-on buy of up to 111 F-16's to supplement the 102 F-16's it currently has on contract. To date, none of the remaining three EPG countries have indicated an intention to procure additional F-16's.

The USAF estimates that potential near-term sales of the F-16 could reach 1,600 aircraft and projects that mid-term sales may reach 2,200. While there has been wide international interest in the F-16, many nations are currently experiencing severe financial restrictions which curtail their ability to modernize their air forces. In addition, each serious potential buyer desires to participate in the production of the F-16 and, further, has been pitting the General Dynamics F-16 against the McDonnell Douglas/Northrop F-18 in a head-to-head bidding competition.

The participation by the industry of five nations in the production of the F-16 has had certain effects on the "cost and earnings balance sheets" of the USAF F-16 program. The Air Force estimates that the additional cost to the USAF due to European participating in the F-16 program is \$257,000 (FY 75 \$) per aircraft. However, when the direct benefits to the U.S. Government through research and development recoupments (\$325,000), indirect benefits from corporate and personal income taxes due to additional sales (\$364,000) and the benefits to other Defense Department programs through the spread of overhead (\$99,000) are taken into consideration, a quantifiable net gain of some \$531,000 per aircraft is realized by U.S. participation in the multinational F-16 program. Further, this gain does not include such nonquantifiable benefits as the European purchase of materials in the United States, related additional jobs, maintenance of a common logistical system versus separate systems and the furtherance of NATO standardization and interoperability goals.

#### *European Company Visits*

Several of the major companies involved in the multinational F-16 coproduction program were visited to gain a better understanding of the European industrial perspective on the program. The companies involved in F-16 coproduction visited were: Fabrique Nationale (FN), Liege, Belgium; Societe Anonyme Belge de Constructions Aeronautiques (SABCA), Gosselies, Belgium; Societe Nationale Construction Aerospatiale (SONACA), Gosselies, Belgium; Dansk Industri Syndikat (DISA), Copenhagen, Denmark and Fokker, Amsterdam, The Netherlands. In addition to visiting these F-16 participants, a visit was made to Germany's largest aerospace company, Messerschmitt-Boelkow-Blohm, GmbH, located in Ottobrunn, Germany.

Although MBB is not involved in the multinational F-16 program, it is Germany's largest military aircraft assembler and is involved in Europe's largest multinational aircraft program, the Multi-Role Combat Aircraft (MRCA) program, commonly known as the Tornado.

### *Fabrique Nationale*

Fabrique Nationale (FN) was founded by the late John Browning, the firearms inventor, prior to World War I. Most of the company's early production was related to firearms but today FN is a worldwide company with over 12,000 employees and eleven plants, seven of which are located in Belgium.

During World War II, FN's manufacturing facility at Liege was destroyed. Following the war, the facility was rebuilt and the Belgian Air Force pushed to have FN enter the jet engine business under license from Rolls Royce. An agreement was reached in 1948 and, in 1949, jet engine production was initiated. Since that time, the FN engine division has greatly advanced, building Rolls Royce Derwent and Avon engines, SNECMA Atar 9C engines, GE-J79s and now the Pratt-Whitney F100 engine, the engine that powers the F-16.

Fabrique Nationale assembles and tests the F100 engine in Europe as a subcontractor to Pratt-Whitney. In addition, FN builds two of the five engine modules that make up the F100, the fan and the high pressure core modules. The remaining three engine modules, the fan drive turbine module, the augmentor module and the gearbox modules, respectively, are made by Kongsberg in Norway, Philips in The Netherlands and DISA in Denmark.

Fabrique Nationale's participation in the coproduction of the F100 engine was a decisive factor in Belgium joining the multinational F-16 program. After contracting with Pratt-Whitney to coproduce the F100, FN spent \$110 million to build completely new engine manufacturing and test facilities. The first F100 engine was delivered in August 1978, only 15 months after construction of these new facilities was initiated. At the end of July 1980, FN had delivered 83 engines to the USAF. At this time FN was 20 engines behind schedule. Company officials indicated that FN was working hard to recover the original schedule and was hopeful of doing so by January 1981.

During our visit to FN, company representatives continually stressed the importance of continued and sustained F100 engine production to FN's well being. They indicated that the pay back on FN's very significant investment in F100 manufacturing and test facilities was long term. In this regard, FN is very interested in expanding its F100 business base and is hopeful of participating in future EPG and USAF F-16 buys as well as third country sales. Fabrique Nationale would also like to become involved in the production of spare parts for EPG and USAF engines as well as future maintenance contracts on the F100.

### *SONACA*

SONACA was formed in 1978 after the failure of Fairey, LTD. The company is underwritten by the Government of Belgium (75 percent) and a consortium of three Belgian firms (25 percent). After its formation, SONACA assumed responsibility for all F-16 work originally contracted by General Dynamics with Fairey before Fairey went into bankruptcy. Under almost entirely new management, SONACA employs some 1,800 people in its plant at Gosselies, Belgium.

Over the years, the now defunct Fairey company assembled over 700 military aircraft including the British Gloucester Meteor and Hawker Hunters, French Mirage SB and Super Mirage F-1 and the NATO F-104G. Fairey was also active in the manufacture of civilian utility aircraft.

