DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 1970

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-FIRST CONGRESS

FIRST SESSION

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PART 7

SECRETARY OF DEFENSE
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CHAIRMAN, HOUSE ARMED SERVICES COMMITTEE
SERVICE SECRETARIES AND CHIEFS OF STAFF
STATEMENTS:

Appropriation Language and General Provisions
Overseas Dependents Education

Printed for the use of the Committee on Appropriations



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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR FISCAL YEAR 1970

TUESDAY, OCTOBER 7, 1969.

DEPARTMENT OF THE AIR FORCE

WITNESSES

HON. ROBERT C. SEAMANS, JR., SECRETARY OF THE AIR FORCE
GEN. JOHN D. RYAN, CHIEF OF STAFF, U.S. AIR FORCE
LT. GEN. DUWARD L. CROW, COMPTROLLER OF THE AIR FORCE
LT. GEN. GEORGE S. BOYLAN, JR., DEPUTY CHIEF OF STAFF, PROGRAMS AND RESOURCES
MAJ. GEN. THOMAS S. JEFFREY, JR., DIRECTOR OF PRODUCTION AND PROGRAMING, DEPUTY CHIEF OF STAFF, RESEARCH AND DEVELOPMENT
MAJ. GEN. WILLIAM F. PITTS, DIRECTOR OF BUDGET, HEADQUARTERS, U.S. AIR FORCE
COL. C. E. BUCKINGHAM, DIRECTORATE OF PRODUCTION AND PROGRAMING, DEPUTY CHIEF OF STAFF, RESEARCH AND DEVELOPMENT

Mr. MAHON. The committee will come to order.

This year we have had, beginning in February, a series of many weeks and months of hearings in regard to defense programs and the defense budget. We have heard great numbers of witnesses and we have had a great deal of testimony as to detail in regard to the Air Force program and the programs of the other services.

We have had your proposed statements before us and some of us have read them in detail or we have scanned them.

This is the 10th month of the year, Congress having met in early January, and we must move toward presentation to the House of the appropriation bill for the Department of Defense.

Mr. Secretary, you have not been before us in this capacity, I believe?

Secretary SEAMANS. That is true, Mr. Chairman.

BIOGRAPHICAL SKETCH OF SECRETARY OF THE AIR FORCE

Mr. MAHON. So I would ask that some of your people place in the record at this point a biographical sketch, which is customarily done.

(The biographical sketch follows:)

DR. ROBERT CHANNING SEAMANS, JR., SECRETARY OF THE AIR FORCE

Dr. Robert Channing Seamans, Jr., Secretary of the Air Force since February 15, 1969. Born in Salem, Massachusetts on October 30, 1918. Harvard University, B.S. 1939; Mass. Inst. Tech., M.S. 1942, Sc. D. 1951 Honorary Doctor of Science, Rollins College and New York University

Professorial and laboratory-staff positions at M.I.T., 1941–1955. Engineering and managerial duties in the Airborne Systems Department of the Radio Corporation of America, 1955–1958. Chief engineer of Missile Electronics and Controls Division at RCA, 1958–1960. Joined NASA as associate administrator, 1960; deputy administrator, December 1965–January 1968. Appointed visiting professor at M.I.T., March 1968; became Jerome Clarke Hunsaker professor, July 1968.

Served on technical committees of NASA's predecessor organization, the National Advisory Committee for Aeronautics, 1948–1958. Served as consultant to the Scientific Advisory Board of the Air Force, 1957–1959; as member of the board, 1959–1962; and as associate advisor, 1962–1967. He is a national delegate, advisory Group for Aerospace Research and Development (NATO).

Member of Sigma Xi; the American Association for the Advancement of Science; American Astronautical Society; American Society for Public Administration; American Academy of Arts and Sciences (Boston); National Space Club; Foreign Policy Association; National Academy of Engineering; and International Academy of Astronautics. Married to the former Eugenia A. Merrill; five children.

Statement of the Secretary of the Air Force

Mr. Mahon. We are pleased to have you before us. You may be sure that we will cooperate with you in the public interest in your important capacity as Secretary.

Secretary Seamans. Mr. Chairman and members of the committee, I welcome the opportunity to meet with this committee and to begin a close, working association. Congress has played an important role in maintaining the type of Air Force needed for national security. I look forward to a continuation of the past relationships which have served our country so well.

NATIONAL PRIORITIES

Before addressing the Air Force budget request, I would like to discuss the problem on national priorities. Only through a meaningful consideration of our requirements both for social progress and for national security can we provide the essential measures for the survival and proper growth of our country.

There is a great deal of criticism of the defense budget today. I would urge, however, that the costs of defense be viewed in perspective. As a percentage of gross national product, a measure of the total wealth of our country, our fiscal year 1970 outlays for defense (military functions of DOD and military assistance) will be less than any year since 1952 with the exception of 2 years in the 1960's, in spite of the continuing war in Southeast Asia.

In terms of purchasing power, the Air Force budget remains only slightly higher than it was in 1964. We estimate that inflation has increased the cost of buying a particular level of defense by some 3 to 3½ percent per year between 1964 and 1970. In the aircraft industry this inflationary pressure has been especially acute because both the airlines and the military have been competing for limited aircraft production facilities and other resources. In 1967, for the first time in history, commercial aircraft deliveries in pounds of empty weight exceeded military aircraft deliveries.

Assuming a 3½ percent per year inflation in defense costs, the Air Force fiscal year 1970 budget is about $20.5 billion in 1964 dollars. The actual 1964 budget was just under $20 billion. Once some further cuts, which I shall address later, are incorporated, our fiscal year 1970 budget will actually be lower than our fiscal year 1964 budget when measured in 1964 dollars. Moreover, even though Air Force personnel

strengths have remained about the same, efforts to establish more equitable pay levels have made the relative dollar costs of personnel considerably higher, thereby further reducing our available buying power in other areas.

More important, in the past few years a large portion of the defense budget has been devoted to the war in Vietnam, and needed force improvements have been deferred. For instance, 50 percent of the total Air Force budget was spent on the costs of operations, maintenance and munitions in 1964, the last year before the buildup in Vietnam. In the 1970 budget these same items account for 60 percent of the budget. Put another way, in 1964 the Air Force was devoting roughly half of its budget to development and force modernization. In 1970 this percentage has been reduced to 40 percent. Consequently, it has been necessary in recent years to defer expenditures for those portions of the Air Force not involved in Southeast Asia.

Looking to the future, we cannot expect drastic cuts in the budget requests simply on the basis of an end to our involvement in Vietnam. It will be necessary to reconstitute inventory levels and catch up the backlog of long-deferred maintenance and modernization if we are to continue to meet our security requirements in the face of threats far more formidable than that posed by North Vietnam.

BUDGET REVIEW

In our review of the defense budget, we had two basic goals:

1. To strengthen our long-range defense posture.
2. To decrease expenditures, especially on lower priority items.

Before discussing specific adjustments, let me describe briefly the threat to our national security that led us to the decisions to improve our defenses.

SOVIET MISSILE BUILDUP

The Soviets now have more ICBM launchers in place or under construction than the 1,054 in the U.S. Strategic Forces. And more than 230 of their missiles are the large SS–9's. With the ICBM launchers now under construction and their existing submarine-launched ballistic missiles, they will have over twice as much total missile payload as the entire U.S. land and sea-based missile force. This payload advantage could present a serious threat to the United States.

The U.S.S.R. has already tested SS–9's with three reentry vehicles each capable of carrying a 5-megaton warhead. If this system is perfected and deployed, by the middle 1970's and the Soviets could have the capability of destroying most of our land-based missile force.

SOVIET FIGHTER DEVELOPMENT

The Soviets have also made many improvements in tactical aviation. In the 1970's they have displayed at least nine new fighter aircraft. These range from vertical and short takeoff and landing versions (V/STOL), to the Foxbat, and advanced high-speed, high-altitude fighter. Not all of these are operational, but the array of new developments is impressive and indicative of an aggressive R. & D. program. Their ability to produce modern aircraft is amply demonstrated by the MIG–21, which rivals the best U.S. fighter and is already deployed in the active forces of 19 nations, in addition to the U.S.S.R.

RECOMMENDED CHANGES IN AIR FORCE PROGRAMS

As a result of the intensive review of our military programs and a reevaluation of the Soviet threat in the next decade, we have recommended a number of changes in our force posture.

Since the safety of our citizens ultimately depends on deterring an attack, the President has proposed the Safeguard antiballistic missile system, with an initial deployment around some of our missile fields. This will help us to maintain the capability to retaliate even after absorbing a surprise nuclear attack.

To further protect our forces, we plan to accelerate development and deployment of a satellite early warning system. This system will give us markedly improved early warning against such weapons as land-based ICBM's, submarine-launched missiles, and fractional-orbit-bombardment systems, FOBS. As Soviet forces improve, our alert bombers will need this improved warning in order to avoid being caught on the ground.

Both missile and bomber forces are necessary to insure our ability to retaliate in the event of unexpected Soviet developments affecting either of the systems. Therefore, we recommend full-scale development of a new bomber, the advanced manned strategic aircraft, now designated the B–1. This advanced aircraft would take advantage of the many improvements that have been made recently in airframe and engine design. It would have the short takeoff and landing capability needed for dispersal, and the payload, structure and speed necessary for penetration. Compared to current aircraft, fewer would be required because of increased effectiveness, and as a result the bomber force would be less expensive to operate and maintain.

Even if promptly funded, the B–1 would not join the force until 1977. Until the B–1 is available, we will maintain a strategic bomber force of FB–111's, and B–52's. We propose to curtail the procurement of FB–111's to the four squadrons now in production, some of which will enter the force in fiscal years 1970. These four squadrons will make a substantial addition to the bomber portion of our deterrent, but the FB–111 has a much smaller payload than the B–1. Consequently, we feel it essential to move forward expeditiously with development of the B–1. This new aircraft will assume even greater importance if Soviet defenses against low-level attack continue to improve, thus making its overall improved performance more critical.

To maintain the missile side of our retaliatory capability, we will replace Minuteman I with Minuteman III. Our entire force will consist of Minuteman II and III by fiscal year 1974, as previously planned, but a lower initial procurement rate for Minuteman III will reduce the fiscal year 1970 budget by $157 million. Using this approach, we will allow more time for testing and may reduce future costs for any modifications that may be required after production has begun.

In the area of airlift, we are recommending the procurement of 18 new C–130's to replace the capability lost by the diversion of C–123 aircraft to the Vietnamese Air Force. These new aircraft will also help make up for combat losses and operational attrition of assault transports in our own tactical units.

Finally, I would like to mention the manned orbiting laboratory program (MOL), which has been terminated by the Defense Department. With MOL we had hoped to enhance the effectiveness of extremely complex defense-oriented equipment and accelerate the de-

velopment of future manned and unmanned systems. However, increasingly severe budgetary pressures, which were responsible for several delays in the MOL schedule over the past 2 years, and the rapid progress we have made with unmanned space vehicles, have finally resulted in the conclusion that the cost of a manned system is too great to be borne at this time.

We have gained useful development experience in MOL and have made technological progress which can be applied to both NASA-manned programs and to unmanned-defense programs. All of the MOL equipment and systems tested thus far have met or exceeded design specifications. Examples are the astronaut full pressure suit, the fuel cell, and the waste disposal and crew feeding systems. We have established a committee which will formally review the results of the entire MOL program to insure that what we have accomplished is used to the maximum extent possible.

NEEDS REAFFIRMED

Our budget reviews have reaffirmed the need for pressing on with the F–15 and the C–5 programs as well as improved air defenses. A new air superiority fighter, the F–15, is imperative if we are to insure ourselves against the threat posed by the Soviet fighter R. & D. program. By the time the F–15 enters the inventory, the basic technology of the F–4, currently our most advanced air superiority fighter, will be 15 years old.

The C–5, designed to carry supplies and equipment long distances and to operate from semi-improved fields, will reduce our dependence on overseas bases. This is the only aircraft which has large enough cargo space and weight-carrying capability to transport all the different types of combat equipment used by an Army division. Although there has been much criticism of C–5 costs, we should not lose sight of the fact that this aircraft marks a major technological advance in the movement of air cargo.

In the field of air defense, we are faced with the gradual phase out of obsolescent forces even though the necessary replacements are not being provided. Eventually this trend could leave us unable to protect our airspace from any sort of military or blackmail threat. Such a situation would reduce our startegic deterrence, since any would-be attacker could count on his bomber force to conduct multiple attacks, freeing more of his missiles for use against time sensitive targets. We need to go ahead with the airborne warning and control system (AWACS) aircraft and must lay the groundwork for an improved interceptor aircraft.

THE DEFENSE MANAGEMENT ENVIRONMENT

During the brief time that I have served as the Secretary of the Air Force I have become acutely aware of the criticism being directed toward defense management. I am not averse to criticism. President Nixon has stated that we should be in the vanguard of "those responsible critics who reveal waste and inefficiency in our defense establishment, who demand clear answers on procurement policies [and] who want to make sure a new weapons system will truly add to our defense." However, I would like to point out several problem areas that have not received sufficient attention.

For example, the critics of defense spending often forget the great damage which inflation has done to the value of procurement money.

In the aircraft manufacturing industry, no precise measurement of the erosion of inflation has been made, but we estimate that since the beginning of the war in Vietnam it has cost us at least 20 cents out of every dollar, and perhaps as much as 25 cents.

A second point that must be mentioned is that frequent changes in production schedules—caused by force structure changes, improved design, or simply budget cuts—have reduced efficiency and added to our costs. For example, both the F–111 and A–7D production schedules have been changed many times both to conform to changes in the authorized force structure and to introduce improvements. While we have no precise estimate of the dollar effects of schedule changes, we think that it has cost us on the order of 10 cents out of every aircraft procurement dollar since 1964–65, excluding the cost of improved systems. In the future, however, we plan to reduce the number of modifications approved after production begins by more intensive testing in the development phase and by weighing more critically the costs involved against the expected gain in performance. We also seek to avoid cancellation of orders either by our own agencies or foreign governments as well as later cutbacks resulting from budget pressure. This we hope to achieve by establishing proper priorities from the beginning. Of course, some schedule changes will undoubtedly remain necessary—with attendant increases in cost—because of unexpected changes in the enemy threat and the rapid pace of technological development. However, I cannot stress too strongly the need for greater program stability.

A third problem area results from the difficulties involved in budgeting and contracting. In presenting budget requests to the Congress for weapons systems, "underfunding" in the budgetary process is often confused with "overruns" in the actual procurement of the hardware. Budget requests have been based on the target price of incentive contracts, even though contracts usually included a higher "ceiling" figure designed to establish an absolute maximum on the government's obligation. Both the target price and the ceiling figure are the result of intense negotiations with industry. In a particularly competitive situation, they can reflect a contractor's expectation that he will probably end up somewhere between the target and ceiling figures. Thus, what in effect are insufficient requests in the first instance, later become the undesirable "overruns" attributed to management deficiencies. We intend to study this whole problem of appropriations and obligations and will recommend procedures to minimize this difficulty.

I would also like to mention the problem of centralized organizational structure. The Services have moved from a loose association with one another following World War II to a highly centralized Defense system in recent years. It is entirely possible that this process has gone too far and steps are being taken in the Department of Defense to reverse the trend. This is true not only at the OSD level, but also within the Air Force as well. Overcentralization can affect both initiative and responsibility at lower levels, sometimes greatly increasing costs as a result.

EFFORTS TO IMPROVE PROCUREMENT POLICIES

Specific improvements are now being made in the areas of contracting and reporting. We must strive for a balance between granting both

the Air Force and its contractors freedom to innovate where desirable and at the same time holding them to the discipline necessary for accountability. To help realize this, we will use a system of significant milestones in research and development. These milestones will have to be reached at mutually agreed cost levels and schedule times.

There is no simple solution to contracting. Virtually every type of contract has been used, with varying degrees of success, and we are continually refining our procedures and control. The total package concept, for example, was designed to provide competition for both development and production contracting and encourage efficiency in production. The cost growth in the C–5 program does not mean that these key features of the total package concept should be discarded. We should, however, use this concept only in appropriate situations, tailored to the facts of a particular procurement, and made applicable only to as much of the production quantity as is practicable.

In production as well as development, we will try to improve the measurement of contract performance. The need for increased "visibility" of programs, that is, better reporting of costs and performance by contractors, has gained widespread acceptance. By the use of cost, schedule, and performance control systems and selected acquisition reports the performance of defense contractors can be measured frequently against the contract itself. These reports should provide sustained "visibility," and go far to guarantee contract accomplishment. Since we plan to use these management systems for the F–15, we should get an early evaluation of their effectiveness.

In procuring the F–15 we will use a combination incentive contract, with the development portion on a cost basis and the production on a fixed-price basis. There will be a systems program office with the director designated as the single manager. We will emphasize rigid control of design changes and will ascertain the effect on costs in the entire program before changes are approved. In addition, the Secretary of the Air Force will review the program periodically comparing actual performance against milestones designated in the contract. Contractor performance for subsystems such as the avionics, the engines and the airframe structures must meet the contract standards before subsequent work will be authorized. In addition, the F–15 production rate will be held at a minimum economic level until flight testing has demonstrated that the design will satisfy our requirements.

FISCAL YEAR 1970 BUDGET SUMMARY

I should like to conclude with a summary of our fiscal year 1970 budget. Two groups of reductions have been undertaken. The first resulted from our initial review of the fiscal year 1970 budget submitted to the Congress in January as I have discussed. These cuts are detailed in tables 1 and 2. Table 1 shows, by general category, our initial recommended revisions to requested fiscal year 1970 total obligational authority. These first stage reductions amount to $1,105.6 million of which $81.9 million applied to the fiscal year 1969 supplemental. Table 2 shows the request for new obligational authority for fiscal year 1970 as originally submitted and initially revised.

The second group of changes, which are now under consideration, result from two major factors. First, actions to implement the law limiting federal expenditures in fiscal year 1970. Second, these changes

are being contemplated in view of the likelihood of further congressional cuts. Considering that we are already well into fiscal year 1970, fiscal chaos could result if we took no action until the final bill were passed. The projected Air Force portion of this reduction has not been finally decided. Some items, however, have been determined: a cut of flying hours, phasing out a significant number of aircraft, reduction in support functions, and a reduction of approximately 50,000 military and 13,000 civilian personnel.

On balance, we feel that the first series of adjustments which we have made to the budget achieved the basic goals that I mentioned at the beginning of my statement. They would also still permit strengthening our long-range posture with a better missile warning system, a more meaningful strategic bomber program, more airlift, and a better tactical aircraft program. While providing for these improvements, they would still have reduced our budget request by $1,105.6 million, and our fiscal year 1970 outlay by approximately half a billion dollars.

Regarding the second group of reductions, some could come from or possibly result in more efficient operations within the Air Force, but we should be quite clear that opportunities for such savings have definite limits. In most cases these reductions will adversely affect our worldwide military posture. Everything possible will be done to minimize such effects, but they will occur. Taking into account the reductions already made and those under review, the budget which is before you will require considerable retrenchment for the Air Force. However, we will continue to maintain the maximum operational capability and do what we can to modernize our forces.

TABLE 1.—SUMMARY OF PROPOSED ADJUSTMENTS TO THE FISCAL YEAR 1970 BUDGET

[In millions of dollars]

	Total obligational authority (fiscal year)		
	1969	1970	1969–70
1. Strategic forces:			
FB-111	−107.3	−320.9	−428.2
SRAM	−129.6	−196.4	−326.0
Procurement	(−42.2)	(−110.8)	(−153.0)
B-52	(−37.7)	(−102.6)	(−140.3)
FB-111	(−49.7)	.....	(−49.7)
R.D.T. & E	.....	(+17.0)	(+17.0)
Minuteman III	.....	−156.9	−156.9
Satellite early warning	.....	+43.0	+43.0
AWACS	.....	−15.0	−15.0
AMSA	.....	+23.0	+23.0
Infrared technology	.....	+7.9	+7.9
2. SEA items:			
B-52 sorties	+25.1	+27.4	+52.5
OX-1 aircraft	−6.8	.....	−6.8
Herbicides	.....	−14.0	−14.0
VNAF modernization	.....	+20.0	+20.0
Sparrow	.....	−9.6	−9.6
Air munitions	−89.5	−316.1	−405.6
Defense communication planning group	−19.1	.....	−19.1
3. Non-SEA general purpose forces:			
F-111D	+11.5	+155.7	+167.2
Vehicles	.....	−5.0	−5.0
Traffic control radars	.....	−10.0	−10.9
Aircraft shelters	.....	+14.7	+14.7
4. Military personnel and O. & M.:			
Serviceman's group life insurance	−4.4	−6.2	−10.6
Civilian man-year reductions	.....	−14.0	−14.0
Transportation	.....	−12.0	−12.0
Supplies	.....	−22.1	−22.1
Service engineering	.....	−5.0	−5.0
Electronic data processing equipment	.....	−3.6	−3.6
REDCOSTE	.....	+19.0	+19.0
Medical reimbursements	.....	−1.6	−1.6
Manning level nonflying units	.....	−1.0	−1.0

TABLE 1. SUMMARY OF PROPOSED ADJUSTMENTS TO THE FISCAL YEAR 1970 BUDGET—Continued

[In millions of dollars]

	Total obligational authority (fiscal year)		
	1969	1970	1969–70
5. Airlift and sealift forces:			
Retain airlift units		+13.8	+13.8
C–130		+54.4	+54.4
6. R.D.T. & E.: MOL		−51.0	[1] −51.0
7. Other:			
Special projects—aircraft procurement		−5.0	−5.0
Special projects—missile procurement		−10.0	−10.0
Classified projects—other procurement		+26.0	+26.0
Special projects—R.D.T. & E.		−10.0	−10.0
Special projects—military construction		−5.0	−5.0
Total	−320.1	−785.5	−1,105.6
Applied to fiscal year 1969 supplemental adjustments	81.9		81.9
Fiscal year 1970 budget adjustments	−238.2	−785.	−1,023.7

[1] Does not reflect cancellation of the MOL program, included in the budget at $525,300,000.

TABLE 2.—SUMMARY, FISCAL YEAR 1970 BUDGET REVISIONS (NEW OBLIGATIONAL AUTHORITY)

[In millions of dollars]

Appropriation	Fiscal year 1969 amended estimate	1970 budget estimate	Rec change	Amended estimate
Military personnel:				
Air Force	6,093.6	5,959.0	−6.2	5,952.8
Air Force Reserve	73.7	87.7	+.5	88.2
Air National Guard	91.4	101.6	+1.5	103.1
Operations and maintenance:				
Air Force	6,949.1	6,716.0	−4.3	6,711.7
Air National Guard	282.7	333.3	+9.2	342.5
Procurement:				
Aircraft	[1] 3,860.0	4,081.0	−305.8	[2] 3,775.2
Missile	1,720.2	1,794.0	−307.6	1,486.4
Other	2,690.0	2,320.0	−381.7	1,938.3
Research development, test, and evaluation	3,392.7	3,594.3	[3] −33.1	[3] 3,561.2
Military construction:				
Air Force	222.1	385.3	+3.8	389.1
Air Force Reserve	4.3	5.3		5.3
Air National Guard	8.3	13.2		13.2
Total	25,388.1	25,390.7	−1,123.7	24,367.0

[1] Does not include $600,000,000 transfers from the stock fund.
[2] Does not include $325,000,000 to be derived from transfers from the Department of Defense stock funds.
[3] Does not reflect cancellation of Manned Orbiting Laboratory program, included in the budget at $525,300,000.

BIOGRAPHICAL SKETCH OF CHIEF OF STAFF, U.S. AIR FORCE

Mr. MAHON. General Ryan, I believe that you have not appeared before us in your present capacity at an earlier time. We are glad to have you, and we would like to have your biographical data at this point in the record.

(The biographical sketch follows:)

BIOGRAPHICAL SKETCH OF GENERAL JOHN D. RYAN, CHIEF OF STAFF, U.S. AIR FORCE

John Dale Ryan was born in Cherokee, Iowa, December 10, 1915. Following graduation from Cherokee Junior College in 1934, he entered the U.S. Military Academy from which he graduated in 1938. He next attended flying school at Randolph and Kelly Fields, Tex., and received his pilot wings in 1939.

General Ryan remained at Kelly Field as a flight instructor for approximately 2 years. From January 1942 until August 1943 he was director of training at

Midland Army Air Field, Tex., and was instrumental in establishing an advanced bombardier training school. His next assignment was as operations officer for the Second Air Force at Colorado Springs, Colo. In February 1944, he was transferred to Italy where he commanded the 2d Bombardment Group and later became Operations Officer for the 5th Bombardment Wing, 15th Air Force. While in Europe, General Ryan flew 58 combat missions for a total of 340 combat hours in the B–17.

He returned to the United States in April 1945 and became deputy air base commander, Midland Army Air Field, Tex. In September 1945 he was assigned to the Air Training Command (ATC) at Fort Worth and Randolph Field, Tex., where he remained until April 1946, when he assumed duties with the 58th Bombardment Wing and participated in the Bikini Atoll atomic weapons tests. From September 1946 to July 1948, he was assistant chief of staff for plans of the 58th Bombardment Wing and then 8th Air Force director of operations. For the next 3 years, he commanded the 509th Bombardment Wing at Walker Air Force Base, New Mex. Between July 1951 and June 1956, General Ryan commanded the 97th Bombardment Wing and the 810th Air Division, both at Biggs Air Force Base, Tex., and the 19th Air Division at Carswell Air Force base, Tex.

General Ryan became director of materiel for the Strategic Air Command (SAC) in June 1956 and 4 years later assumed command of SAC's 16th Air Force in Spain. In July 1961 he was named commander of the Second Air Force at Barksdale Air Force Base, La.

In August 1963 General Ryan was assigned to the Pentagon as Inspector General for the U.S. Air Force. One year later he was named Vice Commander in Chief of Strategic Air Command and in December 1964 became Commander in Chief. He was assigned as Commander in Chief, PACAF, in February 1967.

General Ryan was appointed Vice Chief of Staff of the U.S. Air Force in August 1968 and Chief of Staff of the U.S. Air Force in August 1969.

Mr. MAHON. You have a statement for us, I believe. Will you proceed.

STATEMENT OF CHIEF OF STAFF, U.S. AIR FORCE

General RYAN. Mr. Chairman, members of the committee, as did the Secretary, I welcome this opportunity to begin what I hope becomes a close working relationship with your committee.

General McConnell has asked me to express to you his regret that he did not have the opportunity to discuss the fiscal year 1970 budget with you before his retirement. He did, however, prepare a statement in anticipation of appearing before you and has requested that it be made a matter of record of the committee hearings. It expresses his views on a number of pertinent and fundamental issues—and with your permission, I will submit it for the record.

BACKGROUND

As Secretary Seamans has pointed out, there have been a great many changes since our fiscal year 1970 budget was developed—now, nearly a year ago. The first major changes were made when the new administration reviewed the budget. Reductions of some $1.1 billion were made. There were, however, a number of positive adjustments to give recognition to badly needed programs; namely, the AMSA, the F–15, missile detection, and C–130 procurement.

The budget resulting from these changes has been discussed in detail, appropriation by appropriation, by Air Force witnesses in earlier appearances before this committee.

A second series of major changes is now being made to the budget. As the Secretary indicated, these reductions are being made for two reasons:

(1) To achieve a more responsible Federal fiscal posture; and
(2) To meet clear congressional intent for reductions early enough to permit orderly implementation—avoiding what might prove to be an extremely disruptive situation if we wait until appropriations are passed late this year when there would not be enough time to make them in an orderly fashion.

With respect to congressional intent to make large reductions, I have two views:

(1) Where we can improve administrative and procurement practices and make attendant reductions, we should certainly do so—this has been a key consideration in the current reductions.

(2) There is a real danger that reductions can be carried too far. We unquestionably can streamline and improve operations, but there is a practical limit to this. Secretary Seamans stated that our final 1970 budget expressed in 1964 dollars will be lower than the 1964 budget, our last pre-Vietnam budget. This means that we are fighting the war at the expense of modernization.

THREAT

It is extremely difficult to make a realistic assessment of the threat in readily quantifiable terms and to assess, in like terms, appropriate levels of defense. To provide background for my comments, I will briefly review the expanding threat to our security. Then, in each principal area of my statement, I will give you my appraisal of what I consider to be the principal threat and an assessment of our ability to meet it with the resources we will have at our reduced budget levels.

One of the most serious challenges to the security of the Free World is the increasing vigor of weapons research and development programs in the U.S.S.R.

Soviet military expenditures continue to rise, particularly in research and development.

The Communist powers continue to support guerrilla wars in developing countries. Material and financial aid is supplemented by highly organized political machinery designed to expand Communist influence. The terms of an end to the war in Vietnam and a possible strategic arms limitation agreement will undoubtedly affect the Soviet outlook toward competition with the West by nonmilitary means. I believe that Soviet leaders will be more assertive in their claim to world influence at least equal to that of the United States. Backed by substantial elements of power, they will probably have greater confidence in exploiting circumstances in which they believe they hold an advantage, even if it calls for the use of military force.

The most important factor in the threat is the changing strategic relationship between the United States and the U.S.S.R. A primary Soviet objective is to overcome the U.S. lead in capabilities for nuclear war. Toward this end, the Soviets have built and are deploying impressive offensive and defensive forces. They will undoubtedly seek further advances in their relative strategic position.

Soviet general purpose forces are becoming more important as a factor that further increases the threat. These forces are developing capabilities that could support Soviet intrusion in distant areas. During

the past year the size of Soviet tactical aviation and ground forces has increased and the quality of the force has improved.

The overriding aspect of Communist China's military threat is their continuing attempt to achieve a capability for nuclear strikes. Today, China's primary military power is centered in its large army of some 2.3 million men and about 3,200 aircraft in their air force. However, beginning in the early 1970's, the continental United States as well as U.S. interests abroad could be faced with the expanding Chinese nuclear threat.

In summary, our security is being increasingly challenged by the improving military capabilities of the Communist powers across the spectrum of conventional and nuclear war. Their willingness to use conventional military force when they believe it to be in their political interest has been amply demonstrated. It is against this combined threat that the U.S. Air Force must plan its force requirements.

STRATEGIC OFFENSIVE

A primary aim of the Soviets is to overcome the U.S. lead in capabilities for nuclear war. They are indeed making impressive gains. Their ICBM force continues to grow at a rapid rate. They continue development of new and improved systems such as multiple reentry vehicles. A fractional orbit bombardment system has been tested. They continue a high priority program to expand their ballistic missile submarine force. Their long-range aviation continues to be maintained at impressive levels.

Now, what are we doing in each of these areas? First, in missiles. In recent years the introduction of Minuteman III into the force has been successively stretched out. Our original fiscal year 1970 budget program was stretched out in OSD reviews—and the rate of missile introduction was slowed in the first major adjustments to the budget. I would point out that the cost estimates associated with these adjustments were the best that could be made at the time. Current pricing may require a slight adjustment in our planned fiscal year 1970 procurement. Thus, I appraise the Minuteman program supported by this budget as minimal—or even marginal.

There has been criticism of Minuteman costs based on the fact that early estimates for earlier contemplated programs have been greatly exceeded. This criticism fails to take into account that the program has been a rapidly evolving one keeping apace with technological changes—and that the Minuteman in the field today is a far different vehicle with greater capabilities than the one originally envisioned.

Minuteman III will further improve our missile force by making possible the introduction of Multiple Independent Reentry Vehicles (MIRVs) into operational use for the first time. Flight tests of Minuteman III have been highly successful in meeting test objectives.

With respect to new ICBM developments, we have only the Hard Rock Silo and a small advanced ICBM technology effort underway. We, thus, must rely on Minuteman until well in the seventies.

