

shortcomings in juvenile justice by giving incentives to States to adopt a new philosophy of juvenile justice—one built on a system of meaningful sanctions that increase with each juvenile offense.

This concept has been endorsed by the likes of James Q. Wilson from the University of California at Los Angeles who states that "the juvenile courts ought to manage the young people brought before them by a system of consistent, graduated sanctions that attach costs to every offense, beginning with the first." Dr. Wilson has been good enough to counsel me with respect to the legislation I offer today, and I would like to thank him for his suggestions and years of outstanding scholarship.

Additionally, I have worked closely with Oregon's attorney general, Ted Kulongoski who chairs the National Attorney General's Association task force on juvenile justice, and prosecutors, judges, law enforcement, and juvenile services directors both in Oregon and across the country. I would especially like to commend and thank Attorney General Kulongoski, Portland district attorney Michael Schrunck, Bend juvenile services director Dennis Maloney, Judge Stephen Herrell, and Portland Police Chief Charles Moose for their commitment to juvenile reform and their assistance in drafting this legislation.

Under the first part of my bill, I would amend the 1994 crime bill to give States with a system of graduated sanctions preference in receiving discretionary grants under the violent offender incarceration provisions. Additionally, these States would be able to access unused truth-in-sentencing funds for juvenile correctional facilities. The second part of the bill allows States with graduated sanctions the option to use any future funds allocated for adult correctional facilities for juvenile facilities.

This approach gives States willing to put new accountability in their juvenile justice systems the opportunity to secure additional Federal resources. States are given considerable flexibility as to how they devise their own systems, but must show that they have adopted a system of meaningful graduated sanctions with the following characteristics:

First, every offense carries a sanction of at least reimbursing the victim for the crime and for the bureaucratic cost of dealing with the crime.

Second, juveniles will move up a scale of increasingly severe sanctions if they break probation or commit a repeat offense.

Third, violent juveniles should be efficiently remanded to adult court.

Fourth, all juveniles who enter the juvenile justice system should answer to the court.

Fifth, to the extent practicable, parents should be held responsible for their child's conduct.

Sixth, the juvenile system should be periodically audited for its effectiveness in protecting the community safety, reducing recidivism and ensuring compliance with sanctions.

For the most part, there is a consensus among judges, prosecutors, police and people working in youth services, that any new philosophy of juvenile justice should place emphasis on community safety, individual accountability, work, restitution to victims and community, parental involvement and responsibility, certainty and consistency of response and sanctions, zero-tolerance for noncompliance and the highest priority given to community safety.

My sense is that some States are beginning to integrate these objectives in their juvenile justice systems—the Federal Government needs to provide States with the incentives and resources to continue in this direction. Incentives and resources for these purposes is what my bill is about, and I hope others will join me and the police, prosecutors, judges and juvenile services directors in a national effort to rethink our juvenile justice systems' philosophy and priorities.

WHY WE NEED THE "NATIONAL SECURITY REVITALIZATION ACT"

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, January 20, 1995

Mr. DORNAN. Mr. Speaker, I strongly recommend to my colleagues and all the citizens of our country the following testimony given yesterday to the House National Security Committee. Norm Augustine's comments are right on target regarding the direction we should be taking with defense spending.

STATEMENT BY NORMAN R. AUGUSTINE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, MARTIN MARIETTA CORP.

Mr. Chairman and Members of the Committee:

I am Norman Augustine, chairman and chief executive officer of the Martin Marietta Corporation. I appreciate the opportunity to present views on several critical defense issues related to legislation which this Committee is considering and which will directly impact the nation's ability to achieve both defense and budgetary objectives in the years ahead.

Today, I represent a consortium of 13 associations whose members comprise a broad cross section of companies and individuals with experience in many different aspects of America's defense needs. The organizations are the Aerospace Industries Association, the Air Force Association, the American Defense Preparedness Association, the American Electronics Association, the Association of Naval Aviation, the Association of the United States Army, the Association of Old Crows, the Contract Services Association, the Electronic Industries Association, the National Security Industrial Association, the Navy League of the U.S., the Professional Services Council, and the Security Affairs Support Association.