As its share of the F-16 program, SONACA constructs a portion of the vertical fin and produces the aft fuselage on the F-16. SONACA is also responsible for mating the aft fuselage with the forward section of the F-16.

In addition to its involvement in the multinational F-16 program, SONACA is participating in the European Airbus program. The company has invested heavily in new equipment and has modernized its facilities to include new chemical and large 5 axis multiple spindle milling machines.

Now under the leadership of a young, energetic management team, SONACA is on schedule in the F-16 program and is aggressively seeking additional aerospace business.

### *SABCA*

SABCA was formed just after World War I and is the oldest aerospace company in Belgium. The company's original plant was destroyed in World War II and the present production facility, located in Gosselies, was constructed in 1953. A separate facility in Harlem specializes in smaller-scale manufacturing.

SABCA has participated in a variety of military and commercial aircraft programs including the Boeing 737 and Fokker F-27 programs and the NATO F-104G program. SABCA is currently the depot for the Belgian Air Force F-104G and the Mirage 5 aircraft. In addition, SABCA manufactures a section of the Alpha Jet and assembled the 33 Alpha Jets procured by the Belgian Air Force.

SABCA is one of the two European production lines, the other being Fokker in the Netherlands, providing assembly, test and delivery of European F-16's. Aircraft assembled at SABCA are delivered to the Belgian and Danish Air Forces. In addition to acting as an assembly line for the F-16, SABCA produces wings and integrated servoactuators for the F-16 at its Harlem facility.

SABCA is on schedule in delivering F-16's, but company officials indicated that the weather in Europe during 1980 had wreaked havoc on their F-16 flight testing program. Of the days that were available for flying, 55 percent were lost due to inclement weather.

### *DISA*

DISA is part of the A. P. Moller group which also operates the world's largest private shipping enterprise. DISA began operations in 1900 and was originally founded for the purpose of manufacturing automatic and semi-automatic firearms and gained worldwide recognition as the manufacturer of the MADSEN machine gun. Today, DISA is a very diverse company having six product groups. Currently, 75 percent of DISA's total sales are in commercial, non-military products but the company continues to be actively engaged in the production of military hardware in accordance with company and national policy.

From headquarters located on the outskirts of Copenhagen, the company operates production facilities at several locations in Denmark. DISA is participating in several aspects of the F-16 program, but the company's primary involvement is as a subcontractor to Pratt-Whitney on the F100 engine. In this capacity, DISA manufactures and supplies the engine gear box module to Fabrique Nationale for assembly into the F100.

DISA has encountered severe problems in producing the gearbox module and is currently 35 units behind schedule. These problems originated from a late start-up of DISA's production line which necessitated concurrent tool try-out, production and first article inspection programs. Quality control deficiencies further reduced DISA's ability to perform on schedule. Despite an aggressive corrective action program, DISA is still unable to produce conforming parts on 28 of the 49 gearbox module parts it has on contract.

In addressing their nagging production problems, DISA officials said they underestimated the complexity involved in taking a Pratt-Whitney designed gearbox and putting it into production. DISA executives recently met with Pratt-Whitney executives to discuss the possibility of having Pratt-Whitney take over a portion of the work that DISA has found to be particularly vexing. Until the issue is resolved, Pratt-Whitney has committed to cover hardware requirements from all DISA parts.

On numerous occasions, DISA has acted as the Danish industry spokesman for the F-16 program and, in this regard, a DISA spokesman voiced concern about the imbalance in offsets that has developed between the Northern and Southern EPG countries. While Belgium and The Netherlands are currently receiving 71 percent and 51 percent offset against the value of their respective F-16 purchases, Norway and Denmark are only receiving 40 percent and 32 percent offset against their respective F-16 purchases. The attainment of an evenly distributed 58-percent offset, as stated by the F-16 MOU, is an EPG responsibility and the Northern EPG countries are concerned that the EPG consortium is not doing enough to attain this goal.

### *Fokker*

The Fokker Company was founded in 1919 by the late Anthony Fokker of World War I fame. In the years between the wars, Fokker built the F-IV (U.S. T-2) and other long-range transport aircraft. Like so many manufacturing facilities in Europe, the original plant was destroyed in World War II. In the early 1950's, the company designed and sold Europe's most successful airliner, the twin turboprop F-27 "Friendship." This was followed by the twin-jet F-28 "Fellowship" in the late 1960's. Between the Friendship and Fellowship, Fokker has produced 850 total aircraft. Fokker engineers are currently designing the F-29 which is intended to compete with the Boeing 737.

Fokker is performing various F-16 manufacturing tasks at five locations in the country with final assembly and fly-out at the Schiphol Airport main factory near Amsterdam. Fokker was designated as a European production line for the F-16 mainly due to its experience in the F-104G production program. Other manufacturing currently underway includes work on F-27's, F-28's, A-300B airbus wing components, and VFW 614 wings.

Fokker is currently on schedule in its delivery of Dutch and Norwegian F-16's. While company officials gave high praise to the F-16 program, they were quick to point out that they had undergone many "growing pains" in the process of initiating F-16 production. In addition to the numerous hardware related problems that habitually plague new production lines, Fokker also had to learn the General Dynamics and U.S. Government management and accounting procedures. They pointed out that buying in fiscal years as opposed to

calendar years was also a new experience and that the annual congressional authorization and appropriation cycle together with yearly production rate changes were a "nightmare" for them in trying to organize and carry out their role in the F-16 program.