In the face of the Soviets continuing to maintain their long-range aviation, we have steadily reduced the bomber strength of the Strategic Air Command. In 1965, we had about 1,000 medium and heavy bombers. At the end of fiscal year 1970 we will have only half that

number. The FB–111s are being introduced into the force in limited numbers. We think they will do a creditable job—but we feel strongly that we must press on with the new strategic bomber, the AMSA, now designated the B–1.

The B–1 recommended by the Air Force incorporates design features that will give us much greater force capabilities and permit the successful penetration of enemy defenses in a variety of possible conflict situations. The desired characteristics of the new bomber include supersonic speed, increased payload, long range at low altitude, low radar and infrared signatures, and improved navigation and bombing accuracy. In addition, the B–1 has design features that will enable it to operate from dispersed sites with a high degree of self-sufficiency and a minimum of maintenance. These characteristics will provide considerable operational flexibility in the face of future threat uncertainties.

We realize that the degree of strategic superiority the United States once enjoyed may never be fully regained. We do consider it essential, however, that our strategic forces be structured to provide capabilities clearly able to counter the threat from the Soviets or any other potential enemy.

AIR DEFENSE

The Soviets continue to improve their air defense against both low and high altitude penetration with new interceptors, surface-to-air missiles and an airborne warning and control system. We on the other hand have been rapidly dismantling an expensive, obsolescent air defense system in the hope of getting a less expensive, modernized system built around the Airborne Warning and Control System (AWACS), an over-the-horizon radar system, and a new interceptor. In 1965 we had 775 interceptors and 168 surveillance radars. At the end of fiscal 1970 we will have a greatly reduced number of interceptors and surveillance radars in our active force. In effect, we are giving up the old, but are not getting the new. We have no funds for a new interceptor, the AWACS program is now planned at $40 million, and the over-the-horizon radar at about $3 million.

We have not been successful in securing agreement on an improved interceptor, and even the proposed funds for fire control technology have been reduced. Nonetheless, we must continue the AWACS and the over-the-horizon radar. In brief, Mr. Chairman, our outlook for air defense is extremely discouraging. There are, of course, those who argue that Soviet missiles are the real threat, but who would want to leave our cities open to bomber attacks? We badly need a reinvigorated air defense program.

GENERAL PURPOSE FORCES

During the past year the size and quality of Soviet tactical aviation and ground forces have increased. They have new fighters and a total quantity of some 3,600 aircraft in tactical aviation. Our Air Force tactical fighter forces are half this size; however, we are bringing both the F–111 and A–7 into the force.

The F–111 has had its problems; however, it is proving to be a good airplane. It will be the best aircraft in the world for the deep interdiction mission at night and in adverse weather. Its safety record to date is superior to any other supersonic fighter aircraft in the inventory.

It has had two principal problems—the cost of its Mark II avionics and the wing box carrythrough structure.

The Mark II avionics, while an extremely good system, is simply costing too much. Consequently, we are reorienting the program and canceling it after 96 aircraft. For the remaining F–111 aircraft planned for procurement, we will use a simpler system at a savings of about $1 million per aircraft.

The wing box failure problem is well on the way to resolution. Aircraft in production are being equipped with a strengthened box. Later, we may use a completely new box to be installed as aircraft are overhauled on normal maintenance schedules.

Our new A–7D fighter, with the improved TF–41 engine, can deliver more than three times the bomb load of the F–100 over a given combat radius. Equipped with improved survivability features and designed for increased accuracy in visual weapon delivery, it will provide added capability for the close air support and short-range interdiction missions in other than heavily defended environments. These A–7D aircraft will provide a significant increase to the capability of our strike forces in the 1970's. I ask your support for procurement of 128 of these aircraft.

We plan development of the A–X, a simple, inexpensive, highly survivable aircraft which will give us an economical capability in the seventies for direct support of ground forces. It will complement the A–7 and, more importantly, it will reverse the trend of recent years to more expensive and sophisticated aircraft. Our objective will be a truly simple aircraft, optimized for close air support of the Army, at a price we can afford.

Finally, I would like to say a word about the F–15. Not since we built the F–86 aircraft for use in the Korean war have we specifically designed an air superiority fighter. We badly need one. General McConnell put it very well when he said our country cannot only afford a new fighter, we cannot afford to be without one.

AIRLIFT

Our programed airlift forces, compared to those of the early 1960's, represent a significant improvement in our ability to carry out the strategic portion of the airlift mission. The same cannot be said of tactical airlift, because our ability to perform that portion of the mission is decreasing. Both tasks are essential, but each requires a different type of equipment and concept of operation.

There are two airlift force items in the budget—a modest number of C–130E's and 23 C–5's. This committee has consistently supported our need for tactical airlift and has recognized the necessity for additional C–130's. The planned buy will replace in part the capability lost to attrition and to the diversion of C–123 aircraft to the South Vietnamese Air Force.

With respect to the C–5 there are three key points I would like to make.

First, the C–5 will give us the unique capability to move a meaningful force anywhere in the world, virtually overnight. It is truly a "first with the most" capability—and it is difficult to put a dollar value on this.

Second, the C–5 ushers in a new age in air cargo with operating costs on a ton-mile basis of just about half that of its nearest competitor, the C–141.

Third, the cargo aircraft we are now buying will last a long time and we should buy enough while the production line is open. Otherwise costs will be truly prohibitive.

PERSONNEL

I am proud to be associated with the men and women of the Air Force. The continued security and progress of our country and the effectiveness of the Air Force rest with them.

The reductions now under consideration will result in an end strength as much as 50,000 less than planned in the President's budget. To achieve the reduction we plan to reduce accessions as well as to effect some early releases. We are trying to achieve the best balance between these actions. If we cut accessions drastically, we disrupt the training base and unbalance the force. If we release too many early, we lose expertise and increase training costs, as well as disrupt personnel plans.

We have experienced rapid reductions in the past. Some of you will recall our difficulties during the fifties when many officers were released involuntarily to accommodate requirements for drastic force reduc-

tions. During fiscal year 1954 we were required to achieve a net reduction of nearly 13,000 officers. Again in fiscal year 1958 we were directed to reduce our active duty strength by over 7,000 officers. As a result 2,457 Reserve officers were involuntarily separated. These officers were more fortunate than their earlier counterparts because many of them were eligible—thanks to the foresight of the Congress—for readjustment payment authorized by Public Law 676 of the 84th Congress.

Reserves constitute about one-half of our officer force, and rapid involuntary reductions are directed principally against members of this component. If such reductions should be imposed, the means of livelihood and dedicated service of these men would be prematurely terminated. In the current reductions we will do everything we can to minimize personal hardship.

The rated portion of the officer force needs particular attention. Rated requirements may decrease in the future, but without increased production, the rated officer inventory will decline at a greater rate. During fiscal year 1968, we took all practical actions to reduce pilot and navigator losses. We still lost approximately 10 percent of the rated officer inventory of lieutenant colonels and below. During fiscal year 1969, we lost about 4,000 pilots (11 percent of the pilot force) and 1,500 navigators (9 percent of the navigator force). During the Southeast Asia operation, we have retained a number of pilots who would ordinarily have been retired, or separated for other reasons. These officers, like those of the Air National Guard and Air Force Reserve recalled last year, will now largely be released.

We need to increase pilot production to offset the forecast long-term deficit, and in fiscal year 1970 we expect to reach an annual production rate of nearly 3,500.

The past navigator production rate of 800 per year will be increased to 1,000 during fiscal year 1970. We believe further increases will be necessary to support plans for filling a higher percentage of the back seats in two-place tactical fighters with navigators rather than pilots. During the 1970's we hope to attain a stabilized flying training rate high enough to reduce fluctuations caused by contingencies.

In closing my remarks on personnel, I would like to reaffirm the pride that I take in the work being done by all of our officers, airmen and civilians. At a time when the conflict in Vietnam has made such great demands on them and their families, their loyalty, dedication and achievements have been truly magnificent—and in the reductions we are now making we want to be as fair as possible to the individual.

VIETNAM

Vietnam remains a difficult and costly task for the military. With limited objectives under trying circumstances our personnel have done a superb job. While certainly not entirely drying up supply lines, our interdiction campaign has made it extremely difficult and costly for the enemy to move minimal supplies into South Vietnam.

Without this effort the enemy could have moved far greater numbers of troops and quantities of supplies into South Vietnam—which, in turn, would have resulted in greater American casualties.

Our B–52's have proved to be an effective force for operations in the south; and senior Army commanders continue to attest to the superb close air support provided to Army units.

We unquestionably have the most professional Air Force in history and we can be justifiably proud of its record in Vietnam.

MANAGEMENT OF THE AIR FORCE

I would like to comment briefly on the current and widespread criticism being directed at management within the military services. Our process of procuring major weapon systems is taking the brunt of this criticism. Personally, I welcome a more universal understanding of the uncertainties and huge costs involved in this process—and of the years of research, development, and production time needed to bring complex and sophisticated modern weapons systems into the inventory.

We are improving our procurement processes. We are now providing regular reports to the Congress on principal weapon systems. The General Accounting Office is very actively examining every principal system. Industry, too, is keenly aware of the urgency of improved performance—and I am confident that we will do a much better job in the future.

In overall management there is one specific area I wish to address. In his statement, General McConnell said, "* * * in our procurement and development areas I can't find anyone to fire. Too many people at too many levels have had too much to say about the program."

I believe we are doing something about this. Secretary Laird and Secretary Packard favor a system that enables the Service Secretaries and chiefs to assume a greater share of responsibility in the decisionmaking process. I support this concept of management because it permits the delegation of both authority and responsibility to individual officials at lower managerial levels.

I look forward to the findings and recommendations of the Blue Ribbon Defense Panel named by the President to reappraise the operations of the Department of Defense. The Panel's charter includes a guideline to study the organization and management of DOD as it affects the Department's mission, performance, decisionmaking process, command and control functions and facilities. In the meantime, we in the Air Force will continue to improve our management practices within the scope of our authority and to the best of our ability.

CURRENT REDUCTIONS

Secretary Seamans mentioned some of the reductions which are being made. With respect to this, I want to emphasize that our objective is to save the greatest possible capability in terms of air and missile power. We will make reductions in various headquarters and in all support functions.

With respect to military personnel reductions, I want to emphasize that some 50,000 is the maximum practical number we can reduce without, in effect, breaching contracts with our officers and disrupting our training base and orderly management of the airmen program.

SUMMARY

I would like to summarize by emphasizing a few points that I believe are particularly significant. The threat, especially that of the Soviets, is growing in quality and in numbers. Enemy capability is the yardstick we must use to measure our force requirements. Our best counter to this challenge is strength—clearly adequate forces and the flexibility to respond appropriately to any crisis.

The most significant elements of the threat are the Soviets' rapidly improving strategic posture and the magnitude of their concentrated R. & D. effort. It is in these areas that the greatest changes in relative national strength are most likely to occur. Consequently, we must make every effort to reverse the downward trend in our strategic relationships and maintain sufficient forces through such program as the B–1, Minuteman III, and the Hard Rock Silo.

Another aspect of the strategic relationship is our defensive capability which, from the Air Force point of view, has been seriously degraded. Our defenses against attacks by manned aircraft are becoming less effective because of the age of our interceptor force and the continuing reductions in numbers of aircraft and in supporting forces. I believe it is essential that we reinvigorate our program for modernized air defenses.

Regarding our general purpose forces, we must recognize the growing ability of Communist countries to support limited wars and insurgencies in widely scattered areas around the world. To counter this threat effectively, we will need a larger, modernized tactical fighter and attack force. In particular, the F–15 air superiority fighter is essential. In the airlift area, we have a definite need for additional C–130E aircraft, and should proceed with our planned procurement of C–5's.

Mr. Chairman, this is my first appearance before this committee as Chief of Staff of the Air Force. We have appreciated your support for our program in the past, and I hope that the programs we propose will continue to merit that support in the future.

OBJECTIVE OF HEARING

Mr. MAHON. We could launch into an extensive discussion of the war in Vietnam and problems of the Middle East and the problems of other areas of the world. We have listened almost endlessly to testimony from military sources and others during the year, so we won't undertake that kind of hearing at this time. What we have before us now is the problem of deciding how much money to recommend to the House for various Air Force purposes.

DEFENSE SPENDING REDUCTIONS

We are aware that the Secretary himself has made certain announcements—I am talking now about the Secretary of Defense—as to cuts that are to be made. As I understand it, the Secretary of Defense has stated that as a result of the budgetary situation and perhaps other factors, defense spending during the current fiscal year will be reduced by $3 billion.

Is that correct, General Crow?

General CROW. That is correct, sir.

Mr. MAHON. Why? What is the reason for the cuts insofar as the Air Force is concerned, Mr. Secretary, in a general way?

Secretary SEAMANS. The reason for the cuts, Mr. Chairman, is budgetary. Secretary Laird requested us to revise reductions that might be made that would not jeopardize our defense posture in a major way and what could result in reduction in outlay of up to $1 billion. We have been working on this with the Secretary of Defense and his staff. We have agreed to reductions amounting to about $1.1 billion in total obligational authority. We still have under review additional reductions that could bring the total reduction in outlay to $1 billion.

Mr. MAHON. You tell us now that you have arrived at pretty firm decisions as to proposed reductions below the amounts of the appropriations requests, of something over $1 billion, $1.1 billion?

Secretary SEAMANS. That is correct.

Mr. MAHON. You are moving toward a reduction in actual expenditures as contrasted with appropriations of about $1 billion?

Secretary SEAMANS. That is correct.

Mr. MAHON. The cause for that is budgetary?

Secretary SEAMANS. The cause for that is perhaps twofold: One, there is an expenditure limitation on the administration across the board and these reductions have in part been absorbed by the Department of Defense; two, we recognize reductions are being made in the Congress in the Defense budget itself.

As you pointed out, we are well into the fiscal year and we felt that we should initiate some actions immediately or otherwise we would have to make even further reductions at the end of the year in order to get the total reduction required. In other words, if we waited until we were 6 months into the year, the reductions would have to be twice as much, if you will, per month to achieve the same yearly reduction.

Mr. MAHON. That is right.

You understand that the President submitted a budget for the fiscal year for the entire Government of $192.9 billion. He has stated from time to time that he proposed to live within that budget, is that correct?

Secretary SEAMANS. Yes. I believe it is.

EFFECT OF BUDGET REDUCTIONS ON SECURITY FORCES IN VIETNAM

Mr. MAHON. Despite the fact that certain unanticipated costs have arisen, he still is determined to live within that budget.

Mr. Secretary, I would like to say for myself, and I think for a broad section of the Congress, that I am not willing for budgetary reasons or any reasons to reduce the appropriations that might embarrass the Government or make a satisfactory solution of the war in Vietnam less likely. Do you understand?

Secretary SEAMANS. Yes, sir.

Mr. MAHON. Budgetary considerations are out the window insofar as I am concerned if they would jeopardize our men in Vietnam and in Southeast Asia and if they would seriously retard our efforts toward an acceptable solution of the war.

Are any of the cuts that you have made, or propose to make, of such a nature as to jeopardize the security and safety of our men in Vietnam?

Secretary SEAMANS. Let me first say that some of the reductions do involve Vietnam. For example——

Mr. MAHON. I am not saying they don't. I know they do. The question is not does it involve Vietnam but does it jeopardize the war effort or the security and safety of the men?

Secretary SEAMANS. There are two conditions on the reductions in Vietnam: One is that they certainly must not jeopardize any of our forces that are there. Second, we will be able to place the Vietnamese themselves in a position where they can pick up more and more of the activity. This is part of a total plan to reduce our activities in South Vietnam over a period of time.

As you know, the President has kept a flexible position. He has announced certain reductions. He hopes to make further reductions. Some of these reductions do anticipate that they will be able over a period of time to reduce further our forces and our activities there even below what has been announced.

Mr. MAHON. I don't think that your anwser is responsive to the question. I realize that the President has announced some withdrawals but that is not the answer to my question. I repeat. The question is: Does the Air Force—and I want you, General Ryan, to comment on this, if you will—does the Air Force have in mind making reductions in this proposed $1 billion expenditure cut, which will have to be considerably above $1 billion in appropriations, does the Air Force contemplate taking actions which might tend to jeopardize the security of our forces in Southeast Asia and lessen the opportunity to bring the war to an early and acceptable solution? That is the problem.

Do you want to take a try at that?

General RYAN. That is a really difficult question, Mr. Chairman.

Mr. MAHON. I think it is a very pertinent question. I don't know how difficult it is.

General RYAN. At the present level of activity, I do not believe that we are jeopardizing our people in Vietnam. However, we do not control the initiative, as the chairman well knows. What the North Vietnamese and the Vietcong are going to do is debatable. At the present level I don't believe we are jeopardizing our forces.

Mr. MAHON. You mean of the level of proposed reductions?

General RYAN. Present level of activity in Vietnam.

Mr. MAHON. You are talking about the present level. We are withdrawing people and you are proposing reductions in manpower and in money, and my question is: Is this a dangerous step to take which will tend to jeopardize our men in Vietnam and tend to jeopardize an acceptable solution to the war? I don't think that you would consciously, I don't believe the President, or the Joint Chiefs of Staff would deliberately jeopardize the security of our men in Vietnam and impair the opportunity which we hope may develop for an acceptable solution to the war. I don't think that you really are facing this question.

Secretary SEAMANS. Mr. Chairman, I thought when in answering your question I did state that one of the fundamental criteria that we are following is that we will not take any action that will in any way jeopardize the safety of our own forces. This is one of the fundamental rules that we are following.

Mr. MAHON. All right. In other words, you won't take any steps in connection with your proposed reductions that would jeopardize our men in Southeast Asia?

Secretary SEAMANS. To the best of our ability. As General Ryan said, we don't have a full understanding, of course, of what the enemy may be planning.

Mr. MAHON. Nobody has that. Even though you didn't take any action, or even though you did send an additional million men to Vietnam, you wouldn't have any exact idea what the enemy is going to do.

General RYAN. Exactly, Mr. Chairman.

Mr. MAHON. I would think that this committee and the Congress are entitled to face this issue with full confidence. We don't want to see you make reductions that are too dangerous and might be unacceptable. We don't want to participate in reductions that could be dangerous and unacceptable. Do you agree with the Secretary's statement that the plans that you have will not jeopardize our men and will not jeopardize our efforts to bring the war to a successful conclusion?

General RYAN. I agree with that statement. Yes.

Secretary SEAMANS. If I might, I would like to return to the second part of your question. Bringing the war to an acceptable solution, of course, depends on one's definition of what is acceptable. Here I am getting into a policy area where there are very great differences of opinion in the country. On the one hand, some people would say that we must bring North Vietnamese to their knees, and others would feel that if we can get out without impairing the safety of our own men, that that is acceptable.

We are following a course that is in between these two extremes. We believe that we should complete our activities there in such a way that the South Vietnamese do have control over their own destiny, do have an opportunity to set up a government that is acceptable on a continuing basis to the people who live in that country.

EFFECT OF BUDGET REDUCTIONS ON WORLDWIDE COMMITMENTS

Mr. MAHON. Now I would like to ask a broader question.

Do your contemplated reductions in Air Force spending and programs tend to jeopardize our ability to meet our commitments worldwide, not confining yourself just to Vietnam? I mean Europe, South America, Africa, elsewhere in the world. Are we taking actions here that a great and powerful country shouldn't contemplate taking?

Secretary SEAMANS. Well, to partially answer your question, which, as you say is a very broad one, I would say that in making these reductions we have attempted to take into account not only our posture this year and next year but also our projected posture 5 and 10 and 15 years from now. We are cutting down on the number of flying hours today. We are withdrawing aircraft from the force today. We are doing this in part so that we can fund development of new equipment, so that we can modernize our force, bring along a new bomber, a new fighter, a new early warning and control aircraft, a new close support fighter, so that we will have the posture this country should have 5 and 10 years from now.

Mr. MAHON. Do you think that it is reasonable for us to take this step at this time?

Secretary SEAMANS. I think that the actions that we are taking are minimizing the risks. I think that this is a matter of degree. It is a matter of risk. I think there is some additional risk that we are taking in making these reductions.

Mr. MAHON. If you didn't make the reductions, we would still be confronted with serious problems and risks, I would assume?

Secretary SEAMANS. I believe that is so.

Mr. MAHON. General Ryan, what is your general reaction? You speak for the men in uniform in the Air Force as a member of the Joint Chiefs. Do you think that it is reasonably acceptable that we follow this course of reduction in order to achieve the purposes outlined by the Secretary?

General RYAN. I think that by these reductions we have reduced to a degree our combat capability. When you put the capability that is left against the risk that you face, you have increased the risk to a degree. If there were no budgetary problems I am sure that we would not have taken some of the actions that we have. It is like insurance; we have this much insurance and we have reduced it this much.

ADEQUACY OF MILITARY BUDGETS

Mr. MAHON. We have been listening in this room to the testimony of military men for several decades.

General RYAN. Yes, sir.

Mr. MAHON. We have never had one, I believe, say that the military were completely prepared to meet every possible and conceivable eventuality.

General RYAN. That is correct.

Mr. MAHON. I don't believe there has ever been a time when the Defense officials have been fully satisfied with the adequacy of the funds which they request and which they get. So you have got certain risks to take whether we fund at the original budget level or whether we fund at a lower level.

General RYAN. Exactly.

Mr. MAHON. Your point is that by funding at a little lower level you are increasing the risk to some degree, and it would be hard to pinpoint and actually define the degree, the ability of the United States to react to a threat or to war?

General RYAN. That is in essence my feeling.

REDUCTIONS BEYOND ANNOUNCED ACTIONS

Mr. MAHON. What we have got to do in marking up this bill, or marking it down, we have got to go through it paragraph by paragraph and decide what to do about this, that, and the other. There are various items in personnel, in operation and maintenance, in procurement, in development and otherwise. Mr. Secretary, should we make reductions based upon the implications of statements made by the President that further withdrawals are going to be made from Vietnam? I am talking about withdrawals which have not been definitized but which have been alluded to. Certain reductions in personnel have already been announced and I would assume that we would certainly reduce the funds that you say will no longer be needed as a result of these withdrawals.

The question is: Knowing as I think we do that further withdrawals are going to be made, would you advocate that we make further reductions or estimates as to what the future withdrawals will be and make the reductions accordingly?

Secretary SEAMANS. As far as the Air Force is concerned, Mr. Chairman, I would recommend that you follow the guidelines that we are prepared to discuss with you today that indicate that from the standpoint of manpower overall we are reducng our airmen by about 45,000, our officers by about 5,000, civilians by about 13,000. We have announced withdrawal of men from Vietnam of the order of 2,500.

I would not recommend going beyond the figures that I have just indicated from the standpoint of total manpower reduction.

WITHDRAWAL OF ADDITIONAL FORCES

Mr. MAHON. You wouldn't want us to guess what further withdrawals may be made and make reductions accordingly at this time?

Secretary SEAMANS. Not as far as the Air Force is concerned. I cannot speak for the other two services.

Mr. MAHON. I know that. We don't want you to undertake to speak for other services.

If we should project further reductions of the forces in Vietnam, and further reductions appear to be in the making, it might be interpreted that we are trying to force the Government to accelerate reduction of our forces. My personal feeling is, and I would think it would be the view of the Committee on Appropriations, we don't want to place ourselves in the position of trying to pressure the Defense Department to make more rapid withdrawals.

I personally feel that the handling of the war is a matter for the Commander in Chief and for the military and civilian leaders in the Department of Defense. So we don't want to undertake to compel you by cutting funds to take actions which you don't think are wise under all the circumstances. Do I make my point?

Secretary SEAMANS. You do. I heartily concur.

Mr. MAHON. All right.

We will in executive session of the committee discuss these matters.

BUDGET REDUCTIONS ANNOUNCED

Let me recite what we understand to be the case. You stop me if you see that I am making a misstatement.

To the best of our knowledge, there have been 10 announced actions affecting Air Force operations during fiscal year 1970: One, reduce civilian employment of 13,000. Correct?

General RYAN. Correct.

Mr. MAHON. Curtailment of operations and deployment of about 3,000 men from Vietnam?

Secretary SEAMANS. Correct.

Mr. MAHON. Curtailment of operations in the redeployment of about 6,000 men from Thailand?

General CROW. As a part of a total DOD. I don't believe that the Air Force——

Secretary SEAMANS. That is high.

General CROW. I don't believe we have withdrawn that many Air Force people from Thailand. That we will have to check.

Mr. MAHON. Check that and amplify that for the record.

General CROW. Yes, sir.

(The information follows:)

CURTAILMENT OF OPERATIONS IN THAILAND

There will be approximately 3,000 Air Force personnel of the total DOD 6,000 scheduled for redeployment in the curtailment of operations in Thailand.

Mr. MAHON. A reduction of 50,000 in military personnel strength. Is that right?

Secretary SEAMANS. That is correct.

Mr. MAHON. Deactivation of 185 support aircraft.

General CROW. That is correct. There are additional aircraft and categorization may differ.

Mr. MAHON. Sixth, the phaseout of 24 WB–47's.

General CROW. That is correct.

Mr. MAHON. Termination of the F–100 fighter weapons training course at Nellis Air Force Base in Nevada.

General RYAN. That is correct.

Mr. MAHON. Reduced communications operations.

General RYAN. That is correct.

Mr. MAHON. Ninth, reduction in the installation of automatic data processing equipment and the ADP operating costs.

General RYAN. That is correct.

Mr. MAHON. Some of us on this committee feel that the Government is going wild on ADP. I am glad to see the reduction.

Number ten, reduction in non-Southeast Asia flight training of 300,000 flying hours.

General RYAN. That is correct.

Mr. MAHON. Does this complete the list as of this morning?

General CROW. Mr. Chairman, there are some additional items. Our list of the items announced doesn't exactly match what you have read. We could give additional detailed items that would be a longer list. In other words, some of the things that we have broken out in more detail could be considered encompassed in your list, and others are not. We could list the additional items that are not identified in your tabulation.

Mr. MAHON. Will there be base closures in this program of reducing expenditures?

Secretary SEAMANS. Yes, sir, there will be base closures and reductions.

Mr. MAHON. Can you identify those?

Secretary SEAMANS. These are not yet firm. I am having a total review of this matter myself at the end of this week. It is our intention to announce base closures before the end of this month.

Mr. MAHON. These are closures that you think are permanent and you won't contemplate after the budgetary squeeze has ended, hopefully, that you will reactivate the bases?

Secretary SEAMANS. That is correct. We are making these on the basis of our long-term plans.

Mr. MAHON. You spoke of a billion dollars in appropriation cuts and that billion dollars has been more or less agreed to now by the Defense Department and the Air Force?

Secretary SEAMANS. Yes, sir.

Mr. MAHON. Then you spoke of $1 billion in expenditure cuts, so we have only probably one-third of what you really are going to do by way of obligational authority reductions?

Secretary SEAMANS. Mr. Chairman, there is one rather large amount you didn't mention that was announced last spring that is included in this amount. That is the cancellation of the MOL. That amounts to $300 million of TOA. We include that in the $1.1 billion total obligational authority.

Mr. MAHON. These costs to which I have referred generally have to do with operation and maintenance costs. You spoke of the MOL and the support equipment procurement that you have planned for a reduction of how much there?

General CROW. The amount announced has been $56.1 million in Other Procurement.

Mr. MAHON. Planned procurement of vehicles, supplies, electronics, base maintenance and support equipment in the amount of approximately $100 million is being offered. Is that correct?

General CROW. That is correct. I was giving you one specific listing category.

REDUCTIONS IN OBLIGATIONAL AUTHORITY OF $1 BILLION

Secretary SEAMANS. Mr. Chairman, if it would be helpful to your committee we could put together a list that would indicate the items that do add up to the TOA total of $1.1 billion.

Mr. MAHON. I wish you would give that to us.

(The information follows:)

Secretary SEAMANS. The reductions that have been firmly agreed upon to date total $1,102.6 millions. An appropriation break of this total follows:

	(millions) TOA
Military Personnel, Air Force:	
Inactivate 8th Air Force Headquarters, Westover AFB	$1.4
Fiscal year 1970 reductions to military personnel	$102.4
End strengths:	
Officer	4,471
Airmen	45,126
Total	49,597
Fiscal year 1970 reductions to Air Force military personnel end strengths assigned to Defense Agencies (DIA, NSA, DASA)	$5.1
Officer	102
Airmen	363
Total	465
Total Military	50,062
Total	$108.9
Reserve Personnel, Air Force	$4.8
ANG Personnel	$5.8

	(millions) TOA
Operation and Maintenance Air Force:	
Inactivate 8th Air Force Headquarters, Westover AFB	$1.3
Phase-out WB–47 aircraft	4.4
Eliminate F–100 Fighter Weapons Course	0.5
Eliminate TAC C–130 surge capability	3.0
Reduce the Mission Support Aircraft fleet by 95 aircraft	3.0
Reduce leased long-line communications	6.0
Reduce base level communications	2.3
Defer lease and installation of Phase II EDPE equipment	10.6
Reduce supplies and equipment	28.0
Reduce Foreign Technology Division contracts	2.2
Reduce technical and other training	5.5
Reduce contract survey effort to determine suitable sites for Hard Rock Silo	4.0
Reduce flying hour program	53.0
Reduce ——— aircraft by ——— UE	.6
Reduce ——— aircraft by ——— UE	1.1
Transfer	.5
Phase-out ——— aircraft in ———	.9
Eliminate one wing and two squadrons	.9
Reduce personnel in Officer Staff Air Force, Headquarters, U.S. Air Force, major commands by 15 percent and numbered Air Force by 10 percent	9.5
Move ———	.1
Reduce transportation costs	2.0
Reduce dependents' education consistent with presonnel reductions	2.0
Reduce ARC Light sorties and phaseout ———	37.8
Eliminate flying activities at Tachikawa Air Force Base	5.5
Reduce program ———	.4
Inactivate the ——— squadron in fiscal year February, 1970	.5
Reassign ——— squadrons from ———	2.3
Reduced JCS exercises in fiscal year 1970	9.2
Eliminate one ——— squadron in fiscal year February 1970	1.5
Total	196.8
Operation and maintenance, Air National Guard	11.6
Aircraft procurement, Air Force:	
C–5 initial spares	50.0
A-37A spares	.5
Total	50.5
Other procurement, Air Force:	
Reduce procurement of electronics equipment	33.0
Reduce procurement of vehicular equipment	7.4
Reduce procurement of base maintenance and support equipment	15.7
Reduce ARC light sorties	34.0
Reduce ———	113.0
Reduce procurement for ———	20.0
Cancel ———	33.0
Total	256.1
R.D.T. & E.:	
Cancel MOL program	300.0
Other aircraft equipment development	7.0
Tactical ———	3.0
Other missile developments	2.0
Unspecified space programs	3.5
———	20.0
Engineering development of armament, ordnance, intelligence and reconnaissance and other equipment	1.9
General reduction—other equipment	2.7
Miscellaneous	28.0
Total	368.1

	(millions) TOA
Military construction, Air Force:	
Reflects the House Armed Services Committee reduction	100.0
Total	100.0
Appropriation summary:	
Military personnel	108.9
Reserve personnel, Air Force	4.8
National Guard personnel, Air Force	5.8
Operation and maintenance, Air Force	196.8
Operation and maintenance, Air National Guard	11.6
Aircraft procurement	50.5
Other procurement	256.1
R.D.T. & E	368.1
Military construction	100.0
Total	1,102.6

ADDITIONAL REDUCTIONS

Mr. MAHON. When are we going to have a firm statement as to other cuts which are to be made as a result of the budgetary situation?

Secretary SEAMANS. There remains, I believe, on the order of $300 million additional that are now under review: $300 million in the TOA category.

General CROW. Yes, sir.

Secretary SEAMANS. For a total of approximately $1.47 billion reduction in TOA. We are prepared today, since we have decided upon items that add up to $1.1 billion to discuss any of these with your committee. The remainder we are not at liberty to discuss at this time because we have not the final approval from the Office of the Secretary of Defense.