Needless to say, it is not possible to speak on behalf of so large and diverse a group of organizations on other than rather broad, generic issues. This I will do, but I can also tell you that there is in fact wide agreement among these organizations on the most critical issues relating to the National Security Revitalization Act. With regard to more specific matters, I will share with you views that I must characterize as my own. In this latter regard, I speak from the personal perspective of one who has spent a decade in five different assignments in the Pentagon serving under Presidents from both parties, and another 25 years in various defense-oriented companies in the private sector. Over the course of these assignments, I have seen enormous changes in the defense establishment—but nothing like the tectonic shifts we are facing today.

Having observed from both the private and public perspectives the way America funds, equips and fields its armed forces, I can say with some degree of authority that somehow it works. In the last decade alone, America's

defense apparatus helped stimulate the favorable conclusion of the Cold War, helped crush a well-equipped aggressor in the Persian Gulf, and contributed to America's reign today as the world's only "full-service" superpower. Indicative of this success, our military hardware is sought by virtually every nation in the world.

In short, America's defense establishment—its armed forces and the industry that underpins them—has served the people of the United States successfully and with distinction. This establishment is, in my judgment, well led today by both the civilian and military leadership in the Pentagon. Nonetheless, the very fact that we are here points to the fact that there are serious issues facing all of us, and if we fail to address these issues in a timely fashion, we will surely pay a price in terms of opportunities lost in the future. These issues generally focus on the adequacy of resources we devote to our military and to the manner in which we expend these resources.

Let me observe at the outset that in my opinion—and it is strictly my own opinion—this nation owes nothing to its defense contractors with regard to future business or prosperity. We as a nation can set forth a variety of alternative defense strategies that might require small, medium or large defense industrial bases to underpin them. The choice among these alternatives is a policy decision to be made by government leaders and not by industrial executives, and should be made on the basis of national objectives, the price we are willing to pay in meeting those objectives, and the degree of risk we are willing to accept in so doing.

But I do believe that once this choice has been made, it behooves our government to make certain that its policies affecting the defense industrial base are consistent with the national security objectives which have been established. To do otherwise is in fact to *maximize risk* . . . and brings us not the best but the *worst* of all possible worlds. And I further believe that, whatever may be our established set of national security objectives, we should maintain a *balance* of force structure, readiness and modernization.

Finally, I believe that we should view the capability of the defense industrial base much as we view the need to provide capable armed services. A nation cannot prevail, or at least not prevail without heavy casualties, in modern warfare without a strong defense industrial base. Such an industrial base, as I will discuss further, is not self-generating . . . it must be consciously nurtured.

There are two general points I would like to make this morning—the first relating to the private sector participants I represent and how they have been responding to the new realities of the post-Cold War defense environment. The second point has to do with the government's reaction to the same circumstances, both in Congress and in the Department of Defense.

Let me begin by briefly reviewing the events that have brought us to this committee room today. More than five years after the fall of the Berlin Wall, rapid and fundamental changes continue to ricochet throughout the world political order. Ironies abound: Consider, for example, that among the differences today between the United States and many of the former Warsaw Pact states is that the U.S. has a legal Communist party. Or that each of the recent times I have visited Moscow there were longer lines at McDonald's than at Lenin's tomb. Or that in one trip to what was then Leningrad, I met a very distraught politician who was exceptionally curious about the democratic political system. It turned out that he had just run for re-election unopposed—and lost. And a former Soviet state

archivist recently observed, "The state property being privatized most rapidly is KGB files—and they're not for sale."

The new world order—or disorder—could perhaps be summed up by Saudi Arabian General Khalid bin Sultan bin Abdul-Aziz, who said, "If the world is going to have one superpower, thank God it is the United States of America."