Like SABCA in Belgium, Fokker executives pointed out that the European weather had posed a significant road block in the initial flight testing of production aircraft. Although not as severe a limitation as in Belgium, Fokker nonetheless lost 34 percent of available flying days due to bad weather.

#### GENERAL OBSERVATIONS

The multinational F-16 program has become, in my view, a model for future NATO standardization and interoperability efforts. It is an extremely innovative venture that allows each nation's industry and citizens to participate in the production of a system that is a vital part of their nation's defense.

I was extremely impressed with what I saw and learned of the F-16 program while in Europe. While virtually all of the European companies involved in the program have experienced problems in starting up their respective F-16 production lines, this is not unique to the F-16 effort. All new production programs experience these growing pains. The program's success to date has been truly remarkable.

I believe this success has been due in no small part to the intense cooperation not only between the governments, but also the industries, involved in this ambitious undertaking. While it was a government-to-government initiative that set the program in motion, I believe it is the industrial cooperation that has been the glue that has held this most critical venture together.

Future NATO cooperative initiatives will be well served by using the multinational F-16 program as a model.

#### *Messerschmitt-Boelkow-Blohm (MBB)*

While in West Germany, I visited that nation's largest aerospace company, Messerschmitt-Boelkow-Blohm (MBB), GmbH. The MBB company was formed in 1969 and currently employs 25,000 people. With an annual business volume of \$6 billion Deutsch Marks, MBB is involved in an extremely broad spectrum of modern technologies and develops and produces civil and military fixed and rotary wing aircraft, weapons systems, space systems and transport systems.

MBB operates nine major facilities in Germany. I visited MBB's main facility at Ottobrunn. Located just outside of Munich, the Ottobrunn plant is the administrative and development center for MBB.

During my visit to MBB, I was hosted by Mr. Franz Forster-Steinberg, Vice President MBB International. Mr. Forster-Steinberg discussed the history of MBB and presented a very thorough summary of the numerous programs that are currently on-going at MBB.

Mr. Forster-Steinberg made a special point to note that he was extremely pleased to be able to speak first hand with a member of the House Armed Services Committee Subcommittee on Research and Development and Special Subcommittee on NATO. He said that MBB was very interested in becoming more involved in cooperative ventures with U.S. industry, not only in the production phase but

also in the research and development phase. In this regard, he said German industry welcomed the formation of the NATO Subcommittee in 1978 believing it would help focus attention on the need for greater industrial cooperation among the NATO allies. However, Mr. Forster-Steinberg said that German industry was not in complete agreement with the findings in the initial NATO Subcommittee report released in 1979. He said German industry took strong exception to sections in the report that maintain U.S. technology is superior to European technology and that a competitive environment does not exist among European industries.

I told Mr. Forster-Steinberg that the NATO Subcommittee would welcome his views and invited him to document his points of disagreement and forward them to the subcommittee. I believe exchanges of this nature are beneficial and will form the basis for a continued dialogue on this most important international issue.

Following Mr. Forster-Steinberg's presentation, we visited three of MBB's divisions; the Dynamics Division which is involved in the development and production of missile systems, explosives and marine systems; the Helicopter and Transport Systems Division which specializes in the development and production of helicopters, composite materials and rail systems and the Military Aircraft Division which is involved in the development, production and logistical support of military aircraft.

The Dynamics Division has responsibility for the various weapons systems MBB develops and produces. Several of the missile systems currently under production at MBB resulted from joint development efforts between MMB and Aerospatiale (France) under the Euro-missile firm. One of the most familiar missile systems developed under this arrangement is Roland, the low altitude surface-to-air missile system. Roland is currently in production of both sides of the Atlantic with Hughes and Boeing the licensees for production for the United States Army.

In addition to Roland, MBB is involved in several other missile programs including the Milan, Hot and Armbrust antiarmor missiles and the Kormoran antiship missile. MBB is also participating with the U.S. Air Force in developing a small drone to be used to attack enemy air defense radars. Called the Harassment Drone, the tiny pilotless vehicle will be armed with a warhead and antiradiation seeker and will be capable of searching out and destroying enemy radar installations.

One of MBB's highest priority programs within the Dynamics Division is the MW-1 (Mehrzwerk Waffe) weapon system. The MW-1 is a captive carry system that is designed for use on the Tornado aircraft. It consists of a dispenser that can be loaded with six different types of submunitions: STABO, MUSPA, ASW, KB 44, MIFF and MUSA. These submunitions can be used to attack a variety of targets including runways, vehicles, shelters, personnel, etc.

Officials at MBB expressed an interest in pursuing a joint program with the United States to develop an airfield attack submunition to be carried by the Medium Range Air-to-Surface Missile (MRASM) that is currently under development in the United States. They believe their STABO submunition, which is a dual stage hard structure penetrator with a shape-charge and follow-through explosive, could be adapted for carriage by the MRASM or by a new stand-off missile.

It is my understanding that the United States has no plans at present to pursue development of any of the MW-1 submunition variants. The United States Air Force is currently involved in a joint venture with the United Kingdom to develop a Low-Altitude Airfield Attack System (LAAAS) that is similar in concept to the MW-1 system. The joint U.S./U.K. system, designated the JP-233, consists of submunitions that can be delivered against airfields by high speed, low flying aircraft. Because of the significant cost growth that has occurred in the program, the Congress deleted funding for the program in the fiscal year 1981 budget. However, funds have been requested to continue the program in fiscal year 1982.