EFFECT OF LACK OF AUTHORIZATION ON FUNDING PROGRAMS

Mr. MAHON. Tell me this: Even though versions of the legislation authorizing certain Defense procurement and so forth have passed both the House and Senate, does the fact that final action has not been taken have any significant relationship to your program?

Secretary SEAMANS. I would say that it does not. We have here a letter that I believe was submitted yesterday to Chairman Rivers from Mr. Laird indicating the various items that we request be included in the conference committee review. The actions that we are discussing with you today in the Air Force view are consistent with these reclama actions.

Mr. MAHON. We don't know what the final outcome of the legislation will be.

Secretary SEAMANS. That is true.

Mr. MAHON. Regardless of the outcome, your reduction list wouldn't be too much different from what is now——

Secretary SEAMANS. I would like to ask General Crow to comment on that.

General CROW. Mr. Chairman, we should put this into perspective. Earlier when you were discussing what might happen in Vietnam, and you used the words, "should the committee guess in effect guess what will happen?" To some degree the exercises that we have been conducting have been guessing a bit at where we think we will come

out in appropriations, taking into account the problem that the Secretary indicated when we stated that we have to start these reductions fairly early in the year to spread them uniformly—otherwise we have a chaotic situation in the latter part of the year.

Mr. MAHON. That is right.

General CROW. Now, in the R. & D. appropriation, for instance, we have identified items where, if we had to, we could take reductions in obligating authority upward of $400 million. Now, in the authorizing action that has taken place to date, the House is supporting an appropriation of $3.241 billion. That compares with the President's budget of $3.561 billion. If the total appropriation at the House-recommended level, which incidentally has been supported by the Department of Defense, is finally approved, then the reductions in obligating authority that we would take in R. & D. instead of being the total amount of upward of $400 million that we have looked at it would be $368 million. You recognize the nature of the R. & D. account. In some areas things are defined as levels of activity, but in looking to the longer range situation we would not like to take all of the actions that are in review, if you will.

In the $1.1 billion that the Secretary identified, for instance, we have contemplated a reduction of $368 million in R. & D. That is consistent with the action by Mr. Rivers' committee and consistent with the position taken by the Secretary of Defense in his letter back to Mr. Rivers and to the Chairman of the Senate authorizing committee.

So in one respect, in the items that we have looked at, we have looked at, we have identified—and if I may use the expression—the worst possible situations that we would go to. We would like to back off from that to the extent that we possibly can.

Mr. MAHON. Will you, General Crow, present to the committee a statement showing how the reductions which have been firmly agreed upon to date would apply to the individual appropriation items?

General CROW. Yes, sir.

Mr. MAHON. How we could make those adjustments if we chose to agree with the actions which have been announced by the Air Force.

General CROW. Yes, sir, we will do that.

(The information appears on pp. 24–26.)

General CROW. That list will total about $1.1 billion TOA.

RELATIONSHIP OF APPROPRIATIONS AND EXPENDITURES

Mr. MAHON. It is going to be only possibly a third of what you really propose to do?

General CROW. No, sir. That is over two-thirds of the worst situation, if you will. The Secretary identified earlier that we were looking at totals of upward of $1.4 million.

Secretary SEAMANS. Which includes the $1.1 billion.

Mr. MAHON. Do you mean that the impact on spending of the appropriation cut would be about $1 billion?

General CROW. No, sir. The $1.1. billion in oblgiation reductions equates to between 7 and 800 in expenditure reductions. Then if we go to the worst situation, to make up the difference between the 7

and 800 and the billion dollars in expenditures, we would have to reduce obligations upward of $1.4 billion.

Mr. MAHON. I think that I was not as clear as I should have been on this. So often, as you know, to get a billion dollar reduction in estimated expenditure, you have to reduce appropriations three times that much or more.

General CROW. Depending on which appropriation is included.

Mr. MAHON. When you cut personnel and operations and maintenance, a cut in the appropriation often means an identical cut in expenditures.

General CROW. Almost dollar for dollar.

Mr. MAHON. Yes.

Would the list, as you would apply it to the appropriations, of the cuts already agreed upon in the Air Force, be available this afternoon?

General CROW. Yes, sir. If you will pardon some pencil marks.

Mr. MAHON. That is all right.

General CROW (continuing). And maybe a little dirty typing.

Mr. MAHON. That is all right.

REDUCTION IN B-52 OPERATIONS

Is there any planned reduction beyond what may have been announced in B-52 operations in either Vietnam or elsewhere?

Secretary SEAMANS. Yes, there are. We have considered the possibility of cutting down our Arc-Light sorties to around ——— a month.

Mr. MAHON. Rather than——

General RYAN. 1600. For the past 2 months we have been running about ———, Mr. Chairman—during the months of August and September.

General CROW. Tailored to the current levels of activity. It would not represent a reduction from current levels of activity.

DEPLOYMENT OF F-111 TO ENGLAND

Mr. MAHON. Is the Air Force deploying the F-111 to England in support of NATO?

General RYAN. That is correct. It deploys next year, Mr. Chairman.

Mr. MAHON. When next year?

General RYAN. In the fourth quarter of fiscal year 1970.

Mr. MAHON. What is the general view of the necessity for this deployment?

General RYAN. This will give NATO an all-weather deep interdiction fighter based in the United Kingdom.

Mr. MAHON. Will this precipitate additional operating costs?

General RYAN. There is some construction cost in the United Kingdom for shelters which would probably be partially reimbursed through the NATO infrastructure.

General BOYLAN. Mr. Chairman, the deployment schedule of the wing to England, its location, first, is Upper Heyford, one squadron in fourth-quarter fiscal 1970 and one squadron each in the first and second quarters of fiscal 1971.

Mr. SIKES. Have those figures slipped in recent months?

General RYAN. Have they slipped?

Mr. SIKES. Yes.
General BOYLAN. I think not, Mr. Sikes.

NUMBER OF PERSONNEL ASSIGNED TO OSD AND JCS

Mr. MAHON. Mr. Secretary, in your formal presentation you state "The Services have moved from a loose association with one another—to a highly centralized defense system in recent years." You go on to state that "steps are being taken to reverse the trend," and that "over-centralization can affect both initiative and responsibility at lower levels."

The committee notes that there are 490 civilians and 1,485 military positions assigned to the organization of the Joint Chiefs of Staff and 1,935 civilian and 720 military positions assigned to the Office of the Secretary of Defense. Your statement would seem to imply that you are making an appeal for a significant reduction in these two areas; is that correct? What would be your comment?

Secretary SEAMANS. My comment would be that in the system acquisition process—it is a continuous one—I believe that the actions were much too highly centralized in the OSD. Mr. Packard and Mr. Laird were concerned about this. In connection with the F–15 program, we are putting greater responsibility in the project office which is located at Wright Field. We are putting a general officer in charge and we are making it clear that although supported by the Wright Air Development Center, this project officer reports directly to General Ferguson. He, in turn, on these matters reports directly to General Ryan and myself. So that we have a much shorter reporting line than we have had in the past. We have greater responsibility for the program within the Air Force than we have had in the past.

I would agree with your comment that reductions in personnel are in order, not only in the OSD but also in the Secretariat of the Air Force and also in the Air Staff. We are making reductions of the order of 10 to 15 percent in order to put greater responsibility, if you will, in the field. We have moved the project monitor on the F–15 from the Air Staff out to Andrews, the Systems Command there, as a further means for placing the action in the field and giving the responsibility and authority to people in the field.

Mr. MAHON. For the record, would you provide the number of Air Force, civilian and military personnel, assigned to the OSD and JCS for each of the last 5 years? Put that in the record.

(The information follows:)

NUMBER OF AIR FORCE OFFICERS AND ENLISTED AIRMEN ASSIGNED TO OSD AND JCS AT THE END OF FISCAL YEAR AS SHOWN

Fiscal year	OSD			JCS		
	Officers	Enlisted	Total	Officers	Enlisted	Total
1965	159	46	205	249	163	412
1966	191	55	246	261	162	423
1967	196	62	258	287	182	469
1968	198	66	264	283	202	485
1969	224	69	293	319	216	535

Note: The Department of the Air Force has had no civilian employees assigned to OSD or JCS at any time during the last 5 years.

Mr. MAHON. With respect to the RF–5A aircraft, there have been a total of 54 RF–5A aircraft purchased to date for the South Vietnamese Air Force; is that correct?

General CROW. There are some RF's and some F's. You probably have the totals of both of those figures and it is a little high.

General RYAN. That is correct. Through fiscal year 1969 we have bought 42 F/RF–5's for the VNAF. The 54 number includes Thailand and Korea.

Mr. MAHON. Is this number sufficient to fulfill the reconnaissance requirements?

General CROW. No sir, because we are now putting together the 1971 budget and we have identified a small additional number.

Mr. MAHON. You mean, you may want the additional number of these aircraft?

General CROW. Yes, sir.

General RYAN. Only of the RF.

Mr. MAHON. Suppose you denied yourself the fiscal year 1970 request for the 10 additional RF–5A, what would be the consequence?

General CROW. Mr. Chairman, I believe those 10 split into six and four, RF–5's for the VNAF and F–5's for Thailand.

The South Vietnamese have a very limited reconnaissance capability. The six aircraft that are in the 1970 buy I believe are the first for the South Vietnamese. We are headed in the direction of giving additional capability to the South Vietnamese Air Force and I think it would be a mistake to outright eliminate it.

Mr. SIKES. Do you feel you also need the additional F–5's that are requested in the fiscal 1970 budget?

General CROW. Yes, sir, we do.

Mr. SIKES. Both the RF's and the F version?

General CROW. Yes, sir.

Mr. MAHON. Is that the firm conclusion of the Secretary and the Chiefs of Staff?

General RYAN. Yes, sir.

Secretary SEAMANS. Yes.

General RYAN. You see, the Vietnamese picked up the original "Skoshi Tiger" F–5's that went over to Vietnam some one and a half years ago and they have been flying them for the past year.

Mr. MAHON. What other aircraft are used by the Vietnamese Air Force for reconnaissance purposes and how many such aircraft do the Vietnamese have?

General RYAN. Outside of perhaps a couple of A–1's, Mr. Chairman——

General BOYLAN. Currently there are about four types that are classified as reconnaissance aircraft authorized for the South Vietnamese Air Force; RF–5's to be delivered; EC–47's, ——— of those; RC–47's, ——— U6–A's, ———. So the six RF–5's that are scheduled for them are very important to their reconnaissance capability. They do have, as the Chief of Staff mentioned, 18 F–5's, and the RF–5's in the 1970 budget will support the initial buildup of their programed RF–5 force. The Thai Air Force currently has 10 F–5's and they will subsequently go to 12. Some of the F–5's in the 1970 budget will support their attrition requirements.

Mr. MINSHALL. How many F–5's in the 1970 budget, please?
General CROW. Four F–5's, and six RF–5's.

OVERTARGET COSTS OF F–111D

Mr. MAHON. With respect to the F–111D aircraft, you are requesting $72 million for over-target costs of the F–111D aircraft. During the procurement hearings we discussed what the effect would be if these funds were denied. We were told that denial would mean the deletion of approximately nine aircraft from the 1968 buy. What effect would such a reduction have on the production rate?

General CROW. I don't believe it would necessarily have an effect on the production rate per se, but it might adversely impact the entire contract. The overtarget amount would have to be provided. It could be arbitrarily equated to a number of aircraft for assessing total program impact.

Colonel Buckingham, will you elaborate?

Colonel BUCKINGHAM. The reduction will be from a ——— per month rate to a ——— per month rate in about 9 of the 12 months of calendar year 1971. So it will reduce the production rate. The contract which now covers all but two of the fiscal year 1970 quantity of 68 aircraft, of course, could be extended into fiscal 1971, but we would reduce the rate down to what we consider to be below minimum sustaining rate.

Mr. MAHON. For the record, when would the impact of such a deletion be felt?

(The information follows:)

Deletion of nine aircraft from the F–111 fiscal year 1970 buy would reduce the F–111 production rate to ——— aircraft per month for 9 months. This would first impact on deliveries in April 1971 and continue through December 1971.

Mr. MAHON. If such a reduction is made, would the fiscal year 1971 program be increased to pick up the nine aircraft so that the production rate remains the same but the production is completed at an earlier date?

Colonel BUCKINGHAM. It is planned at the present time, sir, but we could if funds were available.

CARRY-THROUGH BOX MODIFICATION TO F–111

Mr. MAHON. What is the status of the carry-through box modification to the F–111 aircraft?

Secretary SEAMANS. Let me say a few words about it and then General Ryan can follow along with the discussion.

This is obviously an extremely important element in the procurement of these aircraft and in their operational use. We have run extensive tests with modifications to the present wing box. We have also had under contract at Lockheed, North American design study contracts on an alternate wing box. We believe with the modifications to the present box we can operate these aircraft on the order of 4 years but that the time will come when we will want to make a change and put a new wing box in.

We have had a group of scientists and engineers under the aegis of the Scientific Advisory Board who have been studying the extensive

test program we have been running on the wing box down at Fort Worth at General Dynamics, and they are in the process of putting together their final recommendations.

Needless to say, we have gone through this in great detail with the Australians who are buying the F-111C and they have been satisfied that we are on top of the wing box problems and they are going to take delivery of the 24 F-111Cs subject to completion of the present test program that is going on at General Dynamics.

General RYAN. The only thing that I have to add to the Secretary's statement is that we are now receiving aircraft with the modified wing box, both off the production line and off the modification line. They are going into the squadrons at Nellis Air Force Base, Las Vegas, and Cannon Air Force Base, N. Mex.

Mr. MINSHALL. How long have you been working on this wing box problem now?

Secretary SEAMANS. I can only answer they have been working on it extensively since February 15th when I joined the Air Force. I know it had been going on long before.

General JEFFREY. It has been 1 year.

Mr. MINSHALL. What is the actual status of the test date and when do you expect to complete it?

General JEFFREY. We have completed tests which satisfy us that the wing box is good for approximately 4 years, in the neighborhood of 2,000 hours. We have satisfied ourselves to that extent. We are releasing them upon modification to the wing box——

Mr. MINSHALL. That is with no restrictions on the flight characteristics, six g.'s, and so forth?

General JEFFREY. That is right. They are being restricted to what we call 80 percent load factor. This is the normal restriction for the newer airplanes in development. We consider it essentially unrestricted. It will go to 100 percent after further static tests have been done.

Mr. MINSHALL. When will those be completed?

General JEFFREY. These will go on over a period of years. This is the same routine of inspection that all other types of airplanes go through. To date 36 airplanes have been accepted as having completed the modification and are unrestricted, 42 are in the modification program at the present time.

Mr. MINSHALL. What restrictions did the Australians put on their acceptance of these aircraft?

General JEFFREY. There are some tests still going on at Fort Worth. The Australians indicated that they would accept their airplanes but hinged the acceptance of the airplanes upon completion of these tests.

Mr. MINSHALL. What is the completion date, again, of these tests?

General JEFFREY. We expect these tests to be completed about the 1st of December.

Mr. MAHON. You are speaking here of where the wing attaches itself to the fuselage and the problems arising out of that; is that right?

Secretary SEAMANS. The box that goes right through the fuselage that holds the two bearings on which the wing pivots. It is this carry-through box that we are talking about.

Mr. MAHON. It does relate to the attachment of the wings to the fuselage?

Secretary SEAMANS. Yes.

Mr. MAHON. This is where you had the problem, or one of the problems?

General RYAN. That is correct.

Secretary SEAMANS. That is correct.

Mr. MAHON. Now, would you advise us of the further restrictions currently being imposed on the F–111's? Have you given us all there is on that, the restrictions imposed?

Secretary SEAMANS. General Jeffrey just indicated that we are flying these airplanes at 80 percent of the design load factor, which is normal for the aircraft, at this stage of development.

Mr. MAHON. I understand. But there is nothing other than that?

Secretary SEAMANS. Nothing other than that that I am aware of. Is that true?

General RYAN. No major restrictions. We do have a restriction on dive brake operation above 400 knots at the present time.

IMPACT OF MARK II AVIONICS CANCELLATION

Mr. MAHON. I quote from General Ryan's statement on page 9: "The Mark II avionics, while an extremely good system, is simply costing too much. Consequently, we are reorienting the program and canceling it after 96 aircraft. For the remaining F–111 aircraft planned for procurement we will use a simpler system at a savings of about $1 million per aircraft." Will you please state to us what impact this will have on the fiscal 1970 budget and where, if we made the reduction, which you indicate you are going to make, where it should be applied, General Crow?

General CROW. We will do that, sir.

(The information follows:)

IMPACT OF FISCAL YEAR 1970 BUDGET REGARDING MARK II CANCELLATIONS

The incorporation of a simpler avionics system will be effective on 60 of the 68 aircraft in the fiscal year 1970 buy. However, the total fiscal year 1970 budget requirements will remain the same as the following table shows:

	Millions
Total financing—fiscal year 1970 budget submission	$727.2
F–111F configuration savings	—53.9
Increase fiscal year 1970 for fiscal year 1971 advance buy	+35.7
Reduction in prior year credits	+ 3.1
Additional engine and peculiar support costs	+ 5.6
New tasks	+ 9.5
Revised fiscal year 1970 requirements	727.2

The increased advance buy requirements arise from the need to implement a follow-on contract. The new tasks are predominantly revisions to electronic countermeasures equipment to meet the revised threat. Other changes are due to engine termination costs resulting from the program reduction made last year and the change to the TF–30 P–100 engine, and changes in peculiar support requirements.

Mr. MAHON. What kind of ball park figure are we talking about?

General CROW. There is no change in 1970 because of offsetting increases. The $1 million saving is an average for each F–111 aircraft and results in a saving that would accrue to the aircraft beyond program reductions beyond the 1970 buy.

Mr. MAHON. It will have the main impact after fiscal 1970, then?
General CROW. Yes.

HHX HELICOPTER

Mr. MAHON. With respect to the HHX helicopter, you are requesting $14.5 million for 30 new local base rescue helicopters designated the HHX. Have you completed definition of your requirement for a long-range program of replacing the HH–43 helicopters?

General RYAN. This is the replacement for the HH–43.

Mr. MAHON. Have you completed your definition of the requirements?

General CROW. We have defined the requirement. This represents the first increment. We would like to proceed with an additional fiscal year 1971 buy but considering the overall budgetary situation as we are developing the fiscal 1971 budget, we would in effect stretch this increment and not procure an additional 1971 quantity. The late fiscal year 1970 appropriation should permit us to reorder in fiscal year 1972.

Mr. MAHON. How many local base rescue helicopters of all types are now in the Air Force inventory?

General BOYLAN. Mr. Chairman, it is on the order of 140. We are currently authorized, based on the criteria for local base rescue protection, about 150 UE helicopters and we are some 25 aircraft short now. The requirement as we project it is based on DOD planning factors.

HELICOPTERS ASSIGNED OTHER THAN HH–43

Mr. MAHON. How many of the 67 bases at which the HH–43 helicopters are now located have other helicopters assigned to the base?

General BOYLAN. I will have to supply that.

Mr. MAHON. Give the details for the record.

(The information follows:)

Fifteen bases, worldwide, have other helicopters assigned in addition to HH–43 aircraft. These helicopters perform other missions.

Andrews Air Force Base	CH–21, UH–1F, TH–1F.
Davis-Monthan Air Force Base	CH–3E, UH–1F.
Edwards Air Force Base	H–13, CH–3E, UH–1F.
Eglin Air Force Base	CH–21, UH–1P, UH–1F, HH–3E, HH–53.
Homestead Air Force Base	CH–21.
McConnell Air Force Base	UH–1F.
Shaw Air Force Base	CH–3E.
Sheppard Air Force Base	CH–3C, TH–1F.
Clark Air Base	H–19, HH–3E.
DaNang Air Base	CH–3E, HH–3E.
Osan Air Base	H–19.
Ramstein Air Base	H–19.
Tan Son Nhut Air Base	UH–1F.
Udorn Air Base	CH–3E, HH–53.
Wheelus Air Base	HH–3E.

Mr. MAHON. Are any HH–43 helicopters being returned from Vietnam?

General BOYLAN. At the present time: no, sir.

TIMING OF HHX CONTRACTING

Mr. MAHON. You had planned to issue RFP's on the HHX in September and award the contract in December. What are your estimated dates now?

General JEFFREY. We are in the process of working up the request for proposals on this, Mr. Chairman. They have not as yet been issued.

Mr. MAHON. We are interested in knowing what the impact of this decision would be on your fiscal 1970 budget, you see, because we are working on dollars.

Secretary SEAMANS. We could supply that for the record.

General CROW. Mr. Chairman, it would have no impact in NOA because we would buy them on a fully funded basis. However, it would have a favorable but minimal impact on outlays because we would be letting the contract at a later date.

Mr. MAHON. Expand on that for the record.

(The information follows:)

The local base rescue (LBR) mission is of great importance to the Air Force. This mission is conducted with HH–43 helicopters. The HH–43 was developed in 1958 and produced from 1959 through 1963. The LBR force is authorized 150 helicopters with 17 additional as attrition replacements. In fiscal year 1965 the Air Force, by necessity, deployed 32 of these helicopters to SEA from CONUS bases. Replacements were not authorized. Currently because of combat and normal losses, the LBR force stands at 140 with no attrition quantity available. This figure includes three awaiting crash damage repair.

New procurement to correct this deficiency will not be available until 3/FY–72 at the earliest if a contract award can be let in January 1970. By that period, the LBR force is predicted to be reduced to 133 if the planned attrition does not increase.

The $14.5 million requested in fiscal year 1970 will be the first increment of a tentatively planned multiyear program to restore the current authorized force level and to replace the remaining obsolete HH–43 helicopters with a vehicle more capable of satisfying rescue requirements.

Full funding in the amount of $14.5 million for fiscal year 1970 is required to initiate this procurement. Funds for follow-on quantities will be addressed in subsequent years. Because of the funding delay, the expenditures in fiscal year 1970 will approximate $1 million instead of $3.7 million as previously planned.

SRAM–B–52 MODIFICATION REDUCTIONS

Mr. MAHON. With respect to SRAM, a further reduction has been proposed in the funding for the B–52 modifications because of the R. & D. difficulties with SRAM. Does it appear that the $30 million reduction proposed is in line with actual requirements for fiscal year 1970?

General CROW. Mr. Chairman, there was $40 million for the modification of the B–52's. The Senate authorizing committee deleted that. It has been reclamaed. The House authorizing committee has supported it and, as it now stands, we strongly recommend that this $40 million be made available.

Mr. MAHON. You can expand on that for the record.

(The information follows:)

SRAM B–52 MODS REDUCTION VERSUS FISCAL YEAR 1970 REQUIREMENTS

The B–52 will be the backbone of our bomber force through most of the next decade. In order for it to cope with known and predictable improvements in enemy defenses, it must be equipped to fight its way into its target areas. To do its job effectively, it requires penetration aids such as electronic counter meas-

ures and a short range attack missile. Without SRAM, the bomber force effectiveness against terminal defenses is considerably reduced.

In the program now under consideration, the Air Force is proposing to establish rate tooling for B–52 modification for SRAM carriage, initiate the necessary B–52 trainer modifications for the SRAM program, and initiate the procurement of the initial B–52 squadron of SRAM peculiar carrier aircraft equipments.

The Air Force now feels confident that the technical development problem which occurred in the SRAM program have been solved and its current test scheduled will demonstrate that SRAM is ready to go into the production phase.

It is clear that the initial B–52 modification to carry this weapon is critical to our strategic posture. It is important that we continue to have a modern mixed force. Only by supporting the B–52 modification will we continue to have the forces necessary when required.

Note: On October 16, 1969, the second powered launch of a SRAM missile from a B–52 was made over the White Sand Missile Range, N. Mex. The objectives of the test were satisfactorily accomplished including complete burn of both motor pulses and confirmation the missile impacted in the programed target area. The test confirmed the capability to launch from an external store position on a B–52 and to verify full scale system capability to achieve missile trajectory, maneuverability, range and speed requirements for a low level trajectory to a forward target at near maximum range.

Mr. MAHON. How does the performance of SRAM compare with its designed range and how accurate has SRAM been in these tests? How close is it to the specified accuracy?

General RYAN. We have only had one lashed-up flight test of the SRAM, Mr. Chairman. The test missile was destroyed by range safety before it completed its flight, so I can give you nothing on the accuracy.

Mr. MAHON. If no SRAM production funds are provided in fiscal year 1970, should the $40 million for modification of the B–52 be deleted?

General CROW. It would be desirable to have it, sir.

General RYAN. To have it, yes.

Mr. MAHON. Why?

General CROW. Because of the leadtime involved.

Mr. MAHON. With respect to spares, to what extent have program slippages, flying hour reductions and reduced activities in Vietnam reduced the funding requirements for initial and replenishment spares in fiscal year 1970?

General CROW. I will have that in the list for you this afternoon, sir.

MUNITIONS REDUCTION

Mr. MAHON. You are requesting $1,294,300,000 for munitions and associated equipment. The first quarter of the fiscal year has been completed. How has the level of expenditure of munitions in Southeast Asia compared with the budget request? That would have an impact on the appropriation.

General CROW. Significantly lower, sir. Out of the $1.1 billion which the Secretary identified, there would be in the order of $250 million associated with munitions.

Mr. MAHON. A quarter of a billion dollars cut is associated with munitions, then?

General CROW. Yes, sir.

Mr. MAHON. Now, will you give us that information in a more definitive form?

(The information follows:)

MUNITIONS REDUCTION—EXPLANATION

The information requested is as follows:

Munitions and associated equipment account fiscal year 1970 budget involves a $180 million reduction.

	Millions
Rockets	$33.7
Cartridges	5.5
Bombs	[1] 113.5
Atomic ordnance	2.3
Targets	6.4
Other items	18.6
Total	180.0

[1] Includes $33,000,000 from the fiscal year 1969 program.

Remarks: Depending on final assumptions as to the levels of activity in SEA additional reductions, possibly in "Bomb" and "Other" (fuses) could be made to a total of $250 million.

Mr. MAHON. What would be the dollar impact on appropriations in fiscal year 1970 of your closing of installations, reductions of personnel and the lessening of activity generally?

General CROW. Relatively minimal in 1970, because any time you close down an installation you have packing, crating, and other charges; if people are being discharged you have severance pay, and so forth. In the year that you close down an installation, as often as not you save nothing that year. The big savings are in the next year.

MILITARY PERSONNEL APPROPRIATION REDUCTIONS

SPECIAL COMBAT PAY

Mr. MAHON. Will the special combat pay included in the budget be required as budgeted, or can that figure be safely reduced?

General CROW. There probably can be some reduction to that, but if you recall the figures we quoted about withdrawing from Vietnam, relatively small numbers are involved with respect to the Air Force. There could be a small adjustment.

QUARTERS ALLOWANCES

Mr. MAHON. Could there be an adjustment associated with housing and temporary lodging allowance?

General CROW. There could be some, sir. Now, in the $1.1 billion figure which the Secretary quoted there is just over $100 million for military personnel. In that estimate we are taking into account these kinds of things. So there would be in terms of the budget before you a reduction of over $100 million in NOA for military personnel.

REENLISTMENT BONUSES

Mr. MAHON. Would you be able to make reductions below the budget in reenlistment bonuses?

General CROW. Yes, sir. That is also taken into account.

Mr. MAHON. We will ask you to give us more definitive information with regard to that for the record.

(The information follows:)

REDUCTION IN REENLISTMENT BONUS

A reduction of $4.2 million in reenlistment bonuses was made based upon a reassessment of first term reenlistment eligibles. This was taken into account in the overall military personnel appropriation reduction.

Mr. MAHON. Commercial air travel can be cut, can it not?

General CROW. Yes, sir; transportation across the board.

Mr. MAHON. Then you have indicated that maybe personnel assigned to OSD and JCS could be cut?

General CROW. That is not within our province, sir, but we would support it.

Mr. MAHON. With respect to troop strength we have discussed that and you have given us or will give us accurate figures.

General CROW. 50,000 reduction.

Mr. ANDREWS. Does that include the 25,000 withdrawn from Southeast Asia?

General CROW. We are not withdrawing that number.

Secretary SEAMANS. 2,500 Air Force.

Mr. ANDREWS. 2,500?

General CROW. I think you are referring to one of the total Defense withdrawals, Mr. Andrews, but within the 50,000 we would take into account the Air Force withdrawals which are a far smaller figure.

CIVILIAN EMPLOYMENT REDUCTION AND SAVINGS

Mr. MAHON. Will you give us the value, appropriation wise, of the reduction in civilian employees?

Secretary SEAMANS. Yes, sir.

(The information follows:)

SAVINGS RELATED TO REDUCTION IN CIVILIAN PERSONNEL

It is anticipated that the phased reduction during fiscal year 1970 of 13,000 direct hire civilian employees will reduce gross civilian payroll costs by $46.7 million. The expected reductions by appropriation account are:

Operation and maintenance, Air Force	$32.4
Research, development, test and evaluation, Air Force	8.8
Air Force industrial fund	3.7
Operation and maintenance, Air National Guard	1.8

The indicated savings resulting from the reduction in personnel will be offset by the added personnel costs associated with average salary increases.

PAYMENTS ABOVE BASIC RATES

Mr. MAHON. Also information that you might have with regard to other personnel compensation in the budget.

(The information follows:)

OTHER PERSONNEL COMPENSATION SAVINGS RELATED TO PERSONNEL CUTS

The preceding reduction of $46.7 million in gross civilian payroll costs includes a reduction of 3 percent or $1.5 million related to other personnel compensation, for example, overtime pay, holiday pay, Sunday pay, nightwork and post differentials, cost of living allowance, hazardous duty pay and other payments above basic rates.

Mr. MAHON. Mr. Sikes?

Mr. SIKES. In connection with cuts in civilian personnel, the question has been raised—and I think it is a legitimate one: Why don't you reduce overtime and thereby reduce the number of people who are

going to be terminated? This is a serious matter for a lot of people. By holding onto overtime and letting individuals go, you are benefiting some and hurting others. It would seem to be a better procedure to reduce your overtime and keep more of the civilians on the payroll.

General CROW. I agree completely philosophically, Mr. Sikes, but in the Air Force as well as in DOD, overtime has been an item singled out for special consideration over the years, to be kept low. The Air Force has the lowest rate of overtime of any of the three Departments and there is not much room for the desirable trade-offs that you indicate.

OTHER REDUCTIONS IN O. & M. APPROPRIATIONS

Mr. MAHON. I wish you would give us some dollar figures associated with the reduced training flying hour program, the reduced aircraft operations program, the F–100 fighter weapons program, the redeployment of personnel from Southeast Asia, the reduced military personnel strength and the effect on O. & M. of these reductions, and the same for the support service contracts and a dollar figure for ADP programs and a dollar figure for supplies. You can give us that for the record or for the use of the committee.

(The information follows:)

DOLLAR FIGURES ASSOCIATED WITH OTHER CUTS

The following result in reductions in the operations and maintenance appropriation in fiscal year 1970.