But now that we've reached this almost unimaginably hopeful end of a wrenching period in the history of mankind, another almost equally wrenching question emerges: Where do we go from here?

Sometimes it seems that the principal effect of the end of the superpower conflict has been to make the world safe for smaller wars—"smaller," that is, except for those who happen to fall in their path.

Less than 10 days ago, the Director of Central Intelligence testified before a Senate hearing that "[E]thnic, religious, or national conflicts can flare up in more than 30 countries over the next two years." Such a plethora of current and potential conflicts poses an excruciating dilemma as we as a nation seek to balance America's aversion to human suffering with the impracticality of becoming "911-America."

Added to this volatile mix are the sobering facts that states that formerly were part of the Soviet Union still have an estimated 26,000 nuclear weapons in their arsenals, that three other nations have publicly confirmed they have "atomic devices," and an estimated nine additional countries either covertly have or are working to develop their own nuclear capabilities. A reminder of the world we are entering was suggested by the Indian Minister of Defense in his comment a few years ago that the real lesson which many may learn from Desert Storm is: "Never fight the Americans without nuclear weapons."

With the end of the Cold War, America embarked on a path that markedly scaled back our defense expenditures and the forces they support, for example, reducing the size of our army to the point where it will soon be the ninth largest in the world. Let me add that this reduction in defense expenditures has made it possible for our nation to reap a long-sought peace dividend. One measure of this dividend is that by a conservative calculation more than \$400 billion in real purchasing power has already been diverted from defense budgets to other purposes since the fall of the Berlin Wall.

Disappointment over what some have characterized as the seemingly modest impact of this reduction on the overall federal budget stems from the fact that non-defense government spending is now growing at a rate which far outstrips any plausible reductions in defense spending. The entire defense budget is now only slightly larger than the interest on the national debt or about one-fourth of the cost of health care. America should, of course, spend no more on national security than it needs, but America can afford whatever national security resources it does need. Today, we spend more on legalized gambling than we do on defense, more on beer and pizza than we do on the Army, more on tobacco and soft drinks than we do on the Navy.

The budgetary reductions that have already taken place have had a substantial impact on the defense industry. The overall Department of Defense budget has been reduced by some 35 percent in real terms from its peak in the mid-1980s. But that part of the defense budget that underwrites equipping our military forces and has provided the underpinning of the defense industry—the procurement budget—has been reduced by 68 percent, thus far. The research and development budget—while experiencing much less

of a reduction—has been scaled back well in excess of what had been planned just a few years ago. But a major concern is that the cost of defense infrastructure has not been curtailed accordingly.

One of the complicating factors in defense budgetary planning is that the time horizons are so distant. It is useful to recall that the systems that performed so well in the Persian Gulf largely represented the technology of the 1960s, the development of the 1970s, and the production of the 1980s—all utilized by the people of the 1990s. That is, decisions made in the 1970s to a considerable extent determined the casualties suffered in the Persian Gulf. Similarly, the decisions we make today will to a considerable extent determine the casualties we will suffer in carrying out our national security objectives in the early part of the next century. This is a very great responsibility for each of us.

That America's defense industrial base is becoming increasingly tenuous is becoming increasingly evident. The major firms making up that industry sell at a 30 percent discount to the S&P 500 index, and the discount was closer to 80 percent until a few mergers raised hopes that part of the industry might yet survive and provide viable. The combined market value of the top four aerospace firms is less than that of McDonald's, meaning that Big Macs and Egg McMuffins are judged by the market to have greater immediate reward than stealth aircraft and "smart" weapons.

Current plans call for the defense budget to decline to less than three percent of GDP in 1999, half of what it was in the mid-'80s, and the lowest level since immediately prior to Pearl Harbor. Of course, these reductions are not news to the members of this Committee. But there may not be wide understanding of the challenges that rapidly declining U.S. military procurement budgets are posing to the defense industrial base as well as to the military forces themselves.