In regards to missile delivered airfield attack systems, the Department of Defense is considering using the Tomahawk Airfield Attack Munition (TAAM), under development by the Lawrence Livermore, for carriage on the MRASM. However, it would seem that the STABO airfield attack submunition might serve as a useful back-up to the U.S. system and I would recommend that it be examined in this light.

The mainstay of MBB's helicopter division is the BO-105 utility helicopter. The BO-105 is the first helicopter in the history of the German aircraft industry to be built in large numbers, sales are approaching 1,000, and it is the first twin-turbine, two-ton helicopter in the world. The PAH-1, a militarized version of the BO-105 is the antitank helicopter currently in service with the German Armed Services. MBB is also involved in a joint venture with the Kawasaki firm of Japan to develop and produce the BK 117, a multi-purpose 8-10 seat helicopter. The BK 117 relies heavily on proven BO 105 features.

Operating under the auspices of a memorandum of understanding between German and French defense ministries, MBB and France's Aerospatiale are collaborating on a joint program to develop the PAH-2, a second generation attack helicopter. A total of 212 PAH-2s are planned for the German Army and 120 for the French forces. The program is in the definition phase with MBB acting as general contractor. An issue that is currently under intense discussion relates to whether a new target acquisition, night vision system will be designed and developed by the Europeans for the PAH-2 versus procuring an off-the-shelf version of the U.S. developed Target Acquisition Designation System/Pilot's Night Vision System (TADS/PNVS). While the TADS/PNVS would most probably be less expensive, the Europeans are concerned by the implications of an "off-shore" procurement.

The time spent at the Military Aircraft Division was devoted exclusively to a discussion of MBB's participation in the tri-national Tornado aircraft program.

The Tornado was designed, developed and is being produced by Panavia Aircraft GmbH. Panavia is owned by MBB (42.5%), British Aerospace (42.5%) and Aeritalia (15%).

The Tornado is a multi-role combat aircraft that will be deployed by the German Air Force and Navy, the Royal Air Force and the Italian Air Force. Resembling a smaller version of the U.S. F-111, the Tornado will be capable of performing air-to-air, air-to-ground, reconnaissance and maritime missions. It represents Europe's largest military aircraft program since 1945 with a total projected buy of 805 aircraft.

The Tornado development program was initiated in 1970. The first test flight occurred on August 14, 1974 and production started on

July 29, 1976. The Tornado will enter service in 1981. More than 500 companies and work force of 70,000 are involved in the Tornado production program. MBB is the German prime contractor and will manufacture the center fuselage section for all Tornados and will be responsible for the assembly and flight testing of all German Tornados.

#### MILITARY CONSTRUCTION IN EUROPE

##### *West Germany*

While in West Germany, I also received briefings arranged by Gen. Frederick Kroesen, the U.S. Army Commander in Europe, on the military construction program proposed by the Army to improve its wartime readiness on the NATO central front.

One new initiative deserves special attention. This is the Army's Master Restationing Plan (MRP) for its units in West Germany. The plan is a long-range effort to improve troop stationing and to reduce the number of U.S. Army facilities in West Germany by deploying U.S. forces closer to the East German border.

At the moment, many U.S. ground forces in West Germany are stationed long distances from where they are expected to fight in time of war. In the words of General Kroesen, "Our peacetime locations do not support a rapid transition to war, making it difficult to form a credible defense in the short warning time we anticipate."

As presently envisioned, the first phase of the MRP would extend over the next ten years and would be carried out in concert with the Army's current force modernization program to replace older weapon systems. As such, the MRP portion of this coordinated effort would cost an estimated \$306 million in new construction of facilities plus an estimated \$10 million for associated family housing for dependents. Details of the MRP are in a classified addendum to this report on file with the committee. Ultimately, the plan hopes to achieve a consolidation of peacetime facilities in West Germany through the modernization of those existing facilities which are retained and the construction of new installations. These would be modeled after the new installation built by West Germany for the U.S. brigade in Garlstadt, which the delegation visited and is referred to earlier in the subcommittee's portion of this report.

Today in West Germany, many Army units are operating in pre-World War II structures which are obsolete and deteriorating beyond repair. At some installations, tanks are being maintained in former horse stables, built in 1917, which are unheated, unlighted, poorly equipped and lacking concrete hardstands. The new construction planned under MRP would correct these types of deficiencies, which are obvious detriments to the readiness of U.S. Army forces in West Germany.

The first step in carrying out the MRP calls for \$11.5 million in projects contained in the fiscal year 1981 military construction authorization bill for Vilseck, Germany. The Senate version of the bill denied the Vilseck projects on the basis that they should be paid for by the West Germany government. A House-Senate conference on the legislation subsequently adopted the Senate position.

Another controversial issue facing Congress is whether three major training areas in West Germany should remain under U.S. control or be relinquished to the host nation so that planned improvements can be financed through the NATO Infrastructure Fund.