	Fiscal year 1970 TOA/NOA (millions)
1. Inactivate 8th Air Force Headquarters, Westover Air Force Base	$1.3
2. Phase-out WB–47 aircraft	4.4
3. Eliminate F–100 fighter weapons course	.5
4. Eliminate TAC C–130 surge capability	1.2
5. Reduce the mission support aircraft fleet by 95 aircraft	3.0
6. Reduce leased long-line communications	6.0
7. Reduce base level communications	2.3
8. Defer lease and installation of phase II EDPE equipment	10.6
9. Reduce supplies and equipment	28.0
10. Reduce foreign technology division contracts	2.2
11. Reduce technical and other training	5.5
12. Reduce contract survey effort to determine suitable sites for Hard Rock silo	4.0
13. Reduce flying hour program	53.0
14. Reduce ——— aircraft by ———	.6
15. Reduce ——— aircraft by ———	1.1
16. ———	.5
17. Phase-out ——— aircraft in ———	.9
18. Eliminate one wing and two squadrons in ———	.9
19. Reduce personnel in OSAF, Headquarters, U.S. Air Force, major commands by ——— and numbered Air Force Headquarters by ———	9.5
20. ———	.1
21. Reduce transportation costs	2.0
22. Reduce dependents' education consistent with personnel reductions	2.0
23. Reduce Arc Light sorties ———	37.8
24. Eliminate flying activities at Tachikawa Air Force Base	5.5
25. Reduce program ———	.4
26. Inactivate the ——— squadron in fiscal year ———	.5
27. Reassign 2 ——— squadrons from ———	2.3
28. Reduce Joint Chiefs of Staff exercises in fiscal year 1970	9.2
29. Eliminate one ——— squadron in fiscal year ———	1.5
Total	196.8

HARDROCK SILO PROGRAM SITE SURVEYS REDUCED

Mr. MAHON. What about the Hardrock program, the so-called program of putting our ICBM missiles in granite, so to speak; do you propose to go forward on this in fiscal 1970 as it was in the budget?

Secretary SEAMANS. We will propose to move ahead with the R. & D. program for Hardrock silos.

General RYAN. We reduced the survey of the sites.

General CROW. There was a total in the O. & M. budget for surveying and we are able to reduce a part of that, Mr. Chairman, but as far as the total program is concerned we still strongly recommend it and propose to move forward with it.

Mr. MAHON. In fiscal 1970?

General CROW. Yes, sir; but not quite as rapidly.

Mr. MAHON. So you will make some reductions?

General CROW. Yes.

Secretary SEAMANS. Yes.

Mr. MAHON. Will you give us some figures as to what your requirements would be in view of your reduced programing?

Secretary SEAMANS. Yes; that is in our list.

PILOT TRAINING PROGRAMS

HELICOPTER PILOTS

Mr. MAHON. Who is going to train helicopter pilots, and at what cost, for the Air Force?

General CROW. The Army is training them, sir. I am sorry, sir; did you say the VNAF helicopter pilots? We will train our own helicopter pilots. The Army is training the Vietnamese Air Force helicopter pilots for us.

Mr. MAHON. Do you propose to continue the training of helicopter pilots for the Air Force in fixed-wing aircraft in addition to their helicopter training?

General RYAN. Yes, sir.

Mr. MAHON. You adhere strongly to that view?

General RYAN. Yes, sir.

Mr. MAHON. Of course, the Army doesn't do that.

General CROW. No, sir. As you know, this has been a matter that the committee has considered for a number of years. You have always questioned us and we have investigated it extensively and maintain we should do it by training in fixed-wing aircraft first.

Mr. MAHON. Train them in fixed-wing aircraft and then train them as helicopter pilots?

General CROW. Yes, Mr. Chairman, but it is important to note that we use them as fixed-wing pilots for at least one full flying tour before they would be converted to helicopters.

Mr. MAHON. Are the Army helicopter pilots who are trained just in helicopter work and not in fixed-wing just as good in the field of helicopter operations as the Air Force?

General CROW. I would assume so, in helicopter operation.

General RYAN. I believe if you take it in terms of numbers the percentage of helicopters that we have to total airframes is quite low. The percentage of helicopters with respect to fixed-wing aircraft in the Army is very high.

General CROW. They have a mass production problem. Ours is a specialized problem.

Mr. MINSHALL. The chairman asked a moment ago about chopper pilots. How many do you have, that is, personnelwise in chopper pilots now actually fully trained?

General RYAN. Could we supply that for the record?

Mr. MINSHALL. Yes. Also how many you have in training.

General RYAN. Fine. We will get that for you.

(The information follows:)

The Air Force, as of June 30, 1969, had 1,023 fully qualified helicopter pilots assigned to helicopter duty. Additionally there were 135 student helicopter pilots in training for subsequent assignment to Southeast Asia.

PILOT REQUIREMENTS

Mr. MAHON. Are you going to reduce your pilot production?

General RYAN. No, sir. We had not planned on it.

Mr. MAHON. That is not a part of your program?

General RYAN. No, sir.

Secretary SEAMANS. Actually, we have a backlog of requirements. We actually have a pilot shortage at this time. This is not a matter—we are not in a position to make reductions in this area.

Mr. MAHON. With the declining number of aircraft you seem to need more and more pilots. Now, is it that a lot of pilots really do not fly except for——

General RYAN. Could I address that one, Mr. Chairman?

Mr. MAHON. Yes.

General RYAN. These are round figures: We have a requirement for about 35,000 pilots in the Air Force. At the present time we have roughly 2,500 pilots who are not in pilot jobs—positions that do not require a pilot. We examined this list of 2,500. Now, that total has come down from some 10,000 2 years ago. In examining this 2,500 we find very few that we can get out of it because they are generally the type that would need to go through refresher training or are up for discharge. So we do not have a lot of pilots who are not in pilot jobs. This is with respect to pilots in the grades of lieutenant colonel and below, Mr. Chairman.

Mr. MAHON. Do pilot jobs mean actually flying aircraft?

General RYAN. There are some that are not in cockpits—but they are relatively few compared to the total numbers: but there are jobs where a flying background is a necessity in order for them to do their mission.

Mr. MAHON. Were we wrong when we had so many more pilots in nonflying jobs or are we wrong now when we have a dramatically smaller number in nonflying jobs? What is the explanation of that?

General RYAN. My personal opinion is that there is a balance between where we were and where we are now. I think we should have more pilots behind the line, because if you do not, then you get into a career progression situation for an officer. Of the officers that are not in flying jobs today, for instance, we have about 525 in systems command. These are officers who have R. & D. backgrounds and are running our weapon systems program. In the main, they have completed their tour in Southeast Asia and have gone back to the systems command.

Mr. RHODES. General, what is the level of pilot training for fiscal 1970; is it up or down?

General RYAN. It is up. The 3,941 for 1970 compares with 3,558 for 1969.

PILOT TRAINING BASES

Mr. RHODES. Will this require the activation of any more bases?

General RYAN. No more than are presently activated. The last base was activated for pilot training some 6 months ago and I give that 6 months as an approximate figure.

Mr. RHODES. Would you put in the record the names and locations of the pilot training bases?

General RYAN. Yes, sir.

(The information follows:)

Name and locations:

Columbus AFB, Columbus, Miss.
Craig AFB, Selma, Ala.
Laredo AFB, Laredo, Tex.
Laughlin AFB, Del Rio, Tex.
Moody AFB, Valdosta, Ga.
Randolph AFB, San Antonio, Tex.
Reese AFB, Lubbock, Tex.
Vance AFB, Enid, Okla.
Webb AFB, Big Springs, Tex.
Williams AFB, Chandler, Ariz.

SHORTAGE OF PILOTS

Mr. MINSHALL. Mr. Secretary, you said you have a shortage of pilots now?

Secretary SEAMANS. I was saying that this reserve, if you want to call it that, of 2,500 is too low. We should have more trained pilots who are in other than straight flying jobs. If we are going to have responsible, mature officers in the Air Force they have to have an opportunity as they progress to take on other responsibilities than just straight flying. We have to have the option of shifting them out of flying full periods of time into other jobs in the Air Force. Their careers must involve more than just flying.

Mr. MINSHALL. How long has this shortage existed which you mentioned a moment ago?

Secretary SEAMANS. We had a review of this in detail at the recent commanders conference which we held. My recollection from that conference is that this has been getting progressively worse over a couple of years.

General RYAN. I would say that our pilot losses over the last 5 years have been greater than our pilot gains through training.

Mr. MINSHALL. What is the reason for the losses?

General RYAN. Termination of length of service, resignations, inducements on the outside.

Mr. MINSHALL. Thank you.

Secretary SEAMANS. This is a situation that tends to get progressively worse; as you get low in pilots you tend to make them fly more, and this causes more pilots to resign or retire.

Mr. RHODES. Did the figure that you gave me, General, include the training of pilots for the Air National Guard and Air Reserve?

General RYAN. Yes. We train 145 pilots each year for the Air National Guard.

Mr. RHODES. That figure was included in the 3,941 that you gave?

General RYAN. Yes, sir.

Mr. RHODES. Let me say, as a former Air Force Officer, nonflying, I think you are way too low on pilots in nonflying jobs. You might think that I would think the other way but I do not. I think there are certain jobs in the Air Force that really need to be handled by people with flight training and I suspect that there are a lot more than 2,500 of those. If I were to set the pattern, I would say that figure ought to go up.

Secretary SEAMANS. We feel that way. We feel we are short by the order of 5,000 or so.

Mr. MAHON. With respect to communications, could we make a reduction in that $198.5 million figure for fiscal 1970?

General CROW. Yes, Mr. Chairman, we can, and it will be identified in the list we are talking about, this afternoon.

Mr. MAHON. What do you have in mind with regard to the Joint Continental Defense System Integrated Planning Staff? Is that a new layer to be added someplace? There is $400,000 slated for that.

General CROW. Yes, sir. That is a DOD–JCS-sponsored activity. It is to provide planning and policy guidance at JCS level relative to the future of the Continental Air Defense Command and NORAD. Recall that Army and Air Force units are involved and, you need a neutral referee at a high level to make the planning and policy matters effective, sir. That is what this office is primarily designed to do.

REDUCTIONS ASSOCIATED WITH C–5 PROGRAM

Mr. MAHON. What reductions can be made and will you make in your fiscal year 1970 program with respect to the C–5A?

Secretary SEAMANS. With regard to the C–5A, we recommend that the full amount that we requested be included in the appropriation. This includes not only the funds for the 4th squadron, not only the funds to cover over-target in previous years, but also the $52 million that is in there for long lead items for the 5th and 6th squadrons. It is true that we have not yet made a determination as to whether we will go ahead with the 5th and 6th squadrons. This is a determination being made in connection with the 1971 budget. There are many ways of looking at the requirement for the number of squadrons required. Everybody agrees that we need the four squadrons. There are some who feel that with our reduction in our world posture that we do not have to be prepared to fight a number of contingencies simultaneously and that we can make reductions for that reason. However, we have a production line. Once we stop that production line, it will be prohibitively costly to start it again and we may for that reason want to take out some additional insurance over the 4th squadron and procure additional aircraft with the 1971 funds. But this is a matter still under review at this time.

Mr. MAHON. In other words, you want us to provide funds which you are not sure yet you will actually use.

Secretary SEAMANS. That is correct.

General Crow. Mr. Chairman, I would point out that the Senate Armed Services Committee reduced initial spares by $50 million and we have not "reclamaed" that. So that is an appropriate reduction.

Mr. Mahon. So we can make that reduction. The fact is it has already been made. It may not be agreed to in conference, of course.

Secretary Seamans. That is true.

Mr. Andrews. You say you are not "reclaiming" it?

General Crow. No, sir. That reduction will not come through authorization.

LANGUAGE REQUESTED MAKING F–12 FUNDS AVAILABLE

Mr. Mahon. Yes. Can a reduction be made in the fiscal 1970 budget with respect to the F–12 program by freeing up funds made available only for the F–12 by previous action of Congress?

General Crow. In 1967 the Congress made available $55 million for the F–12 only. As the 1970 budget was formulated this money was shown as available and taken into account in the expenditure calculations. So we can apply against that $55 million a spending factor and reduce the calculated expenditures that were associated with the 1970 budget by the amount that would have been spent had such a program been approved. But as far as a viable F–12 program is concerned, it does not appear at this time that we will proceed with a F–12 program. I would see no reason that that availability could not be——

Mr. Mahon. Withdrawn?

General Crow. Withdrawn.

Secretary Seamans. That is correct.

Mr. Mahon. With respect to spare engines, how much can you stand by way of a reduction there in the $110.2 million?

General Crow. Is that for the C–5 program?

Secretary Seamans. Is that the total?

General Crow. That is total. In the $50 million that I addressed earlier for the C–5A, a certain amount would have been for spare engines. We will have to take the entire list of engines and go over it in order to provide an accurate reply, sir. Some has been taken.

SHRIKE PROGRAM REDUCTION

Mr. Mahon. Can we make some reductions, and do you not plan to make certain reductions in the Shrike program?

General Crow. Yes, sir. As far as the Shrike program is concerned, we would plan to reduce the buy in the 1970 program.

Mr. Mahon. What would that add up to in dollars, about $10 million?

General Crow. No, sir. It is a total of $2.4 million and the outlay that is associated with that is $0.4 so it is $2.4 million TOA.

SRAM R. & D. PROGRAM

Mr. Mahon. How many reductions do you feel you will make in the SRAM program?

General CROW. The SRAM program was reduced in the initial amendment to the Johnson budget and we would not propose to make any further reductions in the SRAM program.

Mr. MAHON. On R. & D. you have given some sort of a statement. I wish you would amplify that statement for the record so we can have the best guidance possible from you with respect to that matter.

(The information follows:)

For R.D.T. & E., our initial request of $3,561.2 million (excluding the $5 million carry-over of fiscal year 1969 AMSA funds) had been reduced to $3,261.2 by the MOL cancellation previously announced. The Senate authorization action further reduced that total to $3,041.2 million, an unacceptable level for this rather critical area. The House authorization bill approves $3,241.2 million—a more reasonable level which the Office, Secretary of Defense now supports. This actually reflects a reduction of $368 million (including the MOL) in the original Air Force request since it involves $48 million within the total which was added by the House for the free world fighter.

In connection with the overall DOD guidelines established for the directed reduction in expenditures, including the MOL, we have tentatively planned to reduce the R.D.T. & E. appropriation in excess of $100 million in obligating authority. However, that may be excessive and could result in rather serious impact upon a number of important Air Force R. & D. programs. The DOD is supporting the House authorization bill and if that position is sustained in conference we would probably elect not to reduce the R.D.T. & E. below that total ($3,241.2 million). Pending final action on the authorizing legislation and consistent with overall Air Force program balance across-the-board, our reviews related to the administration's program for reducing total DOD expenditures might permit the establishment of an R.D.T. & E. appropriation level for fiscal year 1970 at about the $3,241 million currently in the House authorization bill.

SOVIET MISSILE CAPABILITY

Mr. MAHON. I would like to step away temporarily from detail and ask a policy question, a philosophical question probably. We have before us the question with respect to defense of how much is enough. You make reference to the fact that when the Soviet ICBM launchers now under construction are completed and the potential submarine-launched ballistic missiles program is concluded, "the Soviets will have over twice as much total missile payload as the entire U.S. land and sea-based missile force."

That is your quote. Now in your opinion just what does this mean with respect to a U.S. position? Should we accelerate an antiballistic missile system, including a system capable of defending against submarine-launched missiles? Should we rapidly accelerate our own ICBM force? Should we engage in a further increase in sea-based missile power? Should we develop new manned bomber aircraft as a part of our offensive forces?

Mr. Secretary and General Ryan, just what do you advocate that we do on a basis of countering the ICBM threat of the Soviet Union?

Secretary SEAMANS. Let me start that.

This is a very basic question and I know that there will be a great deal more to be said after I have finished.

SOVIET MISSILE THREAT

With regard to the Russian or the Soviet threat, as you indicate quoting my testimony, they are building their capability rapidly. We know they have in excess of several hundred SS-9 launchers. This is an ICBM with a throw weight in excess of ours by substantial amount.

It can deliver a very large payload in the order of 20 to 25 megatons.

We know that they are working on multiple warheads. We believe, at least I personally believe, that this could lead to a triple warhead, a multiple warhead arrangement whereby one of their launchers could knock out with reasonable assurance three of our Minutemans.

PROTECTION OF MINUTEMAN FIELDS

We have looked at this in great detail from a targeting standpoint, from the Russian standpoint, and believe we must make certain steps to further harden our own Minuteman. We believe that we should go ahead with the Safeguard system to give us more survivability for two of our Minuteman fields.

Mr. MAHON. When you talk about hardening our own Minuteman or Minutemans, are you talking about the hard rock program?

Secretary SEAMANS. No, I was really talking there about the hardening of the vehicle itself so it will not be pinned down by a Russian attack so that the radiation and other phenomena from a blast would not destroy any Minuteman we launched during that period of time.

I believe, in addition to this program, that I have roughly outlined, that we should proceed with a new manned bomber system. It is true that if you just look at the ICBM threat that they outweigh us, by a substantial amount, and this can be only counteracted, unless we make a major increase in numbers of missiles, by use of bombers. I believe that the bomber plus a submarine-launched missile plus the ground deployment will give us the flexibility that does provide a credible deterrent.

So in answer to your question, I think we must take certain steps with Minuteman to further improve it. I think we must go ahead with the Safeguard system to provide defensive protection for two of our Minuteman fields. We should go ahead with the bomber.

One other part of your question related to whether we should go ahead to further deployment of Safeguard to protect the bomber forces. This is a matter that is still under review in connection with the 1971 budget.

Mr. MAHON. Is it of special significance in your view that the Soviet Union is moving ahead of us in the totality of its ability to launch ICBM's?

EFFECT OF INCREASING SOVIET CAPABILITY ON DETERRENT POSTURE

Secretary SEAMANS. Yes; it is. I can see no reason for their doing this except for a capability vis-a-vis the United States. They do not require this capability, for example, in anticipation of a conflict with China, and I know of no other country where they might want to use this degree of capability. So they are obviously zeroing in, if you will, on the United States and its deterrent posture.

Mr. MAHON. If this imbalance comes about and continues, does it tend to render the United States incapable of having sufficient deterrent power and incapable of launching an unacceptably destructive counterattack upon the Soviet Union?

Secretary SEAMANS. I believe it could lead to this imbalance. I do not think this imbalance exists at the present time, but I believe that

the actions we are recommending in 1970 are important to maintain our posture.

I should have also mentioned the need to improve our ability for early warning, which is the reason for our satellite program that is in the 1970 budget, so we can detect their submarine-launched missiles, so we can detect at an earlier time launches of their ICBM's, and so we can detect, as we cannot now detect, their fractional orbital bomb system. But I think we have a very tough situation on our hands, and this is one that in our budgeting we have put in a category that will brook no reduction.

MIRV SYSTEM

Mr. MAHON. I have read some statements by well-known American citizens to the effect that the perfection of a multiple warhead, the MIRV program, by the United States could have the most disastrous consequences on the peace and security of the world.

What is your view with respect to that matter?

Secretary SEAMANS. You could say that any development of military equipment at any stage in the evolution of man has had an impact on civilization. To me it depends on who has the capability and how they intend to use it.

I believe that, with the Soviets clearly running engineering tests of their system, we at the same time must develop our own capability with multiple warheads and penetration aids and vehicles of this sort that will give us greater assurance of success, using the Minuteman, should it become necessary.

Mr. MAHON. What are your views in regard to this, General Ryan?

General RYAN. I subscribe to the comments the Secretary made. I would add this in addition. We have a program we are pushing to increase the yield of our warheads and decrease the circular error probable so that we have what we call a hard target killer which we do not have in the inventory at the present time.

Mr. MAHON. Mr. Lipscomb, who is a very able member of this subcommittee, is not able to be with us this morning. I am going to recognize Mr. Minshall at this time for any questions he would like to ask.

F-111 AIRCRAFT PROGRAM

Mr. MINSHALL. Mr. Chairman, I would like to explore the F-111 program a little bit further.

Mr. Secretary, since you have been on board, the first part of this year, you have had an opportunity to examine in some depth the F-111 program.

Secretary SEAMANS. Yes. I have periodic reviews of all of our major programs and, in addition, as the need arises special reviews. With the problems we have had with the F-111 carrythrough structure, I have been involved in that as a special item. I have been involved in the review of the Mark II guidance and navigation system. I have been involved in discussions of whether to go ahead with the FB-111, and we made the decision we would stop at four squadrons. I have been involved in the review of the propulsion powerplant, and we have agreed to phase in an engine called a P-100 that has a greater capability, which will give the aircraft improved performance characteristics.

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In one instance I can think of, encroachment of this kind was stopped only by the board of supervisors being very cooperative insofar as the zoning was concerned. This can be done if there is a cooperative board of supervisors, but it is really a band aid on the problem.

I feel that there should be some planning which would indicate the areas of greatest noise, greatest interference with ordinary use of the terrain there, and possibly the acquisition of fee simple title to more land than you have so that this problem quite possibly could be abated.

General RYAN. Yes, sir.

Secretary SEAMANS. You raise a very important problem and it is not restricted just to the ground, it is also a problem we face in the encroachment of the air space. I think this is a situation that is bound to get worse as the population increases.

Right now out in California they are putting in another very large airport that will be out pretty close to the vicinity of our Edwards Base. They are studying that very closely with the FAA and with the municipality.

General CROW. You are aware, I believe Mr. Rhodes, there is a DOD program to do just this for all three services.

(Off the record.)

INTERNATIONAL RIFLE MATCHES

Mr. RHODES. The international rifle matches will occur next year in Arizona. Traditionally these matches have been supported by the Armed Forces by providing personnel to do some of the tasks which are inherent in the operation of such a match.

Do you have any plans or can you make plans to provide such support?

(The information follows:)

While such events may have military benefits, the Office of the Secretary of Defense has previously determined that the assignment of military personnel on a required duty basis to provide support for the world shooting championships could not be justified. Consequently, the Air Force is not permitted to provide direct support to this event. Support on a voluntary basis would probably not be satisfactory.

Mr. MAHON. Mr. Sikes?

Mr. SIKES. Thank you, Mr. Chairman.

REDUCED FUNDING INCREASES MILITARY RISK

I have felt that there is altogether too much emphasis on cuts in the defense program. To me this is reminiscent of the peaks and valleys programs of other days, all of them extremely costly to us in military preparedness and money, in stature and posture abroad. However, early responses to the chairman's questions would indicate that the Air Force is not going to be seriously crippled, or crippled at all, by the proposed cuts insofar as our ability to defend in Vietnam and our ability to carry out world commitments.

Then a little later in the colloquoy you pointed to serious deficiencies in our modernization program. So I am somewhat confused.

First let me ask this: If we can take these cuts now without being seriously hurt, why have we not taken them earlier and saved the money?

Secretary SEAMANS. As we said in response to the Chairman's question earlier, we are increasing our risk. Just to take a case in point, we have been cutting down and we will still further reduce our air defense capability as a result of these reductions. We are cutting down on the numbers of aircraft and we are cutting down on the ground environment. We had planned to keep full force of early warning aircraft flying until such time as the AWACS is available. Now we will not be able to keep a fully deployed early warning system force of aircraft during this period.

We are faced with the fact that a Mig fighter can come over from Cuba and we essentially do not know it is there until it arrives in the traffic pattern.

Mr. SIKES. That is a very serious thing, I think. I want to get to that later. Why do you not expand your answer for the record and see if we can clear up these points.

Do you want to add anything, General Ryan, or expand for the record?

General RYAN. I think the Secretary has covered it.

My answer in response to the Chairman indicated that as far as jeopardizing the people in Vietnam is concerned, we do not have the initiative. The initiative rests with them. We are able to support with tactical air sorties and ARC-LIGHT missions that which is required today and we retained that capability here in the amended budget request.

AIR DEFENSE REDUCTION

As the Secretary said, our large cuts have come in our Aerospace Defense Command capability.

(The following additional statement was supplied:)

CONUS AIR DEFENSE REDUCTIONS

For several years we have been phasing out the older interceptors and the associated radar and control systems. This phase out was predicated on a planned modernization program which has been delayed. As a consequence, the interceptor force has declined from 1,387 UE aircraft in 1964 to 669 UE today, and the BOMARC force has declined from 200 to ———. The 174 long-range radars in 1964 are down to —— today. The 26 command and control centers in operation in 1964 are down to 15 centers today. In 1964, we had 91 gap filler radars. Today we have ———. In 1964, we had 32 back-up control centers. Today we have 15. The fiscal year 1970 budget actions will further reduce the interceptor force by ——— aircraft, lowering our total to ——— UE. ———.

GENERATION GAP IN AIRCRAFT DEVELOPMENT

Mr. SIKES. Let's talk about modernization for a moment.

What is the present October 1969 extent of the generation gap between modern aircraft in our Air Force and modern aircraft in the Russian Air Force?

We talked about this back in the spring, but time has elapsed and there was discussion on the floor of new Russian bomber developments, which I do not think you mentioned. Just how serious is this generation gap, what is the generation gap between modern aircraft in our forces and modern aircraft in the Russian forces? What can you tell us about it?

General RYAN. If you take the tactical fighter situation or the interceptor situation, the 106 you know, Mr. Sikes, is the last interceptor

that we developed. The F–4 was the last fighter-bomber that we developed. The Russians during this time have come out with some six or seven different models. We have great hopes, and we have projected the F–15 which is our air superiority fighter that is going through source selection at the present time. We hope to keep it on track.

As far as bombers are concerned the B–52—the last one came off the line about 1962. As you know, we have tried to get a new bomber. From reading the history of our attempts, now is the time that looks most favorable for getting the B–1. We hope to get a decision on this within the next 30 days as far as going out for a request for proposal.

I think we are badly in need of modernization. In our Air National Guard, as you well know, we are still flying F–84's. The transfers to the Guard and the Reserve Forces have generally been from the active inventory. Well, there just have not been any transfers from the active inventory in the last couple of years because we had nothing with which to replace them in the active inventory.

The A–7, which is coming in, will give us a badly needed capability in our close air support and it will tend to alleviate this problem. It will not solve it.

Mr. SIKES. Is there a Russian bomber which is newer than our B–52 which is in inventory, and is there a new Russian bomber which has been observed which can be expected to be in inventory within a short time?

Secretary SEAMANS. ———.

Soviet aircraft R. & D. It is and has been a more aggressive development program than we have pursued in this country by substantial amounts.

Mr. SIKES. When I speak of a generation gap, I am thinking of a completely newer and more modern aircraft. Then would you say we are more than a generation gap behind the Russians in development of new aircraft?

Secretary SEAMANS. I think that we have a deficiency today. I really believe that by going ahead with the B–1 that we will be moving out ahead of what we believe they will have. ———.

Mr. SIKES. But I assume from what you tell me ———.

Secretary SEAMANS. That is true. ———.

Mr. SIKES. Is the same true now in the fighter-bomber and fighter-interceptor category?

Secretary SEAMANS. Yes, it is now, and that is of course the reason we are pressing in several areas, the F–15 being one, the superiority fighter. Again we have taken into account what we know of their various developments, and of course are attempting not to come in behind them but to get ahead of them.

We feel similarly that we want to move out on a true close support aircraft. We want to move out on the AX. All of these taking into account what we are observing today in the Soviet Union.

EVASION OF U.S. AIR DEFENSES

Mr. SIKES. Let's talk about the Cuban pilot who defected.

I think we were all shaken to some extent by the fact that this constituted a one-man invasion of the United States, even though a friendly invasion, which was not detected until the man was about ready to land.

We know that aircraft can fly under radar, but are we this weak or derelict as the case may be that this could happen anywhere in the United States?

General RYAN. Yes, sir.

Secretary SEAMANS. One of the items that is particularly important in this regard, as I view it, is the AWACS, an airplane that will be able to detect aircraft right down on the deck because it can differentiate between a fixed and a moving object, and until such time as we really move ahead with the AWACS I think we are faced with just this kind of possibility.

Mr. SIKES. No further questions.

Mr. MINSHALL. What is the maximum height he could maintain and not be detected?

Secretary SEAMANS. We believe he kept below 30 feet except for one excursion when he went up to get his bearings and we did spot something, got a couple blips, and then he went down again so it was not reported.

General RYAN. This will vary with altitude. You have a 500-foot circle where you can detect aircraft flying as low as 500 feet. This coverage does not extend too far out from the coast. There is a 5,000-foot circle and your coverage here goes farther out the higher you get the farther out you can be detected and the converse is true—the lower you go the closer you can get without detection.

Mr. MINSHALL. What is the maximum altitude he could maintain and not be detected?

General RYAN. I would say somewhere in the order of 4 to 500 feet.

Mr. MINSHALL. All the way across?

General RYAN. Yes, sir; because we just do not have the capability with our present radar to see them in the ground clutter.

(Off the record.)

Mr. MAHON. Mr. Davis.

OFFICER RANK STRUCTURE

Mr. DAVIS. General and Mr. Secretary, I have noticed that more than half of the officers in the Air Force are serving in grades above their permanent rank. Would you tell us what the rationale of this extensive temporary promotion program is?

Secretary SEAMANS. I will defer to General Ryan if I might.

General RYAN. We use the temporary rank structure because our officer force today far exceeds the strength authorized for regular Air Force officers. This means more jobs of responsibility that require men in higher grades.

Mr. DAVIS. Is this a healthy thing, having a majority of your officers serving in ranks above their normal promotion?

General RYAN. I believe it is a healthy thing. I believe we have to be realists about it.

I think this is one way we can retain our officers, just because of the monetary factor. Even with the temporary rank, as we have said, we are losing pilots faster than we can train them.

Mr. DAVIS. Look at it from the standpoint of the promotion system. If these jobs do require officers of higher rank, does that not indicate that the regular permanent promotion system is in need of revision?

General RYAN. Yes, sir.

General CROW. When a Korea comes along, a Vietnam comes along, then the temporary structures have come into being and I think the basic problem is in the long term. Yes, the permanent structure does need to be revised, it needs to be more flexible.

Mr. DAVIS. It is very misleading too in this sense, that we get these reports about the comparable low pay of people in the various ranks of the service and the reports to Congress about how long they have to be in the service before they can attain those ranks, but this is not certainly a true picture where you have more than half of the officers serving in different ranks than that.

It certainly presents a distorted picture primarily from a financial standpoint with respect to these officers.

General CROW. I do not think it is distorted perhaps as much as the basic underlying facts would indicate. The temporary grades have been with us so long that most people tend to think and talk in terms of time in grade, as time in temporary grade, not time in permanent grade. So that general conversation about such matters tends to ignore or play down permanent grade and talk about time in temporary grade.

Mr. DAVIS. This is true with respect to the officers themselves, but I am thinking in terms of the general public certainly gets an impression that these officers are suffering much greater financial hardships than the facts do indicate here when you look at the fact they are talking about less than half of the officers.

General CROW. These same officers are talking about financial hardships in terms of pay associated with their temporary grades.

Mr. DAVIS. How do you account for the bulge that has developed in the ranks of colonel, lieutenant colonel, and major?

General RYAN. I think the bulge in the colonel rank is the result of World War II.

Our rapid expansion in the years of 1940, 1941, 1942 through 1944 brought aboard a tremendous number of officers at that time, and they are now coming up to their 25- to 30-year service. Officers with a promotion list service date of 1939 will go out this year. There was a tremendous number. For 1940, 1941 and 1942, we are in the same boat.

Mr. DAVIS. You are talking about permanent or temporary ranks now?

General RYAN. Both.

Mr. DAVIS. Of course, World War II has been over close to 30 years. Are most of these majors, lieutenant colonels and colonels at the present time people who were 2d lieutenants in the 1940's?

General RYAN. No, not at all. I merely say we had a large bulge in officers who came in during those years of 1939, 1940, 1941 and 1942.

Mr. DAVIS. But they are not the majors, lieutenant colonels and colonels of today?

General RYAN. Not the majors and lieutenant colonels, no, sir.

Mr. DAVIS. How do you account for the bulge in those ranks at the present time?

General CROW. I am not sure in those grades we really have a bulge, Mr. Davis.

Mr. DAVIS. I am looking at page 407 of the record here and it shows while your total officer personnel is not being enlarged in the current fiscal year, that there is a substantial increase in those categories and

the ranks of 1st and 2d lieutenants are being substantially reduced but are being just about made up for by the increases in ranks in those in the middle brackets.

General CROW. Do the same figures show a deficiency in captains, for instance?

Mr. DAVIS. Captains, I do not believe so.

General CROW. In personnel management for recent years, Mr. Davis, we have what we term a middle management gap. It has been brought about by the factor General Ryan addressed so many people coming aboard in early World War II. They have accounted for a considerable part of the colonel bulge. I question whether or not there was a bulge in majors. They would also have contributed to somewhat of a bulge in lieutenant colonels because a great number of them are still with us.