In the middle of this century, our armed forces were called upon to perform a clear mission—to fight and win a global war. For most of the latter half of this century, the American public looked to our forces to successfully prepare for war—and by so doing to deter war. Today, and for the foreseeable future, the public is looking to our military to "wage peace"—that is, to deter small wars as well as big ones—a challenge that is turning out to be daunting. Nonetheless, this is the challenge the American people have given the defense establishment in the last decade of the 20th century. And, properly, those entrusted with the management of this establishment are expected to carry out the challenge efficiently and with the minimum required funds.

This brings me to the very important point which I alluded to earlier: I believe, and the evidence seems to support, that the private sector—the defense industrial base which I represent today—has moved deliberately and decisively to respond to the challenge of "waging peace." Just as America's commercial industry has been undergoing a wrenching realignment and downsizing over the past decade, prompted by the presence of Japan on the world scene, I believe America's defense industry is experiencing a similar process of realignment and downsizing, prompted by the absence of the Soviet Union on the world scene. The defense supplier base has imploded; some numbers suggest a shrinkage from about 120,000 firms a decade ago to 30,000 today. Whatever may be the precise numbers, the impact is being felt far beyond the board rooms of America's defense companies. The basic fabric of the defense industrial base is undergoing profound change as corporations restructure, consolidate or altogether depart the industry.

I have noted on previous occasions that the one-millionth defense industry job was eliminated on about July 4th of last year, including direct employment only. We will lose at least another half million jobs before the bottom is reached. Many of these were well-paying scientific and technical jobs which employed some of the most talented and motivated people in our national work force. The disruption of the lives of these individuals has been deep and wide and unrelenting * * * but the inescapable fact is that the threat to America has changed and downsizing of the industrial base was mandatory.

Our industry has been closing plants and selling properties at an unprecedented pace. In the case of the company I serve, we have already shuttered five million square feet of plant space and another wave is yet approaching. But by so doing, we will have saved the taxpayer next \$2 billion over the next five years alone.

The private sector has thus responded to the changing needs of the nation. We have taken the painful actions and made the difficult decisions. And we are not yet finished: More wrenching decisions lie ahead. But I believe we have faced the tough challenge given us by the American people in a disciplined and pro-active way.

Drawing upon my service in both the government and in the private sector, I am acutely aware of how much more difficult it is to reduce infrastructure in government. Anyone who has watched the courageous but prolonged deliberations of the Base Closing and Realignment Commission can grasp the difficulties of reducing the physical plant of the Department of Defense. When I worked in the Pentagon I observed the extraordinary difficulty of "rightsizing" the public sector, how many impediments were encountered with every proposed job reduction. Companies in the private sector consistently have made such reductions quickly as an understandable necessity of remaining in business. The market forces are working in this regard.

This, then, leads to the other important point I wanted to make today: namely, that whatever may be the correct size of our military establishment, we are in fact creating a highly unbalanced force by neglecting to maintain that force in a modern condition. The same temptation exists in business where one can for a time neglect to buy new machines for the factories or new equipment for the laboratories or replace obsolescent buildings. But the trap is that sooner or later this practice catches up with itself in an avalanche of future costs which must be met near-simultaneously.

I mentioned before that the defense procurement budget has been reduced by 68 percent in real purchasing power in less than a decade. This contrasts with an overall defense budget reduction of 35 percent. Infrastructure costs associated with operations and maintenance have only been reduced by about 18 percent. The consensus within the industry is that the elements of the defense budget have fallen out of balance.

If one takes today's asset value of equipment owned by the Department of Defense and divides that number by the annual investment in modernization—namely the procurement budget—one derives a number that indicates we are now on a replacement cycle of about 54 years. Stated otherwise, the average item of equipment provided our armed forces has to last 54 years. This is in a world where technology generally has a half-life of anywhere from two to 10 years. I believe that no private company pursuing such a policy would long survive.

We saw in the Gulf War the consequences of modern military technology—for example,

precision guided weapons delivered within inches of their targets, stealth, the ability to see at night and to navigate within a few meters even on a desert. The result was that the war was won quickly, decisively and with relatively few American casualties.