General Kroesen estimated that relinquishing U.S. control under present NATO criteria would cost his forces the loss of about 150 firing days per year on the three ranges. This is because under host nation control, live firing is not permitted on weekends or German holidays with night firing permitted only 3 days a week. Further, the training time allocated to U.S. forces based on their relative strength within NATO would be reduced from 75 percent to 50 percent at the three training areas. It also would be more costly to use the ranges because the time would be charged at host nation rates. For example, using fiscal year 1979 cost figures, the charge for U.S. forces use of the ranges, if under host nation control, would have been \$47.2 million versus the actual cost of \$37.5 million. The \$10 million in cost avoidance is more than \$5.8 million requested by the Army in the fiscal year 1981 military construction authorization bill for improvements at the training areas. These projects, approved by the House, but denied by the Senate, were subsequently approved by the House-Senate conference on the legislation on the basis that NATO criteria should be changed so that future improvements on these ranges can be paid for by NATO Infrastructure without any loss of U.S. control over the use of the ranges.

#### *The Netherlands*

While in The Netherlands, I also visited Camp New Amsterdam Air Base where the U.S. Air Force 32d Tactical Fighter Squadron operates F-15 fighter-interceptor aircraft in support of NATO.

The purpose of the visit was to receive briefings on the squadron's mission and the base's military construction requirements which currently total \$48.8 million. Of this amount, \$29.1 million in projects were identified as necessary to insure wartime readiness of the squadron over the next five years. At the time of the visit the commander of U.S. Air Force in Europe had yet to assign a relative priority to the following projects:

Project:	<i>Estimated cost (thousands)</i>
Chemical projection facilities.....	\$6, 325
WRSK/BLSS storage.....	1, 350
Maintenance/munitions control.....	865
Spare engine storage.....	453
Emergency power for aircraft shelters.....	175
Base repair facility.....	2, 531
Shelter refueling.....	2, 266
Casualty treatment facility.....	2, 050
Medical material storage.....	155
Aircrew processing/telecom center.....	2, 700
Central security control.....	1, 243
Liquid oxygen storage.....	181
Phase IV computer facility.....	4, 950
Response force facility.....	880
Passive defense measures.....	240
<b>Total cost of readiness initiatives.....</b>	<b>29, 114, 000</b>

Nine other projects, amounting to \$19.7 million, also are planned for the base. Most of these proposed projects are to improve community support for a base population of 1,267 military personnel, 33 civilians and their respective dependents. The projects are:

Project		Estimated cost (thousands)
Fiscal year:		
1982	Gymnasium	\$3,650
1982	Aircraft instrument landing/NAVAID (ILS)	530
1983	Combat support group administrative facility	720
1983	Temporary lodging facility	680
1983	Addition to base supply	1,875
1984	Composite medical facility	10,600
1984	Construct communications facility	100
1985	Construct nonpowered age facility	490
1986	Construct education center	1,110
Total cost of program		19,755,000

The highest priority has been given to a proposed \$3.6 million physical fitness facility to replace a cramped, makeshift gymnasium which includes only a small weightlifting room, one handball court and a sauna. The present facility accommodates up to 16 people, or only 1 percent of the base population excluding dependents.

Without a properly sized gymnasium, the Camp New Amsterdam personnel have no effective winter athletic program and are unable to participate fully in competitive indoor sports with other U.S. Air Force bases in Europe. Because this has a negative effect on morale, the replacement facility has been submitted for inclusion in the fiscal year 1982 military construction budget for the Air Force. The new gymnasium was first proposed in 1970 at an estimated cost of \$271,500. Since then, the project size has doubled to accommodate a build-up of base population over the last 10 years. The scope increase combined with inflation has caused the project's estimated cost to increase to \$3.6 million.

## ADDITIONAL VIEWS OF CONGRESSMAN LARRY McDONALD

The North Atlantic Treaty Organization (NATO) is generally perceived by the American public as a Western and U.S. military alliance that was formed for the purpose of defending Western Europe from Soviet led communist expansion. The organization has been in existence for over three decades and has been viewed as a powerful military deterrent to the Soviet Union and its Eastern and Central European satellites.

The key question is: Does the reality match the perception? If not, why not?

In an effort to clarify the above questions and concerns as well as contributing positive suggestions to Free World defense, the special NATO Subcommittee has made three separate trips to Europe in the past three years. This recent trip was to the United Kingdom and to the northern tier of NATO countries.

### BACKGROUND OBSERVATIONS

NATO is an alliance of nations which were divided in conflict four decades ago. This alliance has been presented as necessary because of the growing threat of international communism. The objectives of this threat were spelled out in the early part of this century as:

1. The conquest of Eastern Europe;
2. The conquest of Asia; and
3. The encirclement of the last bastion of capitalism, the United States of America.

A final attack would not be necessary because it was felt that the U.S.A. would fall like an overripe fruit into its (world communism) hands.

The period commonly referred to as World War II found Germany and Italy at war against a number of European nations as well as the Soviet Union and the United States. It should be remembered, however, that the U.S.S.R. and Nazi Germany started as allies in 1939.

It is impossible to measure how many people supported the German-Italian cause because of a concern over the expansionist intentions of Soviet led communism. Europe had already had a taste of its ruthlessness in Hungary, Germany, Spain, and elsewhere, earlier in this century.