Basically, in the captain and major grades, we have experienced a chronic deficiency because there have not been adequate numbers of the younger officers reenlisting. So we have had large numbers of older senior people but not enough people in the middle grades and middle ages.

Secretary SEAMANS. Mr. Chairman, I think that you have a valid concern here and we would be happy to supply some data for the record or give a special briefing on this, whatever you would like.

Mr. DAVIS. I have to take this up with you at some other time.

General RYAN. We would be very glad to give you a briefing on that and give you all the detail that you would like. I would be glad to send our personnel people over here or come over with them.

Mr. DAVIS. I don't want to take up any more time on that right now. Thank you, Mr. Chairman.

Mr. MAHON. Gentlemen, this has been most helpful. We thank you very much.

Secretary SEAMANS. Thank you, Mr. Chairman.

STATEMENT OF THE DIRECTOR OF THE AIR FORCE BUDGET

Mr. MAHON. We will insert in the record the statement of General Pitts on the Air Force budget for 1970.

Mr. Chairman and members of the committee, it is a pleasure for me to discuss the fiscal aspects of the fiscal year 1970 budget estimates of the Department of the Air Force in summary of all the appropriation and posture presentations which you have already heard. Since the budget estimates submitted in January 1969, were amended by this administration in March and April 1969, I will first discuss the differences between the original and revised versions and then explain the highlights of fiscal year 1970 in each appropriation area. Before doing so, I would like to present some of the general fiscal aspects of these budget estimates.

Effect of budget amendments

A review of the budget estimates submitted to the Congress in January 1969, has led to the submission of budget amendments on March 26, 1969, for the fiscal year 1969 supplemental requests and on April 15, 1969, for the regular fiscal year 1970 estimates.

Tables 1 and 2 summarize the effects of these amendments on TOA. From these tables, it should be noted that total obligational authority (TOA) was reduced by $320.2 million for fiscal year 1969 and $785.5 million for fiscal year 1970. Table 3 is a 3-year summary comparison between the original and revised budgets of the program (TOA) and how we intend to finance it. As a result of the revision, an additional $238.2 million of prior year unprogramed funds are applied to finance the fiscal year 1970 program, thereby reducing the amount of

appropriations required to support the program. Table 4 compares the new obligational authority (NOA) for 3 years. Actually, NOA in the revised budget for fiscal year 1970 was reduced by $1,023.7 million.

Pay raises

The Department of the Air Force estimates do not reflect the cost of the classified and military pay increases which went into effect on July 1, 1969. Wage board pay rates in the fiscal year 1970 estimates are based on the rates expected to be in effect on June 30, 1969.

Effects of Revenue and Expenditure Control Act of 1968

To comply with Revenue and Expenditure Control Act of 1968, the Air Force accomplished, as directed by the Office of the Secretary of Defense, reductions of fiscal year 1969 and prior programs totaling $1,547 million which was estimated to decrease outlays in fiscal year 1969 by $928 million. In order to achieve these reductions, selected programs were deferred, canceled or substituted. Some of the largest individual program reductions were the F–111D ($596 million), FB–111 ($81 million) and Manned Orbiting Laboratory ($85 million).

I will now discuss the fiscal highlights of each appropriation.

FISCAL YEAR 1969 BUDGET HIGHLIGHTS MILITARY PERSONNEL, AIR FORCE

[In milions of dollars]

	Fiscal year 1969	Fiscal year 1970
Program (total obligational authority) as enacted submitted	6,098.0	5,959.0
Program (total obligational authority) as amended	6,093.6	5,952.8
New obligational authority (NOA) as enacted submitted	6,098.0	5,959.0
New obligational authority (NOA) as amended	6,093.6	9,952.8

Amended budget fiscal year 1970

The original budget estimate for this appropriation was amended by $4.4 and $6.2 million reductions in fiscal year 1969 and fiscal year 1970 respectively. They were made possible by a decrease in the rates for serviceman's group life insurance. No manpower program changes are involved.

Fiscal year 1970 highlights

The military personnel Air Force appropriation request for fiscal year 1970 is $140.8 million lower than fiscal year 1969. This is due in part to the decrease of over 43,500 military personnel between June 30, 1968 (end fiscal year 1968) and June 30, 1970 (end fiscal year 1970). Approximately 16,000 of the reduction is attributable to the release of Air National Guard and Air Force Reserve members who were called to active duty in January and May 1968. In addition, substantial numbers of both bomber and defensive units are being phased out of the Air Force. The following table compares the end year strengths and man-years resulting from these as well as other changes.

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Officers:			
End year strengths	139,600	133,800	135,000
Man-years	137,605	137,499	134,500
Airmen:			
End year strengths	761,507	730,926	722,049
Man-years	757,961	744,482	723,030
Cadets:			
End year strengths	3,652	3,874	4,151
Man-years	3,192	3,414	3,724
Totals:			
End year strengths	904,759	868,600	861,200
Man-years	898,758	885,395	861,254

A comparison of the related fund requirements (TOA) by budget activity for fiscal year 1969 and fiscal year 1970 is cited in the table below:

[In millions of dollars]

	Fiscal year 1969	Increase (+) or decrease (−)	Fiscal year 1970
Pay and allowances of officers	1,755.4	−55.60	1,699.80
Pay and allowances of enlisted	3,524.0	−56.57	3,467.43
Pay and allowances of cadets	9.3	+.72	10.02
Subsistence of enlisted personnel	332.8	−8.45	324.35
Permanent change of station travel	431.6	−16.40	415.20
Other military personnel costs	40.5	−4.50	36.00
Total	6,093.6	−140.80	5,952.80

I will now discuss the difference in each budget activity.

For pay and allowances of officers, the bulk of the $55.6 million decrease involves nonrecurring fiscal year 1969 costs of the activated Guard and Reserve units which were deactivated between December 1968 and June 1969.

For pay and allowances of enlisted personnel, the $56.6 million reduction includes similar Guard and Reserve savings. Additional reductions in separation payments accrue due to the considerably higher loss rate in fiscal year 1969 over fiscal year 1970. Offsetting increases provide for more liberal proficiency pay rates and for emphasis on the effective variable reenlistment bonuses.

For pay and allowances of cadets, the $.7 million increase parallels the continued growth of the Cadet Wing toward an authorized end strength of 4,417 which will be reached in fiscal year 1971.

For subsistence of enlisted personnel, the $8.5 million decrease occurs as the result of a combination of the overall reduction in enlisted strengths including the Guard/Reserve deactivation.

For permanent change of station travel, the $16.4 million decrease reflects a fiscal year 1970 decline in separation travel needs following the peak airmen losses in fiscal year 1969 which include the deactivation of the Guard/Reserve forces. The overall reduction in our military strength coupled with a declining force contributes further to a reduced fund requirement.

For other military personnel costs, lower rates and man-years have resulted in lower costs for Serviceman's Group Life Insurance.

RESERVE PERSONNEL, AIR FORCE

[In millions of dollars]

	Fiscal year 1969	Fiscal year 1970
Program (TOA) as enacted submitted	73.7	87.7
Program (TOA) as amended	73.7	88.2
New obligational authority (NOA) as enacted submitted	73.7	87.7
New obligational authority (NOA) as amended	73.7	88.2

Amended budget fiscal year 1970

The amended budget provides an additional $1.5 million for the retention of four units previously scheduled for inactivation during fiscal year 1970. It also provides a slight reduction for drill strength for the nonflying units resulting in a savings of $1 million. The net adjustment is an increase of $500,000 over the fiscal year 1970 amount originally submitted for this appropriation.

Fiscal year 1970 highlights

The amended request of $88.2 million for fiscal year 1970 includes $76.9 million for the Air Force Reserve program and $11.3 million for the Air Force Reserve Officers' Training Corps as compared with a total request of $73.7 million for fiscal year 1969. This includes $63.2 million for the Air Force Reserve program and $10.5 million for the Air Force Reserve Officers' Training Corps. The funds requested for the Reserve program will provide military personnel costs to support 47 flying units and 187 nonflying units. Approximately $6.2

million of the $13.7 million increase over the fiscal year 1969 estimate is due to the return to reserve status of those personnel who were mobilized in January and May 1968. The balance of the increase in funds requested in fiscal year 1970 for the Reserve program is required for the additional training in support of the conversion of units to new missions and the increased manning in the non-flying units.

In the ROTC program, the additional requirement of $800,000 in fiscal year 1970 supports an increase of 750 students in the financial assistance program, and also provides for expansion of the Junior ROTC program.

NATIONAL GUARD PERSONNEL, AIR FORCE

[In millions of dollars]

	Fiscal year 1969	Fiscal year 1970
Program (TOA) as enacted/submitted	91.4	101.6
Program (TOA) as amended	91.4	103.1
New obligational authority (NOA) as enacted/submitted	91.4	101.6
New obligational authority (NOA) as amended	91.4	103.1

Amended budget fiscal year 1970

The fiscal year 1970 appropriation request of $103.1 million compares with $91.4 million for fiscal year 1969, a difference of $11.7 million. This includes a $1.5 million increase above the original fiscal year 1970 budget submission to provide for the retention of seven units previously scheduled for inactivation during fiscal year 1970.

Fiscal year 1970 highlights

The balance of the increase provides for the return of the 14 units that were called to active duty in January and May 1968 ($8.5 million), an increase in basic military training travel ($1 million), an increase for Negro participation ($.6 million), and $.1 million for various other minor program adjustments. The fiscal year budget request will support an average drill strength of 86,999 as compared with 78,110 in fiscal year 1969.

OPERATION AND MAINTENANCE, AIR FORCE

[In millions of dollars]

	Fiscal year—	
	1969	1970
Program (TOA) as enacted/submitted	6,924.0	6,716.0
Program (TOA) as amended	6,949.1	6,711.7
New obligational authority (NOA), as enacted/submitted	6,924.0	6,716.0
New obligational authority (NOA), as amended	6,949.1	6,711.7

Amended budget fiscal year 1970

The original budget submission was $6,716 million, and the revised request is $6,711.7 million, a net reduction of $4.3 million. This is a net change resulting from numerous increases and decreases. The following table summarizes the O. & M. adjustments:

	Millions
Phase II of the Vietnamese modernization program	+$20.0
Retention of four air reserve units previously scheduled for deactivation	+1.6
Revised schedule for the relocation and consolidation of activities in Europe (Redcoste)	+19.0
B–52 sortie costs	+27.4
Reevaluation of herbicide requirements	—14.0
Reevaluation of medical reimbursements	—1.6
Reevaluation of service engineering	—5.0
Slippage in electronic data processing equipment schedule	—3.6
Reevaluation of civilian employee program	—14.0
Reevaluation of non-Sea transportation	—12.0
Reevaluation of non-Sea supply requirements	—22.1
Total net change	—4.3

Fiscal year 1970 highlights

For the Operation and Maintenance Appropriation, $6.712 billion is requested for fiscal year 1970 compared to an actual obligation of $5.904 billion in fiscal year 1968 and a fiscal year 1969 program of $6.949 billion. Within these totals, SEA expenses were $1.780 billion in fiscal year 1968 and will be $2.539 billion and $2.300 billion in fiscal year 1969 and fiscal year 1970 respectively. The major reductions in Southeast Asia costs are $58.2 million associated with the full year effect of reducing the number of B–52 sorties per month in Southeast Asia from 1,800 to an average of 1,600 and $193 million related to an estimated decrease in Southeast Asia activity rates.

The following are the other major changes which occur between fiscal year 1969 and fiscal year 1970:

	Millions
Reduction of 3,400 civilian personnel	—$59.5
Electronic data processing rentals and services	+21.7
Long line communications	+10.5
Depot maintenance of equipment (non-Sea)	—14.9
Modernization program for Vietnam forces	+43.2
Pilot training	+14.7
Redcoste—Nonpersonnel costs	—3.7

Aircraft fuel and oil

The fiscal year 1970 estimate for aircraft fuel and oil is $662.2 million as compared to $717.2 million in fiscal year 1969. While the dollar requirement decreases in fiscal year 1970, the flying hour program increases 379,816 hours. This is due primarily to the recognition of anticipated slippages in the non-Sea program, a full year effect of the reduction in B–52 sorties in SEA, and the estimated effect of the decrease in SEA activity rates.

Depot maintenance

The depot maintenance program provides for the repair and overhaul of all Air Force equipment that is beyond the capability of operational units. For fiscal year 1970, $1.260 billion is requested—a decrease of $136 million from the fiscal year 1969 program. A large part of this reduction—$82 million—is related to the estimated effect of decreased activities in Southeast Asia.

As you are aware, a large percentage of our aircraft inventory is comprised of old aircraft. With utilization rates far higher than ever before, and retention of aircraft longer than their designed life, many serious structural fatigue problems are being experienced. Examples are the center wing replacement on C–130B/E aircraft; replacement of spar caps and wing panels on C–124's selected for retention; center section and lower wing outer panel replacement on the F–100; replacement of wing spars and wing fold fittings on A–1's, rear bulkhead modification on all versions of the C–135; repair of wings on A and T–37's; and completion of the longeron and side skin modification on the long-life B–52G/H.

Southeast Asia operations continue to account for a large percentage of the budget. Crash and battle damage, damage from ground attack, performance demands on aircraft due to adverse landing field conditions, stresses due to short-duration sorties, and the corrosive conditions prevailing in Vietnam are all contributing factors. The rigorous conditions involved in SEA and the variety of configurations adopted for specialized operations will result in a heavy depot maintenance workload upon completion of that conflict.

Some of the more significant programs to be accomplished in fiscal year 1970 are: IRAN and modification of B–52 aircraft at a cost of $58 million; IRAN and modification of the C–130, including continuation of the program started in fiscal year 1969 to replace the center wing sections, which in fiscal year 1970 will be accomplished on 180 aircraft at a cost of $49 million; support of the F/RF–4, the mainstay of our tactical forces, will require $79 million; wing repairs, IRAN and modification of the F–100 will cost $21 million.

The widely used J–57 engine will cost $55 million to overhaul plus $34 million for component support. For the overhaul of the J–79, we expect to spend $31 million. Guidance and control systems for the Minuteman missile will require $25 million.

Transportation

For the transportation of materials from CONUS depots to our forces worldwide and the Air Force share of APO mail, $433.1 million is requested for fiscal year 1970. This compares to a program of $470.8 million in fiscal year

1969. Approximately 78 percent of the total transportation request is to support our requirements in the Pacific. There is a reduction of $10.3 million for the movement of munitions to Southeast Asia by the Military Sea Transportation Service related to the lower number of B-52 sorties. Tariff reductions by the airlift service industrial fund account for a reduction of $3.9 million, and other non-Southeast Asia activities reduce by $12 million. These reductions are partially offset by movements of additional units to Southeast Asia to replace existing units.

Logistical support of allied forces

The fiscal year 1970 estimate for support of the Vietnamese Air Force and our allies in Laos and Thailand is $77.8 million which represents a decrease of $6.8 million from the fiscal year 1969 program. For fiscal year 1970, $7 million is included for support of phase I of the Republic of Vietnam Armed Forces improvement and modernization plan.

Logistical operations

For logistical operations, $959.6 million is requested for fiscal year 1970, a decrease of $14.3 million from the fiscal year 1969 level of $973.9 million. The estimate provides for the operating expenses of five major supply depots and two supporting installations. The major cost ($591.6 million) is associated with the pay of 67,970 civilian personnel man-years. This compares to a fiscal year 1969 program of 71,713 man-years at a cost of $628 million.

Training

For Air Force individual training programs in fiscal year 1970, $466 million is requested compared to $410 million in fiscal year 1969. The program is generally divided into six categories: Military and technical training, flying training, professional education, Reserve Officers Training Corps, Air Force Academy, and the Air Force Reserve.

The programed decrease in total Air Force strength directly affects the number of new enlistees we must recruit and train. In fiscal year 1970 approximately 122,000 new airmen will enter basic military training at Lackland AFB.

The fiscal year 1970 budget estimate for flying training is $133.4 million, compared with $118.7 million in fiscal year 1969.

Programed production of new jet pilots for the Air Force is 3,450 for fiscal year 1970, an increase of 307 over the fiscal year 1969 budget figure. Pilot production for the U.S. Marine Corps and for foreign countries will also increase so that in total we expect to train about 500 more pilots in fiscal year 1970 than in fiscal year 1969.

Our training budget includes $37.3 million for improvement and modernization of the Vietnamese Air Force. This program provides for the training of Vietnamese Air Force personnel to increase their helicopter and fixed-wing force. The helicopter pilots and mechanics will be trained by the U.S. Army and the Air Force will reimburse the Army for the costs. The fixed-wing training will be accomplished by the Air Force as will related technical training.

Operational support

The estimate for the operational support program will finance the locally incurred costs for the operation of Strategic, Air Defense, Tactical and Airlift Forces. During fiscal year 1970, these forces will be located at 146 major installations and be responsible for the operation of 259 aircraft squadrons and 33 missile squadrons.

The fiscal year 1970 estimate is $2.1 billion as compared to a fiscal year 1969 program of $2.2 billion. I will summarize the major changes which have occurred by type of force; i.e., Strategic, Defensive, Tactical, and Airlift.

Strategic Forces

The fiscal year 1970 estimate for Strategic Forces overall reflects a relatively small, net decrease from the fiscal year 1969 program.

The estimates provide support for the operation of three FB-111 squadrons in the last half of fiscal year 1970 and for a new satellite basing program. The latter has been developed to counter the increasing Soviet SLBM threat. Because of the reduced number of main SAC bases and the time required to launch the Strategic Air Command aircraft alert force, prelaunch survivability of this force becomes critical in event of a surprise SLBM attack.

Strategic Forces costs of $366.6 million for fiscal year 1970 are $5 million below the fiscal year 1969 program.

Defensive Forces

The estimate for Defensive Forces is related to the requirements of the Aerospace Defense Command and the Alaskan Air Command. The interceptor and missile forces during fiscal year 1970 will be at the levels presented last year for the end of fiscal year 1969. However, there will be further downward adjustments in the control and surveillance systems. These actions represent a continued implementation of the plan established in December 1967 wherein selective reductions can be made in consonance with a reorientation to a concept of perimeter radar coverage. Also inherent in the plan is the assumption that under the approved modernization program a completely efficient wartime surveillance mission capability will be provided by AWAC'S in the mid-1970's. In summary, the reductions planned for accomplishment by end fiscal year 1970 are: one combat center, two direction centers, ten long-range search radars and six stations of the distant early warning line.

Tactical Forces

The Tactical Forces encompass the operations of the Tactical Air Command, Pacific Air Force, Air Force in Europe, U.S. STRIKE Command, and the Air Force Southern Command. The fiscal year 1970 estimate for these forces is $1.069 million, $1 million less than the fiscal year 1969 program of $1.070 million. The estimate is affected by the relocation and consolidation of Air Force activities in Europe named REDCOSTE, deactivation of the Air National Guard Units and modernization of our forces through new weapons systems.

Airlift Forces

The estimate for Airlift Forces will finance those operations of the Military Airlift Command (MAC) not financed by the airlift service industrial fund. This encompasses the requirements of worldwide air rescue operations, weather service, and audiovisual activities. Provision is also made for certain DOD-wide requirements such as aeromedical evacuation, joint airborne training, and the transportation of military personnel in Southeast Asia to and from rest and recuperation areas. The Air Force, as the designated Department of Defense executive agent for these activities, is responsible for total financing. For fiscal year 1970, $229.8 million is being requested for MAC programs and compares with a fiscal year 1969 program of $230.9 million.

Medical support

For the medical support program we are requesting $206.1 million, an increase of $6.8 million over fiscal year 1969. It is planned to operate 101 hospitals during fiscal year 1970, two less than 17 in fiscal 1969. The major increases are $1.9 million for medical-dental supplies related to the continued increase in the cost of drugs and medicines, and $2.2 million for care of patients in civilian facilities.

Communications

Leased long-line communications services and facilities are the largest single segment of the service-wide support program. The fiscal year 1970 program of $198.5 million is an increase of $10.5 million over the current fiscal year 1969 program of $188 million. The change is comprised of $14.7 million in new requirements, offset by reductions of $4.2 million in existing programs.

The largest single increase, $7.2 million, is related to the Defense Communications Service (DCS) Automatic Voice Network (AUTOVON) program.

Other significant increases are in the Continental Air Defense Integration Northward (CADIN) and DCS Automatic Digital Network (AUTODIN) programs. These increases are $3.7 million and $1.9 million, respectively.

OPERATION AND MAINTENANCE, ANG

[In thousands of dollars]

	Fiscal year 1969	Fiscal year 1970
Program (TOA) as enacted/submitted	282,682	333,334
Program (TOA) as amended	282,682	342,534
New obligational authority (NOA) as enacted/submitted	282,682	333,334
NOA as amended	282,682	342,500

Amended budget fiscal year 1970

The amended budget requests an increase of $9.2 million over the original fiscal year 1970 budget submitted to Congress. The additional $9.2 million will provide for the retention of seven units which were previously scheduled for deactivation during fiscal year 1970. These units will provide the following approved new missions:

1 F–100 Tactical Fighter Group
1 U–3/0 Tactical Air Support Group
2 Tactical Air Support Groups
1 F–100 Combat Crew Training School (CCTS)
2 KC–97 Air Refueling Groups
2 C–141 Associated Military Airlift Groups

Fiscal year 1970 highlights

This appropriation provides for the operation of aircraft for 531,331 flying hours and 18,242 civilian employees who perform the day-to-day work to support the Air National Guard forces.

The fiscal year 1970 request is $59.8 million more than the revised fiscal year 1969 estimate. This includes the following: an increase of $9.2 million made to the budget estimate submitted in January for the retention of seven units previously scheduled for inactivation during fiscal year 1970; an increase of $42.4 million for the return from active duty of the 14 units which were called up during January and May of 1968; $2.5 million resulting from price increases for POL; $1.6 million for an increase in civilian manning; $2.1 million to allow for a full year funding for converting National Guard technicians to Federal employee status; and $2 million for various other minor program adjustments.

AIRCRAFT PROCUREMENT, AIR FORCE

[In millions of dollars]

	Fiscal year—	
	1969	1970
Program (TOA) as enacted/submitted	5,088.5	4,556.0
Program (TOA) as amended	4,898.5	4,337.6
New obligational authority (NOA) as enacted/submitted	3,962.6	4,081.0
New obligational authority (NOA) as amended	3,860.0	3,775.2

[1] Anticipates $600,000,000 in fiscal year 1969 and $325,000,000 in fiscal year 1970 transfers from stock funds.

Amended budget fiscal year 1970

This amended budget reflects program reductions of $190 million in fiscal year 1969 and $218.4 million in fiscal year 1970 to the original budget submission of January 10, 1969. The fiscal year 1969 adjustment represents primarily a reduction of 28 FB–111 aircraft and deferral of SRAM missile capability for the B–52. The fiscal year 1970 adjustment is a net reduction resulting from decreases related to termination of the FB–111 aircraft buy and deferral of B–52 SRAM capability offset by an increased procurement of F–111D and the addition of the C–130E aircraft.

Fiscal year 1970 highlights

The fiscal year 1970 program includes 662 aircraft compared with 962 in fiscal year 1969, a decrease of 300 aircraft. However, the program continues the modernization of the combat forces with the F–111D, the A–7, the RF–4C, and the A–37. The total of 348 combat aircraft programed for fiscal year 1970 procurement compared with 556 for the fiscal year 1969 program reflects reduced attrition and termination of the FB–111 after fiscal year 1969.

Forty-one airlift aircraft—eight less than fiscal year 1969—are also included in this program. The procurement of the C–5A is continued and additional C–130E's are requested to maintain the tactical airlift force levels.

The fiscal year 1970 procurement of 60 trainer aircraft reflects an increase of 38 aircraft over the 22 programed in fiscal year 1969. This fiscal year 1970 aircraft program provides for projected attrition of T–38's through fiscal year 1974, and T–41 support for Vietnam pilot training.

The request for new obligational authority in fiscal year 1970 is $3,775.2 million. In both fiscal years 1969 and 1970, the program is being financed in

part by transfers from stock fund balances—$600 million in fiscal year 1969 and $325 million in fiscal year 1970.

MISSILE PROCUREMENT, AIR FORCE

[In millions of dollars]

	Fiscal year—	
	1969	1970
Program (TOA) as enacted/submitted	1,682.0	1,882.2
Program (TOA) as amended	1,639.8	1,616.8
New obligational authority (NOA) as enacted/submitted	1,720.2	1,794.0
New obligational authority (NOA) as amended	1,720.2	1,486.4

Amended budget fiscal year 1970

The amended budget represents a program reduction of $42.2 million and $265.4 million from the original fiscal year 1970 budget submission for fiscal years 1969 and 1970 respectively. For fiscal year 1970, ballistic missiles were reduced by $105.4 million and other missiles including SRAM were reduced by $104.4 million. The program reduction of $42.2 million for fiscal year 1969 is due to deferral of SRAM and makes these funds available to finance a portion of the fiscal year 1970 program.

FISCAL YEAR 1970 HIGHLIGHTS

Ballistic missiles

Under this activity, ballistic missiles are included funds for the procurement of flyaway missiles, aerospace ground equipment, data, training equipment, and site activation effort for Minuteman III Intercontinental Ballistic Missiles. The $447 million requested represents a reduction in the missile quantity buy in fiscal year 1970 resulting from a decision to slow down the Minuteman III deployment rate.

Other missiles

In the Other Missiles budget activity, $115.9 million is requested for the procurement of Shrike and Standard Arm anti-radiation missiles, short-range attack missiles (SRAM), Sparrow air-to-air missiles and target drones. The $104.4 million decrease reduces the SRAM program by $94.8 million and the Sparrow program by $9.6 million. These decreases represent (1) a decision to defer initial procurement of SRAM missiles due to technical problems encountered in the R. & D. program and (2) the consequence of reduced SEA usage of Sparrow missiles.

Modifications

Modification funds are requested in the amount of $176.6 million and include funds for continued support of the Minuteman force modernization program, updating changes for the Minuteman weapon system and program 437, and modification of other operational missiles. The $19.6 million decrease reduces Minuteman force modernization requirements due to the revised deployment rate.

Spares and repair parts

Under Spares and Repair Parts, $87.1 million are included funds for the procurement of initial and replenishment spares and repair parts to support ballistic missile systems and other missiles including provisioning documentation and replacement depot test equipment. The $26 million decrease reduced Minuteman III and SRAM spares support by $10 million and $16 million, respectively, in fiscal year 1970.

Other support

This budget activity for Other Support requests $790.2 million and includes funds for the support of classified projects, modernization and maintenance of industrial facilities under Air Force cognizance, and for the support of operational space activities. The $10 million decrease represents a reduction in classified drones.

Financing

The current revised fiscal year 1970 budget estimate includes new obligational authority in the amount of $1,486.4 million to finance program requirements

totaling $1,616.8 million. The fiscal year 1970 Air Force request of $1,616.8 million (excludes $3.6 million reimbursements) will be financed by obtaining $130.4 million from recoupments and available fiscal year 1969 unobligated balances; and $1,486.4 million from new authority for fiscal year 1970.

OTHER PROCUREMENT, AIR FORCE

[In millions of dollars]

	Fiscal year 1969	Fiscal year 1970
Program (TOA) as enacted/submitted	2,810.6	2,583.4
Program (TOA) as amended	2,702.0	2,310.3
New obligational authority (NOA) as enacted/submitted	2,690.0	2,320.6
New obligational authority (NOA) as amended	2,690.0	1,938.3

Amended budget fiscal year 1970

The adjusted budget provides for program (TOA) reductions of $108.6 million in 1969 and $273.1 million in 1970. These TOA reductions account for the NOA reduction of $381.7 million in fiscal year 1970. Decision to realine production of controlled air munitions during fiscal year 1970 to current consumption rates and to further curtail production to minimum sustaining rates beyond fiscal year 1970 accounts for the total 1969 TOA reduction and the majority of the 1970 TOA reduction. The balance of the 1970 TOA adjustments provide for minor decreases in vehicular and traffic control radar procurements and increases in satellite support and classified programs.

Fiscal year 1970 highlights

The 1970 munitions program supports operations in Southeast Asia as currently planned for the fiscal year 1970 time period. Support is also provided for essential training programs to meet tactical and air defense requirements for both conventional and nuclear war.

For vehicular equipment, replacement of 1,520 passenger carrying vehicles is requested in 1970. This is identical to the replacement quantity requested and approved in the 1969 budget. There is one minor difference, however, in that the 1970 program does not require replacement of medium sedans. With regard to the criteria for vehicular replacement, we are continuing the practice of extending the age and mileage a minimum of 1 additional year or until excessive repairs are required.

In the electronics and telecommunications activity, the fiscal year 1970 program is approximately $109.8 million greater than the 1969 program. Approximately one-half of this increase is directly associated with support of operation in Southeast Asia. The other half provides, essentially, for augmented support of range and space programs organization and base support and special communications-electronics projects both of which are nonsystem oriented.

For other base maintenance and support equipment, the fiscal year 1970 program is essentially the same as for 1969 except in the organization and base support equipment category. In this category increased requirements account for most of the $34 million increase over the 1969 program.

R.D.T. & E., AIR FORCE

[In millions of dollars]

	Fiscal year—	
	1969	1970
Program (TOA) as enacted/submitted	3,373.3	3,599.3
Program (TOA) as amended	3,373.3	3,566.2
New obligational authority (NOA), as enacted/submitted	3,392.7	3,594.3
New obligational authority (NOA), as amended	3,392.7	3,561.2

Amended budget, fiscal year 1970

The amendments to the budget involved a net reduction of $33.1 million in new obligational authority and reflect reduced requirements for MOL, Minuteman integrated command and control system, airborne warning and control system,

and the special activities program. These reductions, which aggregate $92 million, are offset in part by increases totaling $58.9 million for the advanced manned strategic aircraft, short-range attack missile, defense subsystem development and demonstration, and program 949 improvements.

Fiscal year 1970 highlights

The program provides for the initiation of full-scale development of the F–15 air superiority fighter, the Advanced Manned Strategic Aircraft (AMSA), and the specialized close air support aircraft, the A–X. Near completion of the development of the F–111, A–7, and C–5 aircraft will be achieved during this fiscal year.

Further development and test of the ——— Minuteman III and Advanced ballistic reentry systems will be continued together with the Hard Rock Silo development to improve the deterrent effectiveness of the Minuteman III force by making them more difficult targets. The short-range attack missile (SRAM) development test program also will be continued.

Support of the military astronautics program is slightly lower than in fiscal year 1969. New advances in satellite communications and a new approach to ballistic missile defense are included.

Provision is made for development and test of numerous support systems involving electronic surveillance or communications. Included are programs such as backscatter over-the-horizon (OTH) radars, intelligence systems, command and control systems, and communications systems. Support for research in the military sciences will be somewhat higher than in fiscal year 1969.

Based on the President's budget, as amended, the fiscal year 1970 R.D.T. & E. program is to be financed with (1) $3,561.2 million of new obligational authority and (2) $5 million of unprogramed fiscal year 1969 AMSA funds which will be brought forward to partially support the fiscal year 1970 AMSA program. The increase over the fiscal year 1969 program provides primarily for increased requirements for the F–15A and the advanced manned strategic aircraft.

Stock fund, AF.—Program (sales) in fiscal year 1969, $3,503,000,000; in fiscal year 1970, $3,864,300,000.

As you may recall from the presentations last year, our stock fund significantly expanded its scope of operations in fiscal year 1969. This resulted from Department of Defensewide policy to include all expense (versus investment) items in stock fund in conjunction with overall financial systems changes. In this current year we have added centrally procured expense items relating to aircraft, missile, and ground support maintenance; missile fuels; medical-dental supplies and equipment; and all other base procured items not already in the stock fund. During fiscal year 1970, the coverage will be further extended into the Pacific area for base funded items.