What is so often overlooked is the fact that in today's era of the "come as you are" war, where outcomes can be decided in a matter of days or even hours, the only equipment available to our troops will be that which was planned for and acquired during the decades before the actual conflict occurred.

As I stated at the outset, it is not the role of those of us from the private sector to prescribe the size—that is, force structure—of our armed services. But it is within our competence to suggest that whatever that force structure may be, it should be balanced in terms of both readiness and modernization. To the great credit of those bearing the grave responsibility of providing for America's armed forces, the nation has, in this recent downsizing, to a considerable extent avoided the trap of building a so-called "hollow force" in terms of its readiness to fight. But what we must also assure ourselves is that we do not gradually build a force engendering a new kind of hollowness, namely the lack of modernization needed to fight effectively.

Thus, we must be concerned both with readiness and with modernization. Lack of attention to the former produces near-term casualties, to the latter produces future casualties.

Given these considerations, what steps are appropriate to assure the adequacy and efficiency of America's defense forces? I would like to offer six suggestions for your consideration.

First, the defense budget should be stabilized. The recent Administration initiative to add \$25 billion over several years to the DoD budget is a constructive step, but does not address the full range of the challenge the nation's defense establishment faces nor does it significantly do so in the near term. It should be noted that the lag time between authorizations and outlays in the procurement budget virtually assures several more years' erosion in the defense industrial base.

Second, the balance among procurement, R&D and O&M funding must be restored. We must provide greater funding for exploratory development and prototyping—particularly high-risk/high-payoff pursuits of the type which helped make American defense technology the best in the world and which is central to our stated defense strategy. And in so doing, we must be prepared to accept the occasional failure that necessarily accompanies any effort to push the edges of the state of the art. We must invest more in procurement so that our forces are well equipped to protect themselves and our national interests. This is important not only for the active forces but also for the Reserve and National Guard since they are shouldering more and more of the burden for achieving national security objectives.

Third, we must continue the effort to reform the acquisition process. Secretaries Perry and Deutch and the Congress deserve broad acclaim for the first successful initiative in memory to reform the much-maligned defense acquisition process. The Federal Acquisition Streamlining Act of 1994 demonstrates that it is possible to revise the acquisition process which for many years has been needlessly complex, inefficient and resilient to change. We must now turn our attention to assuring that the regulations implementing this new act carry out the legislation's intentions. In so doing, we need to reform the entire acquisition culture, and having done so, we must recognize that the

recent legislation is barely a first step toward full procurement reform.

Fourth, we must eliminate the turbulence in the acquisition process. The principal cause of inefficiency in the acquisition process is not the infamous coffee pot, hammer or even toilet seat; it is the perpetual motion of requirements, people, schedules, and funding. What is needed is to make it much more difficult to start new programs, but once started, to grant very few people the authority to change them. In this regard, the time has come to appropriate funds by the project, not by the year. A true biennial budget cycle would be a reasonable first step.

Fifth, we need to restore fidelity to the defense budget. The American public might be genuinely surprised by the findings of the Congressional Research Service, which noted that the defense budget is being used more and more to underwrite programs—sometimes very worthwhile programs—that have little or nothing to do with national defense. General Dennis Reimer of the U.S. Forces Command recently told a Senate Subcommittee, "We spend more on environmental programs than we do training the 1st Cavalry Division."

Additionally, U.N. operations and other types of peacekeeping and "nation-building" costs should be budgeted incrementally as they occur—some perhaps even under the Department of State budget. Contingency military operations should be separately funded under the Department of Defense budget as such activities take place. Further, restoring "firewalls" in the DoD budget would allow more disciplined allocation of costs to national defense.

Sixth, we should reverse the trend of shifting work from the defense industry to government facilities. Any expansion of the government in maintenance and repair operations only intensifies the decline of the defense industrial base. This trend, minor at first, has accelerated in recent years as military installations seek funds to sustain infrastructure. Maintenance and repair operations increasingly are being conducted by the government itself at the expense of the private sector. This trend toward greater government involvement in functions generally allocable to the private sector flies in the face of trends almost everywhere else on earth.