What is known is that toward the end of formal hostilities, anticommunists throughout Europe suffered in varying degrees at the hands of communists in particular and communism in general. Many communists successfully masked their long range intentions behind slogans of patriotism, as well as anti-Nazi and anti-Fascist denunciations. These same communists had hindered the war effort against Hitler in 1939 and 1940, but all memory was erased in the intoxication of victory.

Many anticommunist patriots lost their lives not because they were collaborators or believers in Nazism, but because they were anti-communists. This process was especially harsh in France and Belgium. In France the process had a name of *epuration*. Few have written in detail, but Mr. Raymond Cartier has given much insight to the period. Mr. Cartier writes:

Someday a Frenchman with the meticulous care which Taine devoted to the Revolution will turn to the epuration following World War II and when that time comes it will be found that between 130,000 and 140,000 were killed without trial.

Many known collaborators, on the other hand, were issued Resistance cards by the French Communist Party and assured immunity in return for information and services which they could render to the party.

One of the official communist executioners was a Victor Michel Mertz, a man later linked to U.S. history. The No. 2 man in the post-war French Government was Maurice Thorez, a deserter from a French artillery unit. Thorez had spent the war years in Moscow and was the top man in the French Communist Party.

Similar circumstances and events took place in Belgium and to a lesser degree in other countries. The important thing to remember is that the last couple of war years, as well as the immediate postwar period, allowed communists to settle old scores with anticommunists under the umbrella of Resistance, patriotism, anti-Nazism, etc.

A second aspect of the mental attitude of Europe is the effect of World War II upon Germany and Italy. It is impossible to measure the number of leading Germans or Italians who may have never believed in Nazism or Fascism but contributed, and contributed well, to the war efforts of their respective countries. In millions of instances they fought against what they perceived as the danger of communism. Lest anyone think this to be a blind pro-Axis statement, remember that millions were also led to fight for the defense of "Mother Russia" with no love at all for Stalin or communism. It was a time when propaganda was king, and the United States of America was certainly not untouched by the whole process.

There are instances of leaders in the Federal Republic of Germany who are down-graded in acceptance because of their past service to their country; this seems to be especially true if they are anti-Communist today. Fortunately, this seems to be dying out, but from my view it is a death long overdue.

Third and last, there is another World War II factor that shapes the attitudes of the people within NATO. From 1944 to 1947, the victorious powers of the West gathered up millions of anti-communist refugees, and those who had formed the Vlasov Army and other military units, and forcefully repatriated them back to Stalin and his lieutenants. One of these infamous incidents was known as operation "Keelhaul", a name which came to stand for the whole sordid episode in western history. This whole policy was generally kept out of the awareness of the American people. By the process of the "Keelhaul" incidents, millions of anti-communists were destroyed. By this action many people of the West never learned from first hand reports of the true intentions of those who sat at the conference tables with the current NATO powers.

The three above reviewed aspects of history are not irrelevant, and, I believe, have a great deal to do with the current political climate in Western Europe. On paper the NATO countries are committed to the defense of Western Europe from communism. In reality it appears that the left wing coalition governments may place a very low priority on any meaningful defense.

#### SUBCOMMITTEE TRIP—AUGUST 1980

The NATO Subcommittee visited the following countries:

1. United Kingdom (London, Northwood, Rapier site on the continent).
2. Northern Germany (Garlstadt, site of the U.S. 2nd Armored Division—forward).
3. Denmark (Copenhagen and Karup).
4. Norway (Oslo).
5. Iceland (Keflavik).

#### I. UNITED KINGDOM (U.K.)

Since the election of Mrs. Thatcher's Conservative Party, there has been an increased concern and effort in defense. There has been a 50 percent pay increase in 2 years, which has dramatically halted the loss of skilled NCO's and middle-level officers. There is a new ASW carrier with plans for others on the way. Generally speaking, the U.K. commitment to NATO is up over 2 years ago. Manpower of British units in Germany continues to be below planned strength. The future picture is cautiously optimistic.

#### II. WEST GERMANY

Currently the S.P.D./F.D.P. coalition is in power with Helmut Schmidt as Chancellor. A major antidefense riot took place in Bremen around May 4-6, 1980. The local police were unable to contain the riot and a major investigation by the government has been started. There is concern that with the S.P.D./F.D.P. coalition in power the deficiencies will go uncorrected whenever the report is ready. It was thought by many that the Bremen affair would cause a shift to the C.D.U. in the voting. However, recent elections in Westphalia showed a near sweep by S.P.D. for unexplained reasons, as did the October elections.

The German Officer Corps is professional and dedicated but concerned. The growth of the Green party among the youth causes some apprehension over the future. The government's failure and/or unwillingness to crack down upon terrorists, revolutionary activity, and to counter communist gains adds to that apprehension. Lastly, and also important, segments of the population are beginning to wonder if defense is in their best interests; since the concept is being promoted that regardless which superpower wins *the war*, the German people lose. Having been the losers twice, they are fearful of surviving a third conflict. This line of reasoning hurts the NATO concept.

In recent months, and for those who can, a quiet migration has been underway. Middle class and upper middle class families have

migrated to areas like Argentina, Costa Rica, and Paraguay. Extremely wealthy Germans are trying to get their assets and families to the United States in some cases.

There is a general feeling that the lack of leadership on the part of the United States in the survival of the West is the paramount factor. We, the superpower of the West, must lead and demonstrate strength if the slide towards pessimism is to be reversed.