Industrial fund, AF.—Program (sales) in fiscal year 1969, $2,488,600,000; in fiscal year 1970, $2,585,500,000.

During fiscal year 1969 the Air Force Industrial Fund added six depot maintenance activities and the Arnold Engineering Development Center to the existing nine industrially funded printing plants. 33 laundries, the Alaska Communication System and the airlift portion of the Military Airlift Command.

The addition of the depot maintenance activities accounts for a $1,357.6 million program expansion in fiscal year 1969. These depot maintenance activities will further increase in fiscal year 1970 to $1,474.2 million. Airlift service operations remain at a high level as a result of continuing Department of Defense user requirements in support of Southeast Asia. User requirements in fiscal year 1968 were 7,884.3 million ton-miles and are estimated to be 7,694.9 and 7,882.3 ton-miles in fiscal year 1969 and fiscal year 1970 respectively.

Total Air Force Industrial Fund revenues for fiscal year 1968 were $1,134.3 million. Revenues for fiscal year 1969 and fiscal year 1970 are estimated at $2,488.6 and $2,585.5 million respectively.

FISCAL MANAGEMENT

Unobligated balances

Unobligated balances (table 6) at the end of fiscal years 1968 through 1970 reflect a continuing downward trend. Unobligated balances at end fiscal year 1969 reflect approximately 12 percent of the total fiscal year 1969 availability compared to the end fiscal year 1970 position when unobligated balances are estimated at 10 percent of total fiscal year 1970 availability. Based on current obligation reports, actual obligations for fiscal year 1969 may be slightly less than the estimate in the amended budget.

Unexpended balances

Unexpended balances (table 8) also reflect a continuing downward trend. An estimated 32.5 percent of availability will remain unexpended at end fiscal year 1969 and approximately 32 percent is estimated as unexpended at end fiscal year 1970. It is expected that actual outlays in fiscal year 1969 will achieve the budget estimate total. (Table 7)

TABLE 1. -- GERMANY, TOTAL PROGRAM, REIMBURSABLE PROGRAM AND TOA, FISCAL YEARS 1968-70
(In millions of dollars)

Appropriation	Actual, fiscal year 1968			Estimate, fiscal year 1969			Estimate, fiscal year 1970		
	Program	Reimbursable program	TOA	Program	Reimbursable program	TOA	Program	Reimbursable program	TOA
Military personnel:									
Military personnel	$5,710.7	$ 33.2	$5,677.5	$6,139.8	$ 37.6	$6,098.0	$5,996.6	$ 37.6	$5,959.0
Amendment				+44.4	-	+44.4	+46.9	-	+46.9
Revised Budget				6,184.2	37.6	6,093.6	5,990.0	37.6	5,952.4
Reserve personnel	63.7	*	63.6	73.7	*	73.7	87.7	*	87.7
Amendment							+5	-	+5
Revised Budget							88.2	*	88.2
National Guard Personnel	84.2	.1	84.1	92.5	.1	92.4	101.7	.1	101.6
Amendment							+1.5	-	+1.5
Revised Budget							103.2	.1	103.1
Operation and Maintenance:									
Operation and maintenance, AF	6,321.6	417.8	5,903.8	7,304.0	380.0	6,924.0	7,096.0	380.0	6,716.0
Amendment				+25.1	-	+25.1	+4.3	-	+4.3
Revised Budget				7,329.1	380.0	6,949.1	7,091.7	380.0	6,711.7
Operation and maintenance, ANG	270.3	4.8	265.5	269.7	7.0	262.7	339.3	6.0	333.3
Amendment							+6.2	-	+6.2
Revised Budget							345.5	6.0	339.5
Procurement:									
Aircraft procurement	5,754.2	326.6	5,427.5	5,636.8	548.3	5,088.5	4,946.0	350.0	4,596.0
Amendment				-196.0	-	-196.0	-228.4	-	-228.4
Revised Budget				5,440.8	548.3	4,892.5	4,717.6	350.0	4,367.6
Missile procurement	1,474.9	50.7	1,424.2	1,644.8	2.8	1,642.0	1,885.6	3.6	1,882.0
Amendment				+98.2	-	+98.2	+93.1	-	+93.1
Revised Budget				1,743.0	2.8	1,739.8	1,978.7	3.6	1,975.1
Other procurement	2,532.6	36.5	2,496.1	2,830.6	20.0	2,810.6	2,603.4	20.0	2,583.4
Amendment				+108.6	-	+108.6	+77.1	-	+77.1
Revised Budget				2,939.2	20.0	2,919.2	2,680.5	20.0	2,660.5
Research, development, test and evaluation	3,637.0	211.2	3,425.8	3,603.3	230.0	3,373.3	3,647.3	230.0	3,417.3
Amendment							-33.1	-	-33.1
Revised Budget							3,614.2	230.0	3,384.2
Subtotal	25,869.1	1,081.0	24,788.1	27,630.2	1,226.0	26,404.3	26,899.0	1,067.5	25,831.5
Amendment				-300.2	-	-300.2	-789.3	-	-789.3
Revised Budget				27,330.1	1,226.0	26,104.1	26,099.7	1,067.5	25,042.2
Military Construction:									
Military construction, AF	506.0	2.5	503.5	253.6	1.5	252.1	387.3	2.0	385.3
Amendment							+3.8	-	+3.8
Revised Budget							391.1	2.0	389.1
Military construction, ANG	4.4	-	4.4	4.3	-	4.3	9.3	-	9.3
Military construction, Army	10.5	-	10.5	8.3	-	8.3	13.2	-	13.2
Total	26,370.0	1,083.5	25,286.5	27,896.5	1,227.5	26,669.0	27,291.8	1,069.5	26,222.3
Amendment				-300.2	-	-300.2	-785.5	-	-785.5
Revised Budget				27,596.3	1,227.5	26,368.8	26,506.3	1,069.5	25,436.8

* Less than $50,000

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DEPARTMENT OF THE AIR FORCE

TABLE 2--BUDGET REVISIONS (TOA-NOA), FY 1969-70
(Millions of Dollars)

Appropriations	FY 1969			FY 1970		
Total Obligational Authority	Submitted Jan. 1969	Revisions	Current Request	Submitted Jan. 1969	Revisions	Current Request
Military Personnel	6,098.0	-4.4	6,093.6	5,959.0	-6.2	5,952.8
Reserve Personnel	73.7	-	73.7	87.7	+.5	88.2
National Guard Personnel	91.4	-	91.4	101.6	+1.5	103.1
Operation & Maint., AF	6,924.0	+25.1	6,949.1	6,716.0	-4.3	6,711.7
Operation & Maint., ANG	282.7	-	282.7	333.3	+9.2	342.5
Aircraft Procurement	5,088.5	-190.0	4,898.5	4,556.0	-218.4	4,337.6
Missile Procurement	1,682.0	-42.2	1,639.8	1882.2	-265.4	1,616.8
Other Procurement	2,810.6	-108.6	2,702.0	2,583.4	-273.1	2,310.3
Res. Dev. Test. & Eval.	3,373.3	-	3,373.3	3,599.3	-33.1	3,566.2
Military Const., AF	232.1	-	232.1	385.3	+3.8	389.1
Military Const., AFR	4.3	-	4.3	5.3	-	5.3
Military Const., ANG	8.3		8.3	13.2	-	13.2
TOTAL-TOA	26,669.0	-320.2	26,348.8	26,222.3	-785.5	25,436.8
Financing Adj.	1,199.0	-238.2	960.7	831.6	+238.2	1,069.8
TOTAL - NOA	25,470.0	-81.9	25,388.1	25,390.7	-1,023.7	24,367.0

TABLE 3.-- SUMMARY OF [illegible] AND [illegible] FINANCING, FISCAL YEARS 1958-60
(In millions of dollars)

	Fiscal year 1958	Fiscal year 1959	Fiscal year 1960
Net Air Force program (NOA)	$25,286.5	$26,669.0	$26,229.3
Amendment		-329.2	-793.5
Revised Budget		26,339.8	25,435.8
Reimbursable program	1,083.5	1,227.5	1,069.5
Total program	26,370.0	27,896.5	27,291.8
Amendment		-329.2	-793.5
Revised Budget		27,567.3	26,498.3
Resources:			
Appropriations enacted/requested	24,336.1	24,555.4	25,390.7
Amendment			-1,023.7
Revised Budget			24,367.0
Supplemental, BIA	-	535.2	-
Amendment		-81.9	
Revised Budget		453.3	
Supplemental, military/civilian pay increases	101.0	370.8	-
Supplemental, other	-	9.0	-
Transfer - Emergency Fund, BIA	776.4	-	-
Other transfers (net)	37.5	-.4	-
Subtotal NOA (appropriations adjusted for transfers)	25,251.0	25,470.0	25,390.7
Amendment		-81.9	-1,023.7
Revised Budget		25,388.1	24,367.0
Prior year funds unprogrammed, June 30	27.3	80.0	226.6
Amendment			+238.2
Revised Budget			464.8
Anticipated recoupments	82.4	719.9	225.0
Anticipated reimbursements for--			
Reimbursable program	1,083.5	1,227.5	1,069.5
Net Air Force program	201.4	65.0	55.0
Anticipated transfer from Stock Funds	-	600.0	325.0
Unobligated balance transferred from PAP	9.9	-	-
Funds unobligated in annual appropriations	-15.6	-	-
Total resources available	26,639.9	28,162.4	27,291.8
Amendment		-81.9	-785.5
Revised Budget		28,080.5	26,506.3
Reserved for application to subsequent year programs	-80.0	-226.6	-
Amendment		-238.2	
Revised Budget		-464.8	
Application to prior year financing	-	-39.4	-
Recoupments during FY 1959 for FY 1959 financing	-189.9	-	-
Total resources required	26,370.0	27,896.5	27,291.8
Amendment		-320.2	-785.5
Revised Budget		27,576.3	26,506.3

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[illegible]

(In millions of dollars)

Appropriation	[illegible] 1969	[illegible] Revised	[illegible] transfers	[illegible]	Total	[illegible] 1970
Military personnel:						
Military personnel, Air Force	$ 5,694.3	$ 5,693.0	-	$418.0	$ 6,0[illegible].0	$ 5,9[illegible].0
Amendment				-4.4	-4.4	-[illegible]
Revised budget				413.6	6,[illegible].6	5,9[illegible].6
Reserve personnel	71.6	71.8	-	1.9	73.7	87.7
Amendment						+.5
Revised budget						88.2
National Guard personnel	86.4	88.0	-	3.4	91.4	101.6
Amendment						+1.5
Revised budget						103.1
Operation and maintenance:						
Operation and maintenance, AF	5,893.9	6,[illegible].0	-.4	373.4	6,[illegible].0	6,716.0
Amendment				+99.1	+99.1	-4.3
Revised budget				3,6[illegible].5	6,[illegible].1	6,711.7
Operation and maintenance, ANG	267.0	267.0	-	45.7	312.7	333.3
Amendment						+9.2
Revised budget						342.5
Procurement:						
Aircraft procurement	5,510.5	3,870.0	-	102.6	3,[illegible].6	4,081.0
Amendment				-102.6	-102.6	-305.8
Revised budget				-0-	3,[illegible].0	3,775.2
Missile procurement	1,379.2	1,720.0	-	-	1,720.0	1,714.0
Amendment						-327.6
Revised budget						1,[illegible].0
Other procurement	2,446.0	2,718.0	-28.0	-	2,690.0	2,329.0
Amendment						-371.7
Revised budget						1,957.3
Research, development, test and evaluation	3,193.2	3,365.7	28.0	-	3,392.7	3,594.3
Amendment						-33.1
Revised budget						3,561.2
Subtotal	24,749.1	24,330.7	-.4	915.0	25,233.3	24,[illegible].9
Amendment				-91.9	-91.9	-1,[illegible].5
Revised budget				833.1	25,[illegible].4	23,[illegible].4
Military Construction:						
Military construction, AF	189.5	222.1	-	-	222.1	386.3
Amendment						+3.8
Revised budget						389.1
Military construction, ANG	3.9	4.3	-	-	4.3	5.3
Military construction, ANG	9.5	8.3	-	-	8.3	13.2
Total	25,951.0	24,555.4	-.4	915.0	25,470.0	25,[illegible].7
Amendment				-91.9	-91.9	-1,[illegible].7
Revised budget				833.1	25,[illegible].1	23,[illegible].0

[1] Includes $[illegible] billion for [illegible], $222.0 for military pay [illegible] and $[illegible] billion for civilian pay increases, $[illegible] million for a contingent reserve and $[illegible] million for reclassification of [illegible] positions and [illegible] level of [illegible] other than [illegible].

[2] Amendment [illegible] revised budget to $[illegible] million for [illegible].

Revised Budget
April 1969

TABLE 5--TOTAL (DIRECT) OBLIGATIONS, FISCAL YEARS 1968-70

(In millions of dollars)

Appropriation	Actual fiscal year 1968	Estimated, fiscal year 1969	Estimated, fiscal year 1970
Military Personnel:			
Military personnel	$ 5,677.5	$ 6,093.6	$ 5,952.8
Reserve personnel	63.6	73.7	88.2
National Guard personnel	84.1	91.4	103.1
Operation and maintenance:			
Operation and maintenance, Air Force	5,903.8	6,949.1	6,711.7
Operation and maintenance, Air National Guard	265.5	282.7	342.5
Procurement:			
Aircraft procurement	5,594.5	4,532.5	4,337.1
Missile procurement	1,287.1	1,627.6	1,626.7
Other procurement	2,574.0	2,617.0	2,220.6
Research, development, test, and evaluation	3,495.0	3,400.7	3,558.3
Subtotal	24,935.1	25,668.3	25,030.4
Military construction:			
Military construction, Air Force	430.5	390.0	345.0
Military construction, Air Force Reserve	1.9	7.0	7.0
Military construction, Air National Guard	11.4	10.5	14.0
Total	25,378.9	26,075.8	25,396.4

Revised Budget
April 1969

TABLE 6 —SUMMARY OF UNOBLIGATED BALANCES AVAILABLE FOR OBLIGATION IN SUBSEQUENT YEARS

(In millions of dollars)

Appropriation	Actual, as of June 30, 1968	Estimated, as of June 30, 1969	Estimated, as of June 30, 1970
Operation and maintenance, Air Force	$ 12.0	$ -	$ -
Procurement:			
Aircraft procurement	1,002.2	1,815.6	1,578.1
Missile procurement	350.6	441.4	300.9
Other procurement	679.5	757.5	414.3
Research, development, test, and evaluation	223.0	215.0	217.9
Subtotal	3,147.4	3,229.5	2,511.2
Military construction:			
Military construction, Air Force	318.2	150.3	194.4
Military construction, Air Force Reserve	6.5	3.8	2.1
Military construction, Air National Guard	12.2	10.0	9.2
Total	3,484.3	3,393.7	2,717.0

Revised Budget
April 1969

TABLE 7 —NET EXPENDITURES, FISCAL YEARS 1968-70

(In millions of dollars)

Appropriation	Actual fiscal year 1968	Estimated, fiscal year 1969	Estimated, fiscal year 1969
Military personnel:			
Military personnel	$ 5,655.4	$ 6,060.0	$ 5,924.0
Reserve personnel	62.5	68.0	77.5
National Guard personnel	88.1	86.0	100.3
Operation and maintenance:			
Operation and maintenance, Air Force	5,943.8	6,790.0	6,710.5
Operation and maintenance, Air National Guard	266.8	272.0	311.3
Miscellaneous expired accounts	.6	.3	.2
Procurement:			
Aircraft procurement	5,078.5	5,300.0	4,653.0
Missile procurement	1,387.8	1,470.0	1,535.0
Other procurement	2,941.3	2,725.0	2,275.6
Research, development, test, and evaluation	3,800.4	3,400.0	3,452.0
Revolving and management funds:			
Management fund	5.4	.6	.1
Stock fund	58.5	-648.0	-299.0
Industrial fund	12.9	-43.7	5.8
Defense production guarantees	-2.2	-.7	-.7
Subtotal	25,300.0	25,479.5	24,745.6
Military construction:			
Military construction, Air Force	476.7	475.0	320.8
Military construction, Air Force Reserve	4.3	4.0	5.4
Military construction, Air National Guard	11.0	10.0	9.5
Total	25,792.1	25,968.5	25,081.3
Trust Funds/Applic Receipts	-58.0	-35.9	-38.8
Total, unified, comprehensive budget basis	25,734.1	25,932.6	25,042.5

TABLE 2 —SUMMARY OF UNEXPENDED FUNDS—BY APPROPRIATION

(In millions of dollars)

Appropriation	Actual, as of June 30, 1968	Estimated, as of June 30, 1969	Estimated, as of June 30, 1970
Military personnel:			
Military personnel	$ 150.3	$ 183.9	$ 212.7
Reserve personnel	7.2	12.9	23.6
National Guard personnel	7.1	12.5	15.3
Operation and maintenance:			
Operation and maintenance, Air Force	801.0	969.2	961.4
Operation and maintenance, Air National Guard	24.5	35.2	66.4
Miscellaneous expired accounts	2.9	2.6	2.4
Procurement:			
Aircraft procurement	5,844.9	5,004.9	4,[illegible]
Missile procurement	1,225.2	1,475.4	1,[illegible]
Other procurement	2,695.3	2,570.5	2,[illegible]
Research, development, test, and evaluation	1,414.3	1,407.0	1,[illegible]
Revolving and management funds:			
Management fund	2.2	1.6	1.5
Stock fund	39.5	162.8	161.8
Industrial fund	59.5	103.2	97.4
Defense production guarantees	11.1	14.8	12.9
Subtotal	12,195.6	11,944.4	11,183.3
Military construction:			
Military construction, Air Force	732.2	479.4	547.7
Military construction, Air Force Reserve	7.9	9.2	8.1
Military construction, Air National Guard	20.4	18.8	22.5
Subtotal	12,956.1	12,450.7	11,761.5
Trust Funds	42.2	13.1	14.5
TOTAL AIR FORCE	12,998.3	12,463.8	11,776.0

WEDNESDAY, OCTOBER 8, 1969.

DEPARTMENT OF THE ARMY

WITNESSES

HON. STANLEY R. RESOR, SECRETARY OF THE ARMY
GEN. WILLIAM C. WESTMORELAND, CHIEF OF STAFF, U.S. ARMY
LT. GEN. A. W. BETTS, CHIEF OF RESEARCH AND DEVELOPMENT
MAJ. GEN. L. B. TAYLOR, DIRECTOR OF ARMY BUDGET, OFFICE, COMPTROLLER OF THE ARMY
BRIG. GEN. F. KORNET, JR., ASSISTANT DEPUTY CHIEF OF STAFF FOR LOGISTICS (PROGRAMS AND BUDGET)

Mr. MAHON. Yesterday we held a hearing with the Secretary of the Air Force and the Air Force Chief of Staff.

This morning we are continuing with our final roundup of hearings on the Defense program and Defense budget for fiscal year 1970, the current fiscal year.

We have heard the details as to the Army program and the programs of the other services over a period of months. We have not met here to discuss in detail that which we have already covered. We are undertaking at this time to explore with the Secretaries of the services and with the individual members of the Joint Chiefs of Staff matters relating to the appropriation bill which we hope to present to the House soon. We must decide in the very near future what sums to provide for military personnel for the Army, how much shall we provide for operation and maintenance, how much we shall provide for procurement, and how much we shall provide for research and development and for other purposes.

So it is that kind of a hearing that we are interested in. We will again discuss to some extent the war in Vietnam as it relates to the budget and otherwise. We have discussed the war with many witnesses in this committee. We are deeply concerned about it. We are hopeful that a way is being found to bring it to a satisfactory conclusion at an early date.

STATEMENT OF THE SECRETARY OF THE ARMY

Now we are presented with a prepared statement, Secretary Resor, of more than 100 pages. I do not believe we should ask you to read the complete statement.

Secretary RESOR. It is intended as a reference.

Mr. MAHON. We will insert the complete statement in the record.

(The statement follows:)

STATEMENT OF THE SECRETARY OF THE ARMY

I. INTRODUCTION

Mr. Chairman and Members of the Committee:

For the fourth year it is my privilege to present to this Committee a summary of the Army's posture, and once again I should like to express my appreciation for the attention and support you have given to Army needs in the past.

Certain Army programs were described in Secretary Clifford's statement on the Defense Program for Fiscal Years 1970 through 1974 and the 1970 Defense Budget, and you have already read Secretary Laird's statement. In addition, you have already heard the testimony of many Army witnesses on different portions of the budget. Therefore, I shall limit my discussion to those aspects of the Army programs which I consider the most significant.

My presentation supports the President's budget, revised to reflect certain decisions of the Senate Armed Services Committee and the House Armed Services Committee on which we did not request reconsideration; Phase I and Phase II withdrawals from Vietnam and the subsequent troop inactivations, and the overseas personnel reduction directed by the President.

In overview, our efforts in FY 1969 continued to be directed toward the fulfillment of our Vietnam commitments. Our primary effort was directed toward the improvement of the South Vietnamese forces by enlarging their forces, by improving their training and by expanding and accelerating the program to modernize their equipment. These actions have improved the capabilities of the RVNAF significantly and have made possible the two troop withdrawals which the President has announced.

The reduction of our effort in Vietnam will permit increased emphasis on measures to improve the combat readiness of the active Army worldwide. We shall pursue these improvement programs vigorously during FY 1970 while continuing to sustain the forces required in Southeast Asia.

II. DEPLOYMENT OF THE ARMY

A. ARMY FORCES AND STRENGTHS

We have in the active Army today about 1,500,000 officers and men, with a combat force of 19 division force equivalents and six special mission and general support brigades. Fourteen Army divisions are deployed overseas in Vietnam, Europe, and Korea, and we have other major Army combat forces in Alaska and Panama in addition to the five active Army divisions we retain in the United States as a reserve. Table 1 lists the designations and locations of these major combat units.

TABLE 1 - ACTIVE ARMY DIVISIONS AND SEPARATE BRIGADES

Location	Division Forces	Divisions	Separate Brigades	Unit Designations
DIVISION FORCES				
Vietnam				
I Corps	1	1		101st Abn Div (Airmobile) e/
	1/3		1	1st Bde, 5th Inf Div (Mech) e/
	1	1		23d Inf Div
II Corps	1	1		4th Inf Div
	1/3		1	173d Abn Bde
III Corps	1	1		1st Inf Div
	1	1		25th Inf Div
	1	1		1st Cav Div (Airmobile)
	1/3		1	3d Bde, 9th Inf Div
	1/3		1	199th Inf Bde
	1/3		1	3d Bde, 82d Abn Div
	7 2/3 a/	6	5	
Korea	1	1		2d Inf Div
	1	1	—	7th Inf Div
	2	2		
Europe	1	1		3rd Armd Div
	1	1		4th Armd Div
	1	1		3d Inf Div (Mech)
	1	1		8th Inf Div (Mech)
	1/3	1/3	—	3d Bde, 24th Inf Div (Mech)
	4 1/3	4 1/3		
CONUS				
NATO-Oriented STRAF				
(Ft Hood)	1	1		1st Armd Div
(Ft Hood)	1	1		2d Armd Div
(Ft Carson)	1	1		5th Inf Div (Mech) b/
Other STRAF				
(Ft Bragg)	1	1		82d Abn Div
(Hawaii)	1/3		1	29th Inf Bde c/
REFORGER				
(Ft Riley)	2/3	2/3	—	24th Inf Div (Mech), less 1 bde
	5	4 2/3	1	
SPECIAL MISSION				
(Europe)			1	Berlin Bde
(Alaska)			1	171st Mech Bde
(Alaska)			1	172d Mech Bde
(Panama)	—	—	1	193d Inf Bde
			4	
GENERAL SUPPORT				
(Ft Knox)			1	194th Armd Bde
(Ft Benning)		—	1	197th Inf Bde
			2	
TOTALS	19 d/	17	12	

a/ Total division equavalents in Vietnam will decrease from 7 2/3 to 7 1/3 when the redeployment of the 3d Bde of the 82d Abn Div is completed in December 1969.
b/ Includes 69th Inf Bde, mobilized from the ANG.
c/ Mobilized from the ANG.
d/Total division forces will decrease to 18 2/3 in December 1969 after inactivatio of the brigade of the 82d Abn Div redeploying from Vietnam.
e/ Operational control of XXIV Corps.

In the Army Reserve Components, which I shall discuss later in my statement, we have eight divisions and 21 separate brigades (two of which are now mobilized).

Together, these active Army and Army Reserve Components forces comprise the principal means of meeting threats on land at levels less than strategic nuclear war.

Table 2 shows major active Army forces and strengths planned for the end of Fiscal Years 1969 and 1970. The FY 1970 column reflects redeployments to date; the President's recent decision to redeploy about 14,000 Army personnel from Vietnam in October, November and December of this year, and the President's overseas reduction. The table also includes data for the four prior years, in order to place in perspective the extent of our overall Army increases since the beginning of the buildup in 1965; the leveling off achieved last year; and the reductions this year.

Table 2 - Active Army Forces and Strengths

	End of FY					
	1965	1966	1967	1968	1969	1970(Prog)
Divisions	16 1/3	18	18 2/3	19 2/3	19 2/3	18 2/3
Maneuver Bns	174	191	201	217		
Trained Str (000)	881	1010	1320	1345	1314	
Trainee Str (000)	87	189	122	225	197	
Total Str (000)	968	1199	1442	1570	1511	

B. VIETNAM

1. U. S. Army Forces and Strengths

Our U. S. Army major combat units in Vietnam at end FY 1969 consisted of 8 1/3 division forces, a level reached in July 1968 with the deployment of a brigade of the 5th Infantry Division (Mechanized).

As a result of the President's Midway announcement, the Army withdrew from Vietnam approximately 15,400 troops, including two-thirds of the 9th Infantry Division. The units withdrawn were either inactivated or demobilized with the consequent reduction in Army end strength of about 25,000. The current (1 October 1969) strength in Vietnam is about 344,000.

As announced by the President in September 1969, we are now undertaking the second major step in reducing the level of our forces in Vietnam. The recently announced redeployments include about 14,000 Army troops, including the 3d Brigade of the 82d Airborne Division. The forces being redeployed will be returned to the United States and inactivated or demobilized. All of these redeployments will be completed by the end of December 1969, and the associated reduction in Army end strength will total about 22,000.

Table 3 summarizes major features of the Army buildup in Vietnam from 1965 to 1969. The reductions in the FY 1970 column reflect both of the redeployments discussed above.

Table 3 - Army Forces and Strengths in Vietnam

	End of FY					
	1965	1966	1967	1968	1969	1970 (Prog)
Div Equivalents	1/3	3 2/3	6 1/3	8	8 1/3	7 1/3
Military Str (000)						
Operating	23	155	283	353	358	
Authorized		268	314	368	368	

By December 15, the Army forces in Vietnam will have been reduced by a full division of three brigades, nine infantry battalions and supporting artillery, engineer, and aviation units. In addition to the divisional units, four separate artillery battalions and four non-divisional engineer battalions will have been redeployed.

2. Republic of Vietnam Armed Forces (RVNAF)

Our primary objective in South Vietnam at this time is Vietnamization of the war. Our goal is to accelerate the shift of the main burden of the war and the defense of their own country to the Vietnamese as rapidly as the organizing, training, and equipping of the necessary self-sufficient Vietnamese forces can be accomplished. We continue to see gradual, if uneven, improvement in most of these forces during the past year. Ultimately, they must be able independently to provide a secure environment in the countryside as well as in the cities. We are concentrating our efforts in three areas: expansion of the size and structure of the RVNAF; provision of advisory assistance; and modernization of Vietnamese equipment.

a. Expansion. We have agreed to support accelerated Vietnamese mobilization, recruitment, and expansion to raise the total strength of the RVNAF -- exclusive of such paramilitary forces as the National Police and the Civilian Irregular Defense Group -- to a level substantially over the FY 1968 level of 717,000. Most of the manpower and forces are in those parts of the RVNAF -- the Vietnamese Army and the Regional Forces and Popular Forces -- for which the U. S. Army is tasked to provide support.

While some of the RVNAF units -- the combat maneuver battalions and the Regional Forces and Popular Forces, for example -- can be formed, trained and equipped with relative speed, many of the support units will require much longer training times and equipment lead times. Helicopter units provide a good example of the problem. One thousand, four hundred seventy-five new Vietnamese helicopter pilots must be trained to man the helicopter units in the expanding VNAF. The training time for these pilots is about 17 months, nine of which will be spent in our Army aviation training facilities in the United States in a program beginning in October 1969.

b. Advisory Assistance. As of 30 June 1969, there were substantial numbers of U. S. Army advisors authorized in the Republic of Vietnam working at the province and district levels. The advisory effort is going well and the officers and non-commissioned officers assigned as advisors to the RVNAF are doing an outstanding job. The majority of the progress shown by the Regional Forces and Popular Forces is directly related to the fine work of the U. S. mobile advisory training teams. Until sufficient RVNAF personnel become trained in critical skills, U. S. Army personnel will continue to be required to assist in the training of RVNAF personnel and in the maintenance of equipment turned over to RVNAF units.

c. Equipment Modernization. We are ahead of schedule in our extensive program to provide the RVNAF with modern equipment. In a continuing and intensive management effort, we are procuring, shipping, and issuing substantial quantities of over 200 separate equipment items. In addition, we are providing to the RVNAF, equipment that is left by United States units that are redeployed and are to be inactivated.

The M16A1 rifle, in particular, has had a dramatic impact in increasing the confidence and effectiveness of the Vietnamese forces. By the end of October 1969 we will have supplied the full requirement of these rifles for the RVNAF. Almost one-half of these weapons are authorized to the Regional Forces and Popular Forces.

d. Funding. Table 4 indicates funds requested in the Army budget for FYs 1969 and 1970 to support the RVNAF, to include the improvement and modernization program.

Table 4 - Army Funding for RVNAF ($M)

	FY 69	FY 70
PEMA (Equipment)	295a/	184a/
PEMA (Ammunition)	723	582
O&MA	561	470
MPA	19	17
TOTAL	1,598	1,253

a/ Equipment funds in FY 69 and all appropriations in FY 70 include more than the original President's budget to support the accelerated Phase II RVNAF improvement and modernization program and the Midway add-ons.

e. Summary. As the programs described above proceed and the RVNAF increases in capability, the burden of the war will shift progressively to the Vietnamese. It should be recognized, however, that most of our own efforts and our funding requests have previously been designed to assist in building the military forces of the Republic of Vietnam to a level and proficiency which would permit these forces to suppress insurgency in their own country. Full military self-sufficiency for the RVNAF - which would permit them, without the assistance of U. S. combat forces, to counter effectively the North Vietnamese threat - can only be achieved over a longer term. We are now working toward this goal as rapidly as possible. The first two redeployment packages are tangible evidence of our progress.

3. Pacification Program

We continue to give full support to the Government of Vietnam's Revolutionary Development Program, often called the pacification program. We do this primarily through the U. S. organization called Civil Operations and Revolutionary Development Support (CORDS), which we established in 1967 to provide unified direction to all U. S. civil and military activities in support of the pacification program. General Abrams, as COMUSMACV, has single manager responsibility for all U. S. pacification support under the overall authority of Ambassador Bunker; his CORDS Deputy is Ambassador Colby.

Pacification is only one part of the whole war effort in Vietnam; but it is, perhaps, in the long run the most important part of the struggle. The people must be won over by producing the social, economic, and political changes needed to sustain them in their efforts toward a just peace. And this is something that only the Government of Vietnam can do. The U. S. role in pacification is one of assistance, advice, and encouragement.