In summary, Mr. Chairman and members of the Committee, I believe that both the armed forces and the defense industrial base warrant fresh attention by our national leadership. America may be the only surviving "full-service" superpower, but the future is still extraordinarily difficult to predict. General Schwarzkopf, toward the end of this autobiography, included the following passage: "If someone had asked me on the day I graduated from West Point where I would fight for my country during my years of service, I'm not sure what I would have said. But I'm damn sure I would not have said Vietnam, Grenada and Iraq."

And that's the problem in trying to forecast the need for national defense and the industrial base that underpins it, a problem which is exacerbated by the 10-to-20-year lead time for most products of the defense industrial base. For in this age of "come-as-you-are wars," the casualties we suffer in combat may depend more on our preparedness prior to the initiation of combat than on anything we do during combat—a point writ bold in contrasting the initial battles in, say, Korea and the Persian Gulf.

America is blessed with the finest men and women in its Armed Forces of any nation on earth. It has been my privilege to have personally accompanied them—from Berlin to Saigon, from Panama to Panmunjom—from the ocean's depths in submarines to the sur-

face of the sea in attack carriers—from the dusty heat of Abrams tanks on the desert to the cockpits of jet aircraft in the sky. I have seen for myself just how capable these people are—and this is reflected in public opinion polls which show the high level of confidence America today holds in its military.

Our opportunity as a nation is to build upon this advantage, and to underpin it with a right-sized, high-quality defense industrial base. This will require considerable effort on the part of those of us who bear a fiduciary responsibility for America's military capability; because as marvelous as is the free enterprise system, there are no forces in that system to assure the preservation of an adequate defense industrial capability. This is the underlying dilemma of the defense industry.

Thank you for your attention. I would welcome the opportunity to answer any questions you might have.

TRIBUTE TO MYRA SELBY

HON. ANDREW JACOBS, JR.

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, January 20, 1995

Mr. JACOBS. Mr. Speaker, the important thing about Myra Selby is not that she is a woman and is not that she is an African-American. The important thing is that she is one of the most competent citizens ever placed on the Indiana Supreme Court. And she carries on a tradition of the Evan Bayh administration which, in a word, is excellence.

[From the Indianapolis News, Jan. 5, 1995]

IN HISTORIC MOMENT, STATE COURT
WELCOMES NEW JUSTICE

In a brief but historic ceremony, the five justices of the Indiana Supreme Court recessed, then returned with a new member—Myra C. Selby, the first woman and first black justice to serve on the court.

"I'm a little bit nervous today," Selby said Wednesday in her first minutes on the bench. "I hope that means I'm ready."

The 102 justices who have served on the high court since Indiana became a state in 1816 have all been white males.

Mindful of her role in Indiana history, Selby said she did not seek to be distinguished as a jurist by her race or gender.

"What I did seek was the opportunity to serve the citizens of the state of Indiana on this esteemed court," she said moments after taking her place on the Supreme Court bench in the north wing of the Statehouse.

The courtroom was jammed with hundreds of well-wishers, including members of Selby's family, friends, law and government colleagues and state lawmakers in the capital for the first 1995 working day of the General Assembly.

Selby, a former law firm partner and government lawyer, pledged that her service on the court would be marked by "diligence, thoughtfulness, fairness and patience . . ."

She replaced Richard M. Givan, who retired after serving two days short of 26 years, including 13 years as chief justice.

"It's been a lot of fun," said Givan, gesturing to Selby seated in the audience below the bench before the swearing-in and adding, "Myra, I wish you well."

At 39, Selby is the third youngest justice to serve, after Justice Roger O. DeBrunner, who joined the court in 1968 at 34, and Chief Justice Randall T. Shephard, who was a few months younger than Selby when he joined the court in 1986.