### III. SCANDINAVIA—DENMARK, NORWAY, AND ICELAND

The three Scandinavian members of NATO have a position of special responsibility due to geography. The passages of water between Denmark and Norway are the entrances to the Baltic Sea and in times of war the large Baltic Sea Soviet and satellite naval assets must get past the Denmark/Norway bottleneck if to be used for advantage against England, Western France, Holland, Belgium, etc.

For reasons that date back into the 19th century, the Scandinavian countries have fully adopted a massive welfare state society to a degree never proposed in the United States. In the 19th and early 20th century Denmark controlled Iceland. Sweden controlled Norway.

Norway adjoins the U.S.S.R. in the far northern areas and is particularly close to the Kola Peninsula with its massive Northern Fleet including large numbers of nuclear submarines and missile carrying submarines. Northern Norway hence has a special role in observation and warning of any hostile activities from forces that might pour down towards Iceland and the central Atlantic beyond.

Iceland is strategically located astride the Greenland-Iceland-United Kingdom (G.-I.-U.K.) gap and serves as the final line of defense before the massive expanse of the Atlantic is reached.

(a) *Denmark.*—This is a nation of 5.2 million people and has a size of  $\frac{1}{2}$  the state of Maine. There are 12 political parties and no party has a majority. The current coalition is led by The Social Democrats (Fabian Socialists) and is hounded by a vocal left, anti-defense group within its own party. The extreme cradle to grave (or sperm to worm) welfare state, coupled with a bad balance of payments and economic downturn has created severe economic problems for the politicians. The solution to be used will probably be a solution of robbing from the defense Peter to pay to the welfare state Paul. Clearly Denmark in spite of a higher per capita G.N.P. than the U.S., plans to spend below its promised NATO commitment. This will probably cause a political fight this fall over the issue of defense and may well force new elections in 1981. However, Denmark is to be congratulated over the fact that its defense budget is indexed; and, thus, her commitment remains stable. Our own government consistently underestimates defense costs each year in order to present a tidy figure to the Congress, and, inevitably, has to come back for additional funds. We could well copy this item from the Danes.

Fearing a backlash from the more radical left politicians within the ruling coalition, the cabinet leaders take a mild view of Soviet world intentions and do not see any near

term threat—at least none to Denmark. And if worst comes to worst, then they state that Sweden and West Germany will buffer the attack.

From the United States they would like to have firm commitments for U.S. Marines and anti-aircraft Hawk Missiles. In short the U.S. taxpayers are to be asked to subsidize the elections of a welfare state—soft on defense politicians. Our men and armaments would be picking up the slack for what weak politicians are afraid to ask their own fun-loving people to do. *The problem is mainly political and a matter of will.*

In all fairness, their regular officer corps are dedicated and professional and are at odds with their politicians—politicians who place political survival ahead of national survival.

(b) *Norway.*—This is a nation of 4 million people and of land size slightly larger than New Mexico.

Again there are about 10 to 12 political parties (depending upon the year) and in recent years it has been run by a coalition dominated by the Labor Party. Unfortunately, like Denmark, this party has a far left faction that has an anti-defense rhetoric and has additional anti-United States pro-U.S.S.R. overtones. This has caused delays in long suggested United States/Norwegian plans.

Like Denmark, Norway has a heavy welfare state that has demanded increasing parasitizing from the military side of the budget.

Unlike Denmark, Norway is moving up financially with the prospects of increasing revenue from North Sea oil. Norway now has gained a higher per capita G.N.P. than either Denmark or the United States. Unfortunately, however, government funding is headed towards the ailing welfare state.

Needless to say, there is interest in the U.S. Marines in time of emergency, but the details of pre-positioned stocks is "to be debated." Again the leftist government may be forced into elections because of a soft attitude on defense. Meanwhile, the needed modernization of equipment, ammunition, and anti-aircraft defense will be postponed. There seems to be little concern over a military threat in the immediate years.

The politicians have increasingly considered Soviet "concern" before taking any new defense steps. At the same time the military hotly denies that there is any prospect of "Finlandization". Only the future will tell.

In short, while Norway clearly has the finances, she lacks the leadership to take the necessary defense steps in view of the threat. The welfare state and a limited world perspective cause the above. In the final analysis, this may mean a greater burden by our taxpayers and the joyous re-election of Norway's current crop of politicians.

(c.) *Iceland.*—This small country has enjoyed a fascinating and in many ways admirable history. It is a country of a little less than one-quarter million people and is slightly smaller than Kentucky. Like Norway, its climate is greatly moderated by the Gulf Stream.

Iceland has gained strategic importance dating back to W.W. II, and the United States has had forces stationed there since 1951. Iceland is a member of NATO but has no military force of its own. The major share of U.S. Forces are in Keflavik on the southwest coast.

Unfortunately, this country has poor resources, poor farming, no forestry, and virtually no manufacturing worth the name. Ninety-five percent of its export income has come from fish and fish products in past years, but increasingly its treasury has been given transfusions from U.S. foreign aid, U.S. military construction, and other routes related directly and indirectly from the U.S. presence in Iceland.

A massive welfare state situation has been aggravated by chronic and heavy budget deficits.