CORDS assists and advises the Government of South Vietnam on a wide variety of activities, ranging from the provision of physical security in the hamlets and neutralization of the Viet Cong infrastructure to the development of community organization and self-government. CORDS advisors are involved in government efforts to improve agriculture, education, and medical care; refugee settlement; public safety; extension of roads and utilities; construction of needed facilities; and many other tasks essential to the full involvement of the government in the lives and welfare of the people and in the rebuilding of the war-torn countryside. A strong government effort is being made to increase the degree of popular involvement in the various Revolutionary Development programs.

Our Senior Advisor Program at the Province level is beginning to increase substantially the impact of our efforts to influence activities at this key level in the political structure of South Vietnam. In this program, selected senior officers are specially trained to head a team which works directly with South Vietnamese Province Chiefs and their staffs. Other teams are trained to advise the officials of almost all the 240 Districts.

A major objective at the Provinces and Districts is to improve the effectiveness of the Vietnamese Regional Forces and Popular Forces so that these forces can assume a greater share of the more static and close-in security

responsibilities, thereby permitting ARVN units greater flexibility to conduct more active and mobile operations. We believe the rate of return on our investment is probably higher in this area than in any other. M16 rifles have been provided for all of these forces. To assist in the training and operational deployment of the Regional and Popular Forces we employ mobile advisory training teams each consisting of two officers and three non-commissioned officers, specially trained in the use of light and heavy infantry weapons and in medical assistance skills. These teams live with RF and PF units for a period of time. They have been remarkably successful in improving the quality of those forces.

Building and improving the People's Self-Defense Force (PSDF) also has a high priority. The PSDF is made up of non-draft eligible men and women who function as part-time militia to provide local security, usually at night. Its total organized strength has increased substantially since last August. In just one year that force has more than doubled in size. Its performance has been generally good in providing local defense for the hamlets and villages during enemy attacks in recent months. More importantly, the PSDF represents an increasingly important psychological and political force.

Overall, the Government of Vietnam has made encouraging progress in pacification since October 1968. Much of the recent success is due to a series of "Pacification Campaigns" beginning with a three-month accelerated campaign conducted during the period November 1968-January 1969. These programs begin with the extension of government security to formerly contested or VC held areas. When the area is relatively secure government officials then begin conducting village and hamlet elections, improving administrative organization within the hamlets and villages, eliminating VC infrastructure, resettling refugees and stimulating the rural economy. While we see no dramatic breakthroughs, progress has been steady and President Thieu has recently accelerated the current plan.

A major goal is to have government security forces active in villages and hamlets where 90% of the population lives by October 31. Based on recent reports, that goal is going to be exceeded. When the first accelerated pacification campaign began, only 65% lived behind the shield of government-provided security. The refugee population in August 1969 dropped to below one million for the first time since March 1968 when the Tet offensive of that year pushed the number of refugees to 1.6 million. Of great significance is the fact that since March 1969 over 10,000 elections have been held for village and hamlet leaders, and in those elections nearly 90% of the eligible voters have turned out.

4. Restoration of Lines of Communication in Vietnam

The MACV program for Restoration of Lines of Communication in Vietnam, established in 1966, is designed to: increase our capability to move and support military units; lessen the wear and maintenance on vehicles; limit the enemy capability for mining and interdicting roads; and assist the Government of Vietnam Pacification Program by improving communications and aiding economic development. The program includes the improvement or restoration of about 2,700 miles of key national and inter-province roads to a standard network of two-lane, all-weather roads capable of sustaining traffic by our heaviest combat vehicles. Approximately 750 miles had been completed as of 31 August 1969. The Army has been assigned responsibility for 2,300 miles of the total, including both troop and contractor construction effort. We consider that this program is the most important engineering program in Vietnam.

The increase in pacified area and the effect on the local economy when a new road opens is startling to observe. Shortly after the opening of the road to Phuoc Vinh, rush hour traffic was almost bumper to bumper. Prior to its opening, only a few ox carts or a few vehicles moved along the unimproved dirt road. The opening of the Song Be road lowered the price level in

Song Be by 40%.

To expedite this program, we purchased and shipped to Vietnam 31 different types of special construction equipment. The new equipment has enabled us to increase our troop road construction rate from 180 to 465 miles annually, with no increase in troop strengths, and will accelerate the completion date for the program from mid-1975 to late 1971.

5. Logistic Posture and Management

We have essentially completed the organization and stockage of our logistic base in Vietnam. During the year we began several projects designed to improve logistic management:

- We installed a Financial Inventory Accounting (FIA) system for depot stocks. The FIA programs are expected to provide a better basis for determining costs of operations and result in more accurate forecasting of supply requirements in Vietnam.

- Project STOP was initiated to prevent input of non-essential inventories to Vietnam by requiring a careful review of all non-emergency requisitions before shipment of requested items. Project STOP/SEE is an extension of Project STOP designed to cancel or divert shipments of materiel to Vietnam which exceed Vietnam handling and storage capabilities. Cancellations of requisitions as a result of these projects have amounted to over $336 million. Our STOP/SEE efforts are continuing.

- Project COUNTER is a program to improve the reliability and accuracy of supply records and physical inventories under control of the 1st Logistical Command in Vietnam. The project, now completed, marks the Army's first "perimeter-to-perimeter" inventory under combat conditions. Project COUNTER II was begun in February of this year to continue the benefits of Project COUNTER. The concept of this program requires that a 100% cyclic inventory be conducted every six months at all 1st Logistical Command depots and other supply activities. The improved accuracy of the materiel data base is essential to other logistic management improvements.

- The Closed Loop Supply and Maintenance Program for special management of selected high-value, critical equipment items proved so successful that we expanded it from 375 to 500 items. Under this program unserviceable but repairable equipment is sent to Japan, Okinawa, or the United States for overhaul or rebuild. The equipment is then returned to Vietnam in serviceable condition, thereby "closing the loop." The overall cycle is geared to meet our operational requirements in a timely manner but with a minimum total investment in the controlled equipment items. This is the first time that such a system has been operated in an active war theater.

- The Army is participating fully in the Department of Defense Project for Utilization and Redistribution of Materiel in the Pacific Area (PURM). As Secretary of the Army, I am the Defense Executive Agent for the Project. We have organized and are operating a Utilization and Redistribution Agency (PURA) in the Pacific area. The program is an effort on the part of our Defense establishment to identify, classify and effect inter-Service screening, transfer, and use of excess materiel, accumulated during our rapid buildup to meet Vietnam requirements, while still engaged in active combat operations. PURA became operational in 1968. Since its inception, the Military Services have reported over $760 million worth of excess materiel for screening, and over $200 million of this materiel has been redistributed to fill valid requirements.

- Our various management programs for the improvement of our logistic posture and efficiency in Vietnam have permitted some significant reductions in inventories in Vietnam during the past year.

- Our cargo handling and throughput capability in Vietnam continued to improve during the year. Inauguration of fast container ship runs between the West Coast and Vietnam reduced pilferage and decreased cargo handling and ship turn-around time. Increased security and improved roads and bridges in Vietnam now permits greater use of highway, rail and water intra-country movements in lieu of the more expensive air mode.

C. KOREA

1. Forces

The political and economic viability of the Republic of Korea (ROK) and the strength of its defense forces are notable evidence of the success of the U. S. policy of collective security to which we have been committed for the last two decades. The presence there today of the Eighth U. S. Army is visible proof of our determination and commitment to help the ROK remain free and to proect Free World interests in Northeast Asia.

During the past year we continued to maintain in Korea a force of two divisions, one of which shares a part of the defense position along the demilitarized zone with our Korean allies.

2. Countering the Threat

In continuing its aim of unifying Korea under Communist terms, North Korea has initiated what appears to be a change in tactics. The change is evidenced by the significant decrease - from 300 in the first eight months of 1968 to 85 for the same period in 1969 - in the number of incidents along the DMZ. Conversely known sea infiltration attempts of North Korea agent teams into the ROK rear areas show a significant increase during the first eight months of 1969 over that noted for the corresponding period in 1968. Both the ROK forces and our own units in Korea are responding well to the hazardous and trying conditions which they face.

The vigorous counter-infiltration program being pursued both by U. S. forces and by our ROK allies has brought the problem under control, but we must expect that it will require our continuous close attention in the future.

Last year, the President proposed, and the Congress approved, a $100 million supplement to the Military Assistant Program for Korea to counter the increased North Korean aggression. These funds were designed to help modernize the ROK armed forces, improve and harden airfields and airfield facilities, and provide additional counter-infiltration equipment. Two priority Army items in the package were M16 rifles and carbines. The M16 rifles, which have been delivered, will increase the capabilities of ROK Forces along the DMZ. The carbines, delivered in July 1968, were a priority requirement for the Homeland Defense Force. We also delivered a number of helicopters to the ROK Army during 1969 and will deliver additional helicopters in 1970.

D. EUROPE

Each Administration since World War II has recognized the paramount strategic importance of Western Europe. President Nixon's trip there in the early days of his administration helped to reaffirm our interest and crucial ties.

This year marks the 20th anniversary of the North Atlantic Treaty Organization. During these two decades our ground forces have remained in Europe's Central Region, together with the other NATO forces and under integrated military command, to help guard against Soviet aggression. The measure of our success lies in the fact that severe crises have been met and the political territorial integrity of the NATO countries preserved without a single breach of the peace in Europe.

1. Forces

We have a large number of Army personnel in Western Europe today. Most are in Germany, where the U. S. Army, Europe, maintains 4 1/3 combat divisions, with a separate infantry brigade in Berlin.

Last year, we redeployed 2/3 of the 24th Infantry Division (Mechanized), the 3d Armored Cavalry Regiment, and certain support units, with a total authorized strength of about 30,000, from Germany to the United States to reduce our balance of payments deficit. The redeployed units, with equipment prepositioned in Germany, are earmarked for airlift to Europe in an emergency. Early this year we completed a successful test of this concept in Exercise REFORGER I, in which over 12,000 Army troops deployed by air to Europe, received equipment reserved and prepositioned for them, and participated in a NATO field exercise. REFORGER I was a most useful exercise and represented an important advance in the realism and practicality of our procedures since Exercise BIG LIFT in 1963.

Our ground forces are in Europe today - almost 24 years after the end of World War II - because they are an essential element of the NATO deterrent to Warsaw Pact aggression. They would be the immediate and primary means of direct defense, particularly if aggression should occur in its most likely form as a conventional attack. Our forces in Europe are tangible evidence of the U. S. commitment to help defend NATO.

Conventional ground forces have assumed increased relevancy and importance - on both sides of the Iron Curtain - in the present environment of nuclear deterrence. Current NATO strategy recognizes this importance in its concept of flexible response. We cannot safely reduce our readiness for nuclear combat, since the Soviets have a full capability to exploit a weakness should it develop. On the other hand, we as well as our NATO allies will certainly want to avoid the use of nuclear weapons in any future crisis. NATO must therefore be able to react promptly with non-nuclear forces so as to avoid situations in which we would have to choose between using nuclear weapons and giving up territory or other crucial objectives.

It is clear that the success of the strategy of flexible response is dependent on the size and quality of NATO's conventional forces. To increase the quality of our forces in Europe, in December 1968 we initiated an intensive management program to improve our equipment-on-hand readiness. Thus far, all our divisions have been brought up to their equipment-on-hand readiness objectives.

2. Readiness

We have been largely successful in providing our commanders in Europe with a quantitative fill to meet their authorized strengths, although qualitatively we have had to lower certain desirable standards.

Our forces in Europe are well equipped to conduct combat operations. Some temporary equipment shortages which were experienced as a result of Vietnam requirements have been corrected, and all major combat units have attained their assigned equipment-on-hand readiness objectives. Our readiness

will increase, of course, as we receive and deploy new equipment, such as Sheridan and Chaparral/Vulcan (and later, modern helicopters) to Europe.

We are making good progress in bringing our war reserve stocks in Europe up to their full authorized levels. Recent additions to the USAREUR depot maintenance program should assure high serviceability of the equipment in those stocks.

3. Reorganization of Logistic Support

Many of the programmed actions to improve the effectiveness and reduce the cost of our logistic support operations in Europe reported to you last year have now been completed. We are actively working toward the establishment of the additional supply management information systems necessary to exploit fully our concepts for streamlined logistic support.

Installation of new automatic data processing equipment has permitted us to eliminate the Seventh Army Inventory Control Center. The stock control functions formerly performed by that agency are now the responsibility of our USAREUR Supply and Maintenance Agency. This change has resulted in both increased economy and greater effectiveness in moving materiel to the users. For example, it has been possible to reduce the Seventh Army stockage level in Europe by $14.7 million as a result of improved inventory control and the consolidation or elimination of several logistic echelons.

A system termed "Fast Fix," similar to the "Red Ball" system we use for expedited air delivery to Vietnam, has been developed for Europe. This system has improved the responsiveness of our supply system, and hence our operational readiness, with no added investment costs.

E. ACTIVE ARMY RESERVE IN THE UNITED STATES

In addition to our overseas deployments, we maintain an active Army strategic reserve force (called STRAF) in the United States. This force is designed to respond rapidly and in sufficient strength in reinforcing our forces deployed overseas or in meeting contingencies in areas where we have no deployed forces. The STRAF also serves as the major portion of the sustaining base for Army units deployed to overseas short tour areas, an important factor while so large a part of the Army is in Vietnam.

We currently have a STRAF consisting of four divisions in the continental United States and an independent brigade in Hawaii. Two major units currently in the STRAF, the 29th Infantry Brigade in Hawaii and the 69th Infantry Brigade at Fort Carson (integrated into the 5th Infantry Division (Mechanized)) are Reserve Component units mobilized last May to offset the deployment to Vietnam of brigades from the 82d Airborne and 5th Infantry (Mechanized) Divisions. When these units are demobilized later this year, they will be replaced by two active Army brigades which we plan to organize by that time.

Table 5 shows the status of the STRAF during the period since the beginning of the buildup in Vietnam. The reduction of the STRAF since 1965 is a reflection of how it was used to meet the requirements for forces in Vietnam. Actually, the STRAF experienced a net reduction of 4 2/3 divisions during this period, while we were deploying a total of 8 1/3 divisions to Vietnam; this reflects the fact that not only was the STRAF drawn down - a use for which it was intended - but also that it was used as a base from which to form new units. Of the 8 1/3 divisions in Vietnam at the end of FY 1969, 5 2/3 were STRAF units and 2 1/3 were newly organized from the STRAF (the remaining 1/3 is the 173d Airborne Brigade from Okinawa).

Table 5 - Active Army Strategic Reserve

	End of FY				
	1965	1966	1967	1968	1969
Divisions	9	7 1/3	5	4 2/3	4 1/3

As its mission implies, the STRAF must be maintained in a condition of high operational readiness. One way of measuring this readiness is in terms of

the time required to ready a unit for deployment to combat under mobilization conditions, or "force deployability" time. A very significant improvement in STRAF deployability during FY 1969 was achieved through the combined effects of full manpower authorization for trained strength needs (notably full coverage for transients and patients); the mobilization of selected units and individuals; the extended early release program for short tour returnees; the leveling out of Vietnam deployments; an expansion of the training program to accelerate the production of new non-commissioned officers; improved managment of our installations in the United States; and intensive management of those logistics and manpower matters which pace readiness.

The separate support units in the STRAF are generally not as ready, since priority for personnel and equipment fill has been given to the major units. They do reflect the same trend of improvement, however, even though the degree of that improvement is not yet as marked.

As our career personnel return from Vietnam and are assigned to STRAF units, we are accumulating a reservoir of experienced combat leaders and some skilled technicians. This experience factor, though an intangible in our normal readiness calculations, is adding to the combat effectiveness and readiness of the STRAF.

III. RESERVE COMPONENTS

The Army Reserve Components are an essential complement to the active Army. In an emergency warranting mobilization, they would provide necessary reinforcement and support for our deployed forces and the STRAF. They would also provide the forces needed to expand the training and support base.

1. Strength

The current strengths of the Army Reserve Components are slightly above the authorized average strengths of 400,000 in the Army National Guard and 260,000 in the Army Reserve, excluding the reservists mobilized in May of last year who are still on active duty. For FY 1970, as in FY 1969, we are programmed and budgeted to meet the average strengths mandated by the Congress.

2. Reorganization

The Army Reserve Components were reorganized during the period December 1967-May 1968 to eliminate unnecessary units, to form new units which were needed, and to achieve a balanced interdependence between the active and reserve forces. Table 6 shows this relationship in terms of division forces as it will exist upon completion of the second phase of withdrawals from Vietnam.

Table 6 - Army Division Forces - FY 1970 a/

	Divisions	ISIs	SSIs
Active Army	18 2/3	18 2/3	11 2/3
Reserve Components	8	8	15
TOTAL	26 2/3	26 2/3	26 2/3

a/ A division force consists of a division, an ISI, and an SSI:
Division - The basic combat unit (16,000 men).
Initial Support Increment (ISI) - Support units required for the initial support of the division in combat (16,000 men).
Sustaining Support Increment (SSI) - Additional support units required to sustain the division in combat indefinitely (16,000 men).

As the table indicates, there is an initial support increment (ISI) in the active Army for each active Army division. Sustaining support increments to round out some of the active division forces are in the Reserves, in recognition of the fact that they would not be needed in the initial phase of combat.

The reorganization eliminated the Reinforcing Reserves, which had been manned at low levels and for which no procurement of major items of equipment had been authorized. The Army Reserve Components now contain only units manned at more than 90% of full wartime strength. Our annual budget computations of equipment requirements take into account the full Reserve Components requirements, except for 11,000 spaces in the Army National Guard to meet certain special needs of State governors.

In addition, the reorganization:

- updated the Reserve force structure to (1) conform to corresponding modifications made recently in the active Army, and (2) "round out" the support for the active Army which would be available in the event of mobilization.
- provided adequate forces for the needs of each State.
- distributed units so that the burden of full mobilization could be shared more equitably among the States and population.

3. Mobilization

In May 1968, to meet requirements generated by the communist Tet offensive in Vietnam, we ordered to active duty 34 units from the Army National Guard and 42 from the Army Reserve. These units contained about 17,400 men when mobilized. In addition, approximately 2,600 members of the Individual Ready Reserve were ordered to active duty and were assigned both to mobilized and active Army units. By the end of 1968, we had deployed 43 of the mobilized units, containing over 6,000 reservists, to Vietnam to meet pressing needs for units which could not be provided by the active Army. The remainder of the mobilized units (including two infantry brigades) were used to improve the readiness of the STRAF by providing additional combat and support units not otherwise available in the required time frame. About 12,100 reservists (61% of those called) have served or are serving in Vietnam, including those sent as individuals from the STRAF. Table 7 provides a summary display of how we have used the mobilized reservists and the current schedule for their release from active duty. The data reflect the redeployments from Vietnam announced in September 1969 and the associated demobilization.

Table 7 - Mobilization, Use and Release Schedule for Mobilized Reservists

	No.	% of Those Called
Total Mobilized		
Mobilized with units	17,400	(87%)
Mobilized as individuals	2,600	(13%)
	20,000	(100%)
Deployed to Vietnam	12,100	(61%)
(Deployed with units)	(6,100)	
(Deployed as individuals)	(6,000)	
Retained in the STRAF	7,900	(39%)
Total	20,000	(100%)

Reservists on active duty (000)	CY 1969 May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
In United States	5.8	5.6	5.5	4.4	4.2	3.8	6.8	-
In Vietnam	11.6	11.4	11.3	9.8	8.1	5.5	0	-
Total	17.4	17.0	16.8	14.2	12.3	9.3	6.8	
Release Plan (000)								
By month	0.2	0.4	0.2	2.6	1.9	3.0	2.5	6.8
Cumulative	0.2	0.6	0.8	3.4	5.3	8.3	10.8	17.6
Prior to May 1969								2.4
				Cumulative Total				20.0

As indicated in the table, a number of reservists from those mobilized units retained in the STRAF were reassigned as individuals to Vietnam. These selective reassignments were made to help sustain deployed Army units, in much the same way that active Army soldiers are levied from units in the STRAF. With the requirements for short tour area replacements at a high level, we believed it proper for qualified reservists to share the replacement load. The levies from mobilized reserve units were limited, however, to 7% of the unit operating strength for any one month and 18% in a single quarter, to preserve unit integrity and readiness. Not more than 50% of the reservists mobilized with any particular unit were levied for oversea movement, and no levies were made after May of this year.

As part of the July-August force reduction in Vietnam, we returned and released from active duty, without replacement, some 20 Reserve Component units totaling about 2,000 men. Ten of the remaining 23 Reserve Component units in Vietnam totaling about 2,100 men, are being returned and released, without replacement, in the second phase of the withdrawals. We plan to release the remaining units and individuals mobilized in May 1968 by 15 December of this year. Those reservists completing overseas assignments in short tour areas are being released upon their return. By the end of this October about 50% of the 20,000 reservists called will have been demobilized. All mobilized Reserve Component units will have been released from active duty by 15 December 1969, and these units will be restored to State or Army Area Command control the day following their release.

The 1968 Reserve mobilization, although limited, served its purpose well. Essential units were provided to meet requirements in Vietnam and in the STRAF significantly earlier than would have been possible if we had had to form, train, and equip new active Army units. In this regard, it is encouraging to note the speed with which the units ordered up last year were readied for deployment. Almost all of those earmarked for duty in Vietnam were operational there within six months of their mobilization. By comparison, the two Army National Guard divisions deployed to the Far East during the Korean war did not enter combat until 15 and 16 months after mobilization. We are analyzing the experience gained from this latest mobilization to determine how we can reduce deployability times still further.

My comments regarding the recent mobilization would be incomplete if I did not take note of the outstanding performance of the mobilized units in Vietnam. Our recent surveys there of the effectiveness of these units, and the judgment of the senior commanders who have observed their operations, justify the conclusion that they have given a superior account of themselves under difficult and challenging conditions.

4. Personnel Policies

During 1968 the Army conducted a searching study to determine the quality of officers in the Reserve Components and whether current personnel policies were providing for the maintenance of a high quality officer corps. The study concluded that the Reserve Component officers were qualified and that standards were adequate, but recommended certain changes. The recommendations address six general topics:

- Development of a career and personnel management system.
- Development of a records monitoring system.
- A comprehensive officer acquisition and distribution program.
- Standards for promotion and Federal recognition.
- Clear and equitable General Officer promotion criteria.
- Reexamination of the Advisor system and development of an effective system for guiding and monitoring Reserve Components training.

Some of the approved changes include:

- Establishment of military educational prerequisites for promotion.

Completion of the Branch Advanced Course will be required for promotion to major; completion of 50% of the Command and General Staff College course will be necessary for promotion to lieutenant colonel; and completion of that entire course will be required for promotion to colonel.

- Preclusion of unit promotions to captain, major, or lieutenant colonel for those officers who have been passed over by a Selection Board until they have been selected by a subsequent Board.

- Establishment of procedures for removal from the Individual Ready Reserve of non-obligated officers who for five years do not accept a unit assignment, mobilization designation assignment, or attachment to a USAR unit, unless no such assignments are available and a mobilization requirement exists.

- Establishment of a requirement for five continuous years of active Reserve status immediately prior to assignment to a General Officer position.

5. Readiness

With the Reserve reorganization completed, we are progressing toward our Reserve readiness objectives. The major Reserve units were slowed somewhat in their training readiness during the reorganization, but are now progressing satisfactorily toward their objectives.

Since 1966 our annual budget computations of equipment requirements have taken into account the full Army Reserve Components requirements. However, the expansion of the active Army to meet Vietnam demands has forced us to divert a good share of the equipment which would otherwise have been issued to the Reserves.

Equipment deliveries to the Reserves have substantially increased during the past few years, from $62 million in FY 1966 to $131 million in FY 1967 and to $192 million in FY 1968. There were, however, some partially offsetting withdrawals to meet Southeast Asia requirements. While we had hoped for steady progress in this area, our issues of additional equipment to the Reserves in FY 1969 dropped somewhat from FY 1968. We should not expect a dramatic increase in the equipment available for the Reserves until after the end of the war in Vietnam.

6. Management

Because of the obvious economic advantages of being able to rely on the Reserves to meet contingency requirements, we are devoting a great deal of top management attention to the problems of Reserve readiness and how it might be improved. Recently, we began a series of regular policy meetings involving the Army Secretariat and the senior Army Staff general officers having cognizance over the several functional areas and offices (personnel, logistics, force development, Army Reserve Office, National Guard Bureau) associated with Reserve readiness. The meetings are chaired by the Assistant Secretary of the Army for Manpower and Reserve Affairs and are designed to surface problems which might delay our progress toward meeting Reserve readiness objectives. Additionally, an experimental program for improving readiness of selected Reserve Component battalion-size combat, combat support and combat service support units during training year 1970 and 1971 has been initiated. Selected units of the Reserve Components will be provided additional resources and closely affiliated with active Army organizations (sponsors) with the objective of achieving battalion level training readiness by the end of training year 1971.

IV. MANPOWER

Successful accomplishment of the Army's missions depends on our effective use of manpower. The men and women in the Army are our most important asset. I shall discuss a few of the important aspects of our manpower resources and management.

1. Military and Civilian Strengths

Table 8 indicates active Army military strength since 1965 and projected through the end of FY 1970. The strength rise to meet Vietnam requirements and the current leveling off are shown. In fiscal years 1967-70, while the total strength fluctuates to accommodate necessary variations in trainee requirements caused by the cyclic nature of the Selective Service obligation, the Army's trained strength is shown as being relatively constant.

Table 8 - Active Army Military Strength (000)

	End of FY				
	1965	1966	1967	1968	1969
Trained	881	1010	1320	1345	1315
Trainees	87	189	122	225	197
TOTAL	968	1199	1442	1570	1511

The Army now has about 428,000 full time permanent civilian employees supporting military functions. As indicated in Table 9, we plan to have 412,400 by end of FY 1970. The 15,600 reduction is primarily the result of the Vietnam withdrawals and resulting troop inactivations and the President's overseas reductions.

Table 9 - Army Full Time Permanent Civilian Strength

Actual, End FY 1969	Program End FY 1970
433,778	412,400

2. Military Personnel Procurement

We are studying how we might improve the application of the Selective Service System, and the President has made certain recommendations in this regard. We are also examining the feasibility of relying on an all-volunteer force. For FY 1969, of 455,000 required new enlisted accessions, 254,000 had to be provided through the draft.

Officer strength will remain relatively stable. We had 166,000 officers at the end of FY 1968, and programmed about 173,000 for the end of FY 1969 and now plan about 167,000 for the end of FY 1970. The ROTC program is expected to produce 17,500 new officers in FY 1970 compared to 16,300 in FY 1969 and 14,200 in FY 1968. Our officer candidate schools will commission 8,300 men in FY 1970 compared to 8,700 in FY 1969 and 18,400 in FY 1968. Increasing enrollment at the Military Academy is reflected in our rising accessions from that source, and we commissioned 762 cadets in June 1969.

The above figures illustrate the heavy reliance we place on the ROTC program as the primary source of our new officers. This fact emphasizes the seriousness with which we must view the current difficulties and criticism the ROTC program is encountering on some university campuses. Clearly, we must not permit the quality of the program to be seriously threatened or its output significantly curtailed.

3. Military Personnel Policies

A large number of the Army's trained men are stationed overseas, and many of these are serving "short tours" in Vietnam and Korea. We plan to endorse limiting the Vietnam tour to 12 months as an essential factor in sustaining the morale of the troops. However, the high proportion of men in short tour areas introduces a difficult manpower management problem in that we must provide about 450,000 replacements annually to Vietnam and Korea.

The shortage of trained leaders compels us to return some careerists to Vietnam for a second tour sooner than we would like. In FY 1969 we returned a

number of career soldiers to Vietnam involuntarily; most of these men previously served there in 1965 or later, and a majority had less than the minimum of 25 months which we try to provide between Vietnam tours. Fortunately, the impact of second Vietnam tours has been considerably lessened by the Vietnam volunteer program. During the last two years over 120,000 officer and enlisted volunteers were assigned to Vietnam. The need to assign personnel to repetitive Vietnam tours has also been reduced by the tour extension program; from November 1966 through June 1969 there were more than 75,000 Vietnam tour extensions of six months or more.

Last year we began a special new training program to accelerate production of non-commissioned officers to help meet replacement needs. In this program selected junior enlisted men are given special training to prepare them to serve as non-commissioned officer leaders or skilled specialists. In FY 1969 we trained over 10,000 soldiers in 43 different skill areas. We plan to train more than twice this number in about 55 specialty areas in this program in FY 1970. Men selected for this program spend about one year in training, including the basic training they receive when they enter the Army. Their second year in service will normally be spent as non-commissioned officers in a short tour area. Accelerated promotions are included to encourage participation in the program and to recognize leadership development.

As a second action, we are permitting men to leave the Army following their short tours if they are within five months of the normal end of their term of service. While we pay a price for this in terms of a higher annual loss rate, we derive a very important benefit - a reduction in personnel turbulence. Before we introduced the extended early release program last August, an inductee, after having served a short tour in Vietnam, might have been assigned to a STRAF unit for his last four or five months of service. This meant that some positions in our STRAF units were held by several different men in a single year. Most of these men, with only a few weeks of service remaining, were understandably not highly motivated. The result was that it became extremely difficult for unit commanders to sustain a high state of training readiness. Now that we permit men to be discharged early after completing a short tour, we eliminate these short, non-productive assignments. Instead, we fill the positions with men who come from the training base with a full tour available, or at least with men who have five months or more to serve. This change in policy helped us to improve the readiness of our forces here in the United States.

The Army has initiated also a new incentive program designed to increase the extension rate of our warrant officer aviators serving in Vietnam and Korea. Under this program, warrant officers will be released from active duty approximately 13 months early in exchange for a six month extension in Vietnam or Korea. Since very few of our non-career warrant officers serve more than 12 months in Vietnam during their three years of active duty, this program, if successful, will be an important step in achieving greater utilization and continuity in areas where these aviators are needed the most.

We also hope to benefit in several other important respects. First, the program should reduce our aviator training requirements for FY 1971. Second, it should increase the time between involuntary tours for careerists to at least 24 months. Third, it could significantly increase the number of warrant officer aviators eligible for assignment to the ready reserve, as opposed to the standby reserve, since most will have at least three years remaining of their six year statutory military obligation.

4. Contributions to Total National Security

I would like to note several military projects, which, while of benefit to the Army, also contribute to the social betterment of some of our less skilled or less privileged soldiers.

a. Project One Hundred Thousand. In October 1966, the Department of Defense began Project One Hundred Thousand, a program designed to give young men not previously qualified mentally or physically an opportunity to serve in the Armed Forces. During the period October 1966 through August 1969, the Army accepted more than 155,000 men into the program. About 40% were non-white; about the same number were unemployed. About 20% earned less than $60 per week, and more than half had not completed high school.

We are greatly encouraged by the results achieved. The failure rate in basic training has been 3%, only slightly higher than the Army-wide figure of 2.1%. Conduct and efficiency ratings are about the same as the Army average. A majority of the men in the program have been promoted at normal intervals, and 10% of those with 19-21 months of service have received promotions to grade E-5. Finally, and perhaps of greater significance, is the fact that many of these men are being trained in skills which will equip them to find useful, productive jobs in the civilian economy.

b. Project Transition. In April 1967 the President asked the Secretary of Defense to establish a program for servicemen "to make available, to the maximum extent possible, in-service training and educational opportunities that will increase their chances for employment in civilian life." Project Transition is the Department of Defense's program to meet this need. It offers counselling, vocational training and academic instruction, and job placement assistance to servicemen in their last six months of active duty. While civilian-related military training courses and military facilities are used, Project Transition is designed to encourage maximum participation by industry and labor, as well as by Federal agencies and state and local governments.

From June through December of 1967, the Army conducted a pilot Transition Program at Fort Knox. In January 1968, the program was expanded, and today Transition services are available at 55 military installations in the United States.