In 20 years the kroner/dollar ratio has gone from 16:1 to 500:1. Currently the free market (black market) rate is close to 580:1. Current inflation is 60-80 percent.

Worse than all of this, however, these once proud and hardy people have had a major change due to this artificially high standard of living; the newer generations have little heritage for the sea, and Iceland is now starting to import some fish from Canada.

With the many years of U.S. subsidized socialism, the pro-U.S., pro-free enterprise political factions have suffered. There are four or five political parties with a steady shift to the left. The current coalition is one of Social Democrats (Fabians), Progressives (Agrarian Socialists), and People's Alliance (Pro Soviet Communists). The once strong Independence Party (semi conservative and pro U.S.) has been steadily reduced from near 50 percent to about 33 percent. The U.S. presence in Iceland, and possibly the NATO membership is being maintained for the present by the dollar subsidy to the Icelandic government. The continuance of the Keflavik base is occasionally held as a blackmail trump card in international (NATO) negotiations.

In the early 1960's the host service at Keflavik shifted from the USAF to the Navy. Restrictions against the military personnel have eased over the years and at great cost as a quid pro quo.

When and if the U.S. forces leave or are required to leave by Icelandic demand, all buildings and facilities are to be turned over to Iceland in full working order.

Of all the Scandinavian countries, the most extreme case of U.S. taxpayers support of the welfare state is Iceland. And yet, in our relationships with Northern European NATO members, nowhere is our own security more tenuous than in Iceland.

Unfortunately, in spite of a national policy of short-sighted irresponsibility, the strategic locations of Iceland, Norway, and Denmark demand that every effort be made to keep these NATO members on the team. To do this our taxpayers, with problems of their own, must carry the U.S. load and in addition the loads of those in Scandinavia who

place winning the next election over the safety of the next generation. This is especially true in the case of Iceland.

As a postscript, we may take some relief that the population of Iceland is as low as it is. Were it to be greater, the subsidy burden could be like Cuba to the U.S.S.R.

From the Icelandic point of view, they have benefitted in the very narrow sense. From the long view of history, their once proud independence has been destroyed and they are now producing a second generation with no heritage for the sea. Over the centuries, the sea has been their means of sustaining life and independence.

### CONCLUSIONS

Why have so many Western European leaders moved away from their responsibility to defend lives and property, the prime reasons for the existence of government?

It is impossible to measure the residual effect of Marxist gains following World War II. No study has been available on the degree of success of Soviet disinformation projects pouring from the unusually large Soviet Embassies in Copenhagen, Oslo, and Reykjavik. The degrees of paralysis of the will due to Left coalitions with Marxist nations is not known. It is apparent that many Socialist leaders will readily overrule public opinion in deference to noisy Marxist segments of the ruling coalitions. With some, the thrill of leadership seems to outweigh the responsibility of leadership—this is especially true in view of the threat from the East.

It seems that many political leaders of NATO have quietly opted for an Orwellian Animal Farm in their search for Utopia. It may seem that they instead lead their nations in the direction of 1984 because of our declining defense capabilities. At the least, the current attitudes of many are giving signals of encouragement to enemies and discouragement to allies.

There is a great potential problem in Free Europe in that it has a population and economic strength that equals or even exceeds the United States. If the European NATO members are not willing to defend themselves, it is not responsible to believe that American taxpayers will continue to do for them what they seem to be unwilling to do for themselves as they continue building greater welfare states. When Americans realize that NATO trends show its future may be in doubt, because of the withdrawal of support from those who had earlier sacrificed so much in the belief that NATO was firmly committed to the defense of the West, the failure of that defense must be laid, not to individual citizen shortcomings, but to the weak and temporizing guidance of NATO's leaders.

In the beginning of these views, I stated that NATO is perceived as primarily a defense alliance by American and European members of the free world. The question can be asked as to whether or not this is true in actual practice. The more one studies NATO, the more apparent it is that these nations and their politics are dominated by State Department and foreign affairs experts deluded by pipedreams of detente. When the taxpayers of various countries have been asked,

they respond that it is an alliance for military defense. However, a review of the record does not support that belief. Should NATO be rejected at some future date as a tragic failure, that rejection will be due to leaders of various countries who failed to lead when it was their time to do so.

These views may appear to be overly harsh to many of our allies. Unfortunately, the sins of leadership by various countries reviewed above also is due in heavy measure to U.S. policies. In constant dollar value, the U.S. is making a national defense effort similar to its efforts in 1964-65. Since 1964 the nondefense part of the U.S. budget has tripled. This points out that American politics have also opted for vote buying programs in preference to national defense. The redistribution of income has now become the principal U.S. Government activity. The lack of direction in NATO can be justifiably laid at the feet of U.S. political leaders. While it is true that the U.S. position in NATO cannot be compared to the autocratic and dictatorial position of the U.S.S.R. in the Warsaw Pact, it is nevertheless a keystone to the whole NATO arch. Progressively in recent years, the U.S. has failed to lead in a consistent and strong manner. Weak and inconsistent signals coming from the U.S. have emboldened our enemies and have created serious problems (especially internal political ones) for our allies.

In the U.S., it is clear that a trend toward national defense and away from the welfare state is being seen in national politics. It may be that a similar trend has developed in the United Kingdom. It is not apparent that this also holds true for the other nation states which were visited on this trip.