During CY 1968 over 105,000 Army personnel received Transition counselling. Of these, 42,300 subsequently enrolled in either vocational or educational training and 30,800 completed their courses of instruction. In the first eight months of this year, 94,000 received counselling; 31,000 enrolled in courses; and 24,000 completed courses.

c. Equal Opportunity. Finally, in its utilization of manpower, the Army is firmly committed to a policy of equality of treatment and opportunity for all regardless of race, color or national origin. Adherence to this policy has strengthened the Army while giving members of minority groups the chance to advance free from barriers of racial or religious prejudice.

We continue our efforts to provide equal employment opportunity to black Americans and to other minority individuals in our civilian work force. Minority members now make up more than 16% of our civilian forces. To assure further progress, the Chief of Staff recently emphasized to all commanders the importance of their active, personal support and involvement in providing equal employment opportunity and in maintaining contact with interested community groups to assure them of the Army's cooperative efforts.

I am particularly pleased with the progress that has been made in the area of off-post housing. We are moving rapidly to assure that no man honorably serving his country will suffer hardship because of his race or color. In mid-1967 we surveyed some 250,000 private rental housing units adjacent to 53 major installations. At that time only 55% of the units were open to all personnel. However, by June 1969 the expanded survey covering nearly 340,000 units showed that 97% were available to all military personnel on a non-discriminatory basis. This significant improvement, while partly a result of Defense directives designed to counter discriminatory housing practices, is also

indicative of the improved cooperation and understanding which has developed between local commanders and property owners.

V. LOGISTICS

A. PROCUREMENT GUIDANCE

Since 1960 the procurement objectives for materiel support for the General Purpose Forces of all the Military Services have been determined by the Secretary of Defense and stated in his annual Logistic Guidance. The Service budget submissions must support the Guidance objectives. The Guidance establishes a balance between programmed forces and the inventories of equipment, ammunition, secondary items, and consumables to sustain them in combat. In the case of the Army, it specifies the number of division force equivalents a/ to be equipped and supported.

The Logistic Guidance and the Army budgets have been expanded to match the Army buildup since 1965, as indicated in the following table:

Table 10 - Major Army and Allied Forces to be Supported

U. S. Forces	FY 65	FY 66	FY 69	FY 70 1/
Division Forces in Vietnam	-	4 1/3	8 1/3	7 1/3
Total Division Force	22	26 2/3	27 2/3	26 2/3
Allied Forces				
Divisions	-	-	14 1/3 2/	14 1/3 2/

1/ FY 70 column reflects redeployments from Vietnam

2/ 11 Vietnamese Army; 2 1/3 Korean; 1 Thai

a/ A division force is defined as the division itself plus its initial and sustaining support increments - a total of about 48,000 men, for planning purposes.

The Logistic Guidance divides Army forces into categories and establishes logistic objectives tailored for the particular planned strategic employment for each force category.

In issuing his Logistic Guidance, the Secretary of Defense has consistently directed that all of our forces in Vietnam be fully equipped and supplied, and supported by a full pipeline to replace consumption and attrition. These forces are now being fully sustained by deliveries from the active production base, and our FY 1970 budget request provides for continuing this support through the budget year funding delivery period.

The Logistic Guidance provides for full support of our Reserve Component forces on exactly the same basis as the active Army. In practice, however, where for good and prudent reasons (which I will describe later) we do not budget for procurement of our full authorized acquisition objectives, the resulting equipment shortages are normally applied to Reserve requirements. This is consistent with the fact that active Army units require full equipment to meet their readiness objectives; non-mobilized Reserve units, however, can achieve their training readiness goals with somewhat less than their full equipment allowances.

The Logistic Guidance authorizes for allied forces in Vietnam initial equipment allowances, replacement of consumption, and a pipeline for in-transit, safety, and operating stocks through the FY 1970 delivery period. The Guidance also specifies that for FY 1970 we should program support for the Republic of Korea Army.

B. PROCUREMENT DELIVERIES

Our prior year budgets, beginning with the FY 1966 Supplemental, included funds for the large procurement programs which were necessary to support the Army expansion dictated by our commitments in Southeast Asia. Since procurement lead times for equipment range from six to 24 months, there is always a built-in time lag between authorizations and deliveries, or between fund

availability and availability of hardware. We are therefore still in a period of large materiel demands, despite the stabilization of our forces at their present levels. This relationship is indicated in the following table:

Table 11 - PEMA Budget and Deliveries

($ Billions)

	FY 65	FY 66	FY 67	FY 68	FY 69	FY 70
Budget						
Army Only	2.0	5.2	5.5	6.5	6.7	5.1
Equipment	(1.5)	(3.6)	(3.8)	(3.7)	(3.3)	(2.7)
Ammunition	(.4)	(1.3	(1.4)	(2.4)	(2.9)	(1.7)
SAFEGUARD	-	-	-	(.1)	(.3)	(.4)
Production Base Support	(.1)	(.3)	(.3)	(.3)	(.2)	(.3)
Other Customers	.6	1.5	1.7	2.0	1.9	2.1
Total	2.6	6.7	7.2	8.5	8.6	7.2
Deliveries						
Army Only	1.6	2.1	3.8	5.4	6.1	5.4
Equipment	(1.3)	(1.6)	(2.5)	(3.4)	(3.2)	(3.0)
Ammunition	(.3)	(.5)	(1.3)	(2.0)	(2.9)	(2.4)
Other Customers	.8	.8	1.6	2.2	2.3	2.1
Total	2.4	2.9	5.4	7.6	8.4	7.5(Est)

Most of the deliveries of equipment we are now receiving were funded in the FY 1967 and 1968 budgets. At the present rate, deliveries of equipment to the Army alone are valued at almost $250 million each month.

With certain qualifying exceptions that I shall mention below, there are sufficient funds in the FY 1970 and prior year budgets for the post Phase II Vietnam redeployment total Army structure of 26 2/3 active and reserve division forces. One notable exception concerns Army aircraft, where, because of the expense involved we have chosen to buy only those amounts which will be needed by the post-war base line Army.

Further exceptions to our "full procurement" policy occur when, for cogent and prudent reasons, we deliberately defer buying certain items. In this category are: new items for which we are phasing procurement over a number of years, thereby maintaining an active production base; items for which phased procurement is desirable to maintain a balance with related items or to provide for orderly production scheduling at economic rates; and obsolescent items for which no further procurement is contemplated and for which new replacement items will become available.

The high priority program to provide modern equipment to the Vietnamese armed forces, which I emphasized earlier in discussing Vietnam, is inevitably resulting in some delays in filling all our own active Army and Reserve Components equipment requirements. Because of the lead time problem, equipment now being provided to the RVNAF was procured largely with FY 1967 and FY 1968 funds. We have funds for replacement equipment in our FY 1969 Supplemental and FY 1970 requests, but some deficiencies will exist until deliveries are made in the course of the FY 1970 funding delivery period.

C. PROCUREMENT PROGRAM

Table 12 shows our equipment and ammunition procurement programs, by category, since FY 1965. The growth trend through FY 1969 is reversed for FY 1970, a reflection of the reduction in our estimated consumption rates in Southeast Asia. FY 1969 funding for direct support of our Southeast Asia effort was $4.6 billion; the comparable figure for FY 1970 (after the Phase I and Phase II withdrawals) is $2.7 billion, a reduction of 40%.

Table 12 - Army Procurement Programs a/
($ Millions)

Program	FY 65	FY 66	FY 67	FY 68	FY 69	FY 70
Aircraft	336	1043	913	977	655	404
Aircraft Spares	50	255	241	305	154	166
Missiles	219	307	345	460	843	881
				(138)	(331)	(353)
Missile Spares	13	45	27	33	45	57
						(4)
Weapons & Cbt Vehicles	214	548	608	602	509	357
Tactical & Spt Vehicles	346	540	571	402	396	384
Communications & Elec	211	477	636	609	609	441
						(3)
Other Support Equipment	157	403	576	390	441	312
Ammunition	330	1332	1285	2424	2913	1732
Production Base Support	79	203	297	279	166	346
TOTALS	1955	5153	5499	6481	6731	5080 b/
				(138)	(331)	(360)

a/ Figures in parentheses are for SAFEGUARD.
b/ FY 70 column reflects current Army request.

For the categories which require authorization, the following amounts, included in the above table, are requested for FY 1970:

Aircraft (including spares)	$570 M
Missiles (including spares)	938 M
Tracked Combat Vehicles	233 M

I shall summarize some significant aspects of our procurement program:

1. Aircraft

Our current procurement request for aircraft totals $404 million for FY 1970. These funds will provide for procurement of 1,051 aircraft, most of which will be required to replace anticipated losses during the FY 1970 procurement delivery period. The remainder represent a modest effort at improving the inventory toward the approved procurement objective. Our original aircraft request was established prior to termination of the AH-56A (Cheyenne) production program, discussed below.

a. OH-6A/OH-58 (LOH). The OH-6 Light Observation Helicopter, with its improved speed, armor protection and fire power, has proved to be an outstanding performer in combat, particularly when used in the armed reconnaissance and artillery observation roles.

We now have OH-6's operating in Vietnam and plan to ship more new aircraft there by the end of CY 1969. First delivery of a total of 2,200 OH-58A Light Observation Helicopters procured on a competitive five-year contract occurred in May 1969, with initial deployment to Vietnam scheduled for November 1969. The OH-58 is expected to perform equally as well as the OH-6 in Vietnam.

The FY 1970 budget requests funds for procurement of 600 OH-58's primarily to replace losses in Vietnam.

b. CH-47. The CH-47 "Chinook" is one of the Army's "work horse" helicopters in Vietnam. It is the Army's principal cargo and equipment air transport helicopter for airmobile operations and has proven invaluable in moving artillery, bulk supplies and troops in areas where the road net is inadequate or nonexistent. Funds are requested for 36 CH-47's in the FY 1970 budget to replace attrition losses and to maintain an active production base while the war in Vietnam continues.

c. AH-56A (Cheyenne). The Cheyenne was designed from the outset as an integrated aerial weapons system. It was intended to provide the Army with a high speed, heavily armed helicopter for escort protection of airmobile forces and for rapid-response direct fire support. In addition, when equipped with the TOW missile, it could provide an anti-tank capability.

On 8 January 1968, the Army exercised an option, contained in the Cheyenne development contract, to acquire 375 production-model aircraft. As Cheyenne units were added to the force structure, other elements (such as armored and artillery units) were to be traded off and phased out of the force structure. Over the life cycle of the Cheyenne system, the cost of the initial AH-56A program would have been totally offset by these tradeoffs. Our FY 1969 budget provided funds for the first increment of 15 aircraft, plus some long leadtime items for the remainder of the program quantity of 375. Our original FY 1970 budget request provided funds for the second program year increment of 121 aircraft, plus additional long leadtime items for the remainder of the program.

On 12 March 1969, one of the 10 prototype Cheyenne aircraft manufactured by Lockheed Aircraft Corporation under the AH-56A development contract crashed into the sea off Santa Barbara, California. This accident brought into sharp focus technical difficulties which had been encountered in the Cheyenne program. In particular, problems of rotor stability and control significantly limited the maximum safe speed and maneuverability of the aircraft. These difficulties required us to intensify our review of the status of the existing Cheyenne program. Under the contract schedule, delivery of the first production aircraft was to take place in September of this year. Following the accident, and after a preliminary technical review of the program, the contracting officer for the Army concluded that any aircraft tendered by the contractor at that time were not likely to meet performance specifications of the contract. For this reason, on 10 April 1969, the Army's contracting officer issued to the Lockheed Aircraft Corporation a "cure notice," which notified the contractor that the Government believed that Lockheed had failed to make satisfactory progress toward the production and timely delivery of aircraft meeting contractual requirements and that this condition was endangering performance of the contract. The cure notice allowed the contractor a limited time in which to submit a written demonstration of its ability to cure the technical difficulties being encountered.

The Army received the Lockheed response to the cure notice on 28 April 1969. This response confirmed that the contractor was unable to deliver conforming aircraft on the contract schedule. The response proposed an additional development effort to resolve existing technical problems, and a slip and stretch-out of several months in the production schedule. This proposal was reviewed by Army Materiel Command technical personnel and a group of the Nation's leading experts in rotary-wing aerodynamics. On the basis of this review the contracting officer and other Army officials concluded there was little confidence that Lockheed would be able to deliver specification aircraft even on its proposed slipped schedule. Accordingly, it was clear that Lockheed was in default on its contractual obligations, in the sense that it had so failed to make progress as to endanger performance of the production contract according to its terms. Given the default status of the contract, it was determined that the Army should not continue to commit large sums of money for continuation of the production contract under a slipped schedule, without significantly greater assurance than we possessed that we would obtain delivery of aircraft that would meet our performance requirements.

For these reasons, and following a thorough analysis of the Lockheed response by the contracting officer, as well as by responsible officials at the U. S. Army Aviation Systems Command, Army Materiel Command, and Department of the Army level, the contracting officer, with my approval, notified Lockheed on 19 May 1969 that the Government was terminating the production contract for default. Although this move was fully justified, both in contractual terms and in the public interest, it is one we took with great regret. The development of an advanced armed helicopter promises significant contributions to the combat effectiveness of the Army. When we entered a contractual arrangement with Lockheed, combining a research and development program with production options, we accepted Lockheed's assurance, which then appeared reliable, that a contractor with Lockheed's resources would be able to accomplish the development objectives in sufficient time to begin production and delivery of fully conforming aircraft in accordance with the contract schedules. The Government's decision not to exercise the production option on 31 March 1967, but to wait an additional 9 months, gave Lockheed an additional 9 months to resolve development problems before beginning production. However, Lockheed's subsequent performance failed to meet our expectations. Despite our continued interest in the potential contributions of an advanced armed helicopter to improved combat effectiveness, we regretfully concluded that, because of the contractor's default, production efforts for this particular armed helicopter could not be allowed to proceed at this time without unacceptable risks.

The Cheyenne development contract, which is a separate legal instrument, has not been terminated and continues in effect, although it also appears to be in default and the contra tor has been so advised. Under this contract, Lockheed has a continuing obligation to complete the development and testing of the Cheyenne system in accordance with contractual performance specifications. However, because of the problems encountered in the program to date and in order to accomplish the development objectives in an orderly fashion without the time pressure of a concurrent production contract, it has appeared desirable to restructure the development contract to some extent. In particular, the Army wished to obtain greater visibility of the details of the contractor's efforts, greater control over certain crucial development decisions and an advanced rotor control system as an alternative to the contractor's present design. Accordingly, the Commanding General, Army Materiel Command, authorized the Army Aviation Systems Command to enter into negotiations with Lockheed for the purpose of arriving at a possible basis for a restructured program. We hope that the results of these negotiations will provide a basis for continuing the Cheyenne development effort. In any event, the Army still wants and requires the kind of capability which the Cheyenne program was intended to provide. We therefore believe it is necessary for us to pursue development of an advanced armed helicopter, regardless of our ultimate decision with respect to the Lockheed Cheyenne program. Accordingly, we are concurrently exploring alternative advanced armed helicopter systems for the purpose of initiating development efforts in FY 1970 in the event that continuation of a restructured Cheyenne program does not appear to be in the Government's best interest.

As a result of the termination of the Cheyenne production contract and our intention to continue development efforts on an advanced armed helicopter, certain adjustments in our original FY 1970 budget request were required. Unless Lockheed is successful in its appeal of the contracting officer's determination that it was in default on the production contract, it presently appears that the Army's total liability for the terminated Cheyenne production program - including certain contracts for Government-furnished material which were terminated for the convenience of the Government - is less than the amount

appropriated for the program for FY 1969 and prior years. We therefore expect that no 1970 PEMA funds will be required to close out the Cheyenne production program. However, as I outlined in a letter to the Chairman of this Committee dated 27 June 1969, our inability to obtain Cheyennes according to previous schedules necessitates an interim purchase of other armed helicopters in FY 1970. The Army proposes to procure with FY 1970 funds AH-1G gunship aircraft to meet estimated Southeast Asia gunship attrition in the FY 1970 funded delivery period. The estimated cost of these aircraft is $86 million (with related spares), which should remain in the FY 1970 PEMA appropriation. Our original budget request included $429 million for procurement of the Cheyenne; $343 million may therefore be deleted from the PEMA appropriation account.

On the RDT&E side, my request for additional funds was not addressed by the Senate Armed Services Committee and was disallowed by the House Armed Services Committee Bill. The total funds of $22.5 million requested in the original budget were approved by the House Armed Services Committee. However, the HASC Bill states these funds were allocated for the specific purpose of Advanced Rotor Research and Anti-Tank Missile System, Fire Control and Night Vision rather than for the original purpose intended. With the disapproval of the additional funds to meet the RDT&E requirements, it now becomes necessary to restructure a much reduced Attack Helicopter development program with the funds provided.

In summary, as a result of actions taken or contemplated since the President's budget was submitted, our PEMA requirements for Attack Helicopter procurement have been reduced by $343 million and funds for the RDT&E for Attack Helicopter development still remain at the level contained in the President's budget.

d. CH-54 (Flying Crane). The FY 1970 budget provides for six CH-54's to replace attrition losses and to maintain an active production base while the Vietnam war continues. Typical missions for this aircraft include delivery of bulk supplies, movement of medium artillery and engineer equipment, and aircraft recovery. To illustrate its utilization for recovery operations, over 550 downed aircraft, valued in excess of $330 million, have been recovered by the Flying Crane since it became operational in Vietnam late in 1965.

e. Other Aircraft. We have also included in our FY 1970 budget request funds for other aircraft needed to replace estimated losses in Vietnam and elsewhere, and to equip newly activated units. These aircraft include UH-1 Iroquois, U-21 utility aircraft, and RU-21 surveillance aircraft.

2. Aircraft Spares. Also needed in FY 1970 are funds for aircraft spares to support over 11,000 aircraft in the Army fleet, a large number of which are in Vietnam. We have budgeted $166 million in FY 1970, compared to $154 million in FY 1969. Our spares requirements are based on flying hours and usage rates; therefore, Vietnam support requirements far exceed those elsewhere, constituting approximately 75% of the total. Through intensive management practices and the airlift of over 90% of all aircraft spares to Vietnam, we have been able to minimize our spares procurement and inventories without reducing aircraft readiness rates.

3. Missiles and Spares. This year's revised request for $938 million is somewhat higher than the FY 1969 program, including a relatively small increase in the SAFEGUARD program. Because of the importance of this program, I shall address it separately later in my presentation.

Our FY 1970 program for missiles, exclusive of SAFEGUARD, is costed at $581 million, about the same amount as in FY 1969. As planned, the program will permit procurement and modernization of our missile systems at orderly and economical rates. We are programming FY 1970 procurements for four systems (other than SAFEGUARD) which exceed $50 million each:

a. Air Defense Missile Systems.

1. HAWK System. For FY 1970 we are requesting improved HAWK missiles and related support equipment at a cost of $90 million. Our current HAWK system provides a capability in the United States and overseas to defend against low-flying supersonic aircraft. The improved HAWK extends this capability to engage slow targets as well as faster targets. The improved HAWK will have greater reliability, reduced reaction time, increased lethality, and improved electronic countermeasure capability. This year's request is for continuing production following initial procurement of the improved HAWK in FY 1969. It will provide the funds necessary to improve some of the HAWK battalions in Europe, in Korea, and in CONUS, and will also provide the necessary maintenance backup for these units.

2. CHAPARRAL Guided Missile System. Our FY 1970 budget contains $100 million for CHAPARRAL missiles and associated ground support equipment to support the revised program of 24 fire units per battalion. The CHAPARRAL system is designed as a mobile, low altitude air defense system effective against aircraft up to nearly sonic speeds.

b. Tank and Anti-tank Missiles.

1. TOW Anti-Tank Assault Missile. We are now requesting $142 million for TOW guided missiles. Our need for TOW is based primarily on the large Soviet armor threat. TOW will provide to an infantry battalion the capability of defeating enemy armor. It will have an exceptionally high hit/kill probability.

The requested FY 1970 buy of TOW will permit completion of the second year of a two-year multi-year contract with our prime contractor. We had originally planned in FY 1970 to exercise an option with a second producer to build up his capability. Because of dollar constraints we are deferring this option to the FY 1971 program. The competitive environment generated by the second producer should result in a lower unit cost in FY 1971 and subsequent year procurements.

2. SHILLELAGH Missile System. Our FY 1970 budget contains $50 million for these missiles to support the second year buy of a competitively awarded three-year multi-year contract. The missile unit cost obtained through this contractual arrangement is considered most advantageous to the Army. As with the TOW system, SHILLELAGH was designed primarily to oppose the Soviet armor threat. It provides our armor and reconnaissance units, airborne assault units, and tank battalions with an armor-defeating missile which can be fired from an armored combat vehicle. Recent troop tests have proven the effectiveness of the missile.

4. Weapons and Combat Vehicles

Our current FY 1970 request for $357 million for weapons and combat vehicles is the lowest since FY 1965, reflecting the fact that procurements in recent years have brought us close to inventory objectives for most items. The FY 1970 budget is designed principally to meet the unfilled objectives and to continue a modest modernization program.

The largest combat vehicle program, like last year, is the upgrading of our tank fleet to tanks with diesel engines and 105mm or larger guns (preferred assets). Our FY 1970 program includes M60A1 tanks and other vehicles of the M60 family. A program of this level will insure continuity of the production base and a phased, orderly introduction of preferred assets into the Army inventory. The addition of these combat vehicles will permit replacing a similar quantity of older M48 90mm gun tanks which are no longer suitable for combat but have been retained in our inventory for training purposes until they could be replaced.

We are experiencing technical difficulties with the turret control and stabilization system of the M60A1E2 tank. This system is necessary in order to permit the E2 tank to shoot accurately on the move, an advance in the present state of the art. We are working on solutions for this problem in orde to proceed with deployment of the M60A1E2 tanks.

The other major combat vehicle program in the FY 1970 budget request is the procurement of M551 ("Sheridan") armored reconnaissance vehicles. This procurement will permit the completion of planned M551 deployments to Southeast Asia and Europe, and will provide for equipping the active Army baseline force. The M551 will provide the users with a lightly armored, highly mobile, heavy gun weapon system specifically designed for the airborne assault role and suitable for use in combat environments of all intensities.

We consider the M551, with its SHILLELAGH missile armament, to be a particularly effective weapon system to combat the Soviet armor threat in Europe discussed above in connection with missile procurement. As discussed above in the section on Europe, the first Sheridans were deployed to Europe early this year, with additional programmed for shipment in FY 1970.

Initial deployments of Sheridans to Vietnam were made early this year. A thorough in-theater assessment of its first 90 days in combat concluded that the Sheridan is an effective vehicle. While recommending certain modifica tions, the USARV report recommended that the Army deploy sufficient numbers to equip all cavalry squadrons in Vietnam. This deployment is now programmed.

5. Tactical and Support Vehicles

Our FY 1970 request of $384 million for tactical and support vehicles is slightly more than our FY 1969 program. Unlike tracked combat vehicles, which are primarily replaced due to battlefield obsolescence, our tactical and support vehicle fleet requires replacement due to wearout through usage over the years.

During the last few years, we have deferred the replacement of overage vehicles in the interest of meeting our most critical needs such as Southeast Asia (SEA) requirements. Vehicles which ordinarily would have been replaced during this period were retained in service while deliveries from production were sent to Southeast Asia and other high priority claimants. Now we are confronted with the problem of having a large number of overage vehicles in the 1/4 and 2 1/2 ton truck inventory. Our FY 1970 program will permit the replacement of some of these overage assets and supports one additional requir ment: The procurement of vehicles in support of the augmentation of the Republic of Vietnam forces.

The principal new procurements apply to the four major payload categori These truck procurements represent minimum buys needed to permit continued buildup of the Vietnamese Army and to prevent unacceptable deterioration of our own tactical vehicle fleet.

In the 1/4 ton class, the buy includes a large number for the Vietnamese Armed Forces and for other Free World Forces. The balance will be applied against forecast Army losses.

The new buy in the 1 1/4 ton class provides for continued acquisition of the high-mobility Gama Goat and the initiation of a multi-year procurement of a new standard-mobility 1 1/4 ton truck. The Gama Goat, with its high off-road mobility, is an essential item of equipment in the Army's plan to upgrade the combat effectiveness of forward area units in the 1970-1975 period. The new standard-mobility 1 1/4 ton truck for rear area units is being bought subject to a guarantee of the lowest maintenance requirements ever specified for an Army tactical truck, and is expected to provide substantial savings on a life

cycle basis over the 3/4- and 1 1/4 ton trucks procured in the past. The total buy of 1 1/4 ton trucks will be applied to U. S. Army needs.

The FY 1970 buy of 2 1/2 ton trucks will provide a substantial number for the Vietnamese Armed Forces and other Free World forces. The balance of the buy will be applied to our own combat and peacetime losses.

The buy of 5-ton trucks is for U. S. Army needs, except for a few for Free World Forces. The quantity requested for the Army will replace our forecasted losses.

6. Communications and Electronics

The decrease in our budget request from $609 million in FY 1969 to $441 million for FY 1970 recognizes the leveling off of our Southeast Asia requirements and our recent achievements in upgrading our worldwide tactical and strategic communications.

This year about 40% of the funds requested are directly related to support of operations in Southeast Asia. Our forces in Vietnam will continue to receive the new series of tactical radio sets and portable ground surveillance equipment, including night vision devices. Specifically, the budget request will enable the Army to satisfy fully the Southeast Asia requirements for these improved items of communications, electronic and surveillance equipment. Outside Vietnam, we will continue to equip at a moderate pace Army units with new series radio sets, radioteletype equipment, and surveillance equipment.

We plan to invest $96.8 million to acquire additional tactical multichannel equipment. When added to prior buys, this procurement will provide for more than half of our second generation tactical Army area multi-channel communications equipment requirements. The second generation Army tactical communications equipment is much lighter, more reliable, and easier to maintain. It provides a greatly increased capacity and range and exploits the latest technological developments in miniaturization, solid state circuitry and modular fabrication.

7. Other Support Equipment

Our FY 1970 request for this category of equipment is $312 million, the lowest since FY 1965. Included in the program are items such as generators, materials handling equipment, and construction equipment. This year's program is designed to replace anticipated losses in Vietnam and elsewhere, to provide for transfer of materiel to the Republic of Vietnam armed forces, and to permit replacement of overage equipment.

8. Ammunition

The FY 1970 budget request for ammunition is for $1.732 billion, compared with the FY 1969 total obligational authority of $2.913 billion. This represents a reduction of $1.181 billion, or 41%.

The FY 1969 funding, as supplemented, was based on consumption rates experienced in Vietnam during the period of the Tet offensive in 1968. Rates of ammunition consumption in South Vietnam have since decreased significantly, and leveled off for the period between July and December 1968 at about 75% of the consumption rates for the months of the 1968 Tet offensive. The consumption in the past 4 months has averaged about 80% of the Tet rates.

Objectives for in-country ammunition stockage were reviewed in Vietnam in November 1968 and reduced by approximately 25%. Actual in-country stockage has been reduced by 100,000 short tons since November to eliminate excesses above the new stockage objective. As a result of the above factors, it has been possible to make significant shipments of ammunition to other forces worldwide and to meet outstanding MAP requirements. It has also been possible to stretch out our earlier procurement plans for FY 1969 into the FY 1970 funding period and, accordingly, to reduce the FY 1970 funding requirement.

The FY 1970 funding requirement has been computed based on an estimate of consumption during the FY 1970 funding delivery period, which is CY 1970. This estimate is based on the actual rounds-per-tube consumption experience rates for the period October-December 1968. In developing the FY 1970 budget, we have assumed some reduction in combat intensity from the levels we experienced through January 1969 and have also reflected the reduced consumption caused by troop withdrawals.

If consumption estimates prove low, we are protected by our inventory position, which will increase during the FY 1969 funding delivery period by approximately $600 million. As additional protection, the production base has been maintained with a capability to return in 4-6 months to production rates equal to the highest consumption experience to date, namely the rates of the Tet 1968 period.

For the past 3 1/2 years we have maintained monthly studies for a selected list of 61 intensively managed ammunition items representing about 85% of the value of our ammunition programs. For each of these items, the studies show projected deliveries, consumption, and net asset position at the end of each month, quarter, or seim-annual period through the funded delivery period. On the basis of these studies we adjust our production rates to reflect any significant changes in consumption. I personally review summaries of these studies monthly and will continue to do so to be sure that we continue to have adequate supplies of ammunition.

We have been producing the bulk of our ammunition on a sole source negotiated basis for the past few years due to the urgency of our needs and the lack of capacity to afford competition. We are now hopeful that we can reverse this trend with our FY 1970 procurement program. We believe that as our need for ammunition decrease, we can achieve increased competition among the available producers.

9. Production Base Support

The FY 1970 Army budget request for this category is $346 million, up from $166 million in FY 1969. The requested level will maintain the production base to meet the current wartime demands, and will also permit a modest start this year on an essential long-range program to modernize the base.

The Army's industrial base is comprised of a number of Government-owned plants, principally for the production of explosives and propellants and for the loading of ammunition. The majority of these plants are operated by private contractors, and comparable facilities are not available in the private sector. All but a few of the plants involved were constructed during World War II and have seen extensive use without any significant modernization program. In general, it has not been possible to incorporate improvements while reactivating and operating the plants. As a result, many of the manufacturing processes at a number of the plants are now obsolete and inefficient. In a number of cases there are serious problems affecting the safety of the workers, as well as inadequate means of pollution control.

A comprehensive program to modernize and rehabilitate the Army industrial facilities base has been prepared. The program will require approximately seven years or more to complete at an estimated total cost of $2.3 billion. This year's request will provide for initiation of the much needed modernization program.

VI. STRATEGIC MOBILITY

We define strategic mobility as the capability to deploy and sustain operationally ready military forces anywhere in the world in the quantity and as rapidly as the operational requirement dictates. It is an important element of

our overall national security strategy and contributes significantly to our deterrent posture. A demonstrated rapid deployment capability can encourage friendly nations to resist aggression and can deter aggression by confronting potential enemies with the prospect of encountering combat ready U. S. forces in threatened areas. In event of actual aggression, rapid strategic deployment of an appropriate force can contribute significantly to the early successful termination of conflict, thereby preventing the escalation of a contingency into a situation which might require increased U. S. response.

Our strategic mobility concept is based on a proper mix of the four key elements of force readiness, prepositioning of materiel, airlift and sealift. Strategic mobility is thus a joint endeavor of all the Military Services.

A. FORCE READINESS

Concerning readiness, our land forces (active and reserve) must be ready for movement in accordance with the time-phased strategic requirements which will enable us to exploit the increased capabilities provided by new and improved airlift and sealift vehicles. We must be willing to commit the manpower and materiel resources to do this. In this regard, I consider the deployability objectives listed earlier for the major STRAF and Reserve units as both essential and attainable.

B. PREPOSITIONED MATERIEL

I endorse the concept of storing materiel in distant areas where we have important interests and to which we can rapidly airlift forces in an emergency. This saves time under conditions in which time could well be crucial. The concept is workable; we have previously tested it in both Europe and the Pacific. As you know, we recently demonstrated its utility as part of the REFORGER I exercise in Europe, where we have prepositioned equipment and supplies for 2 2/3 divisions and selected combat support units.

An increasing amount of our prepositioned equipment and supplies is now stored in controlled-environment facilities to protect the materiel, to reduce maintenance requirements, and to minimize breakout and issue times. We have $10 million in the FY 1969 MCA program for additional controlled humidity facilities in Europe. These facilities will be sufficient for the materiel required to meet our approved prepositioning objectives there.

We plan to reconstitute our prepositioned materiel program in the Pacific when the level of conflict in Asia is substantially reduced and when resources can be made available for this purpose.

C. AIRLIFT

Strategic airlift must be available and capable of providing for the early deployment of selected units and certain accompanying materiel and for the continuing support of committed forces through the timely delivery of personnel and high priority cargo.

The Army continues to support a strategic airlift force compatible with our strategic objectives. The current Department of Defense program includes 6 squadrons of C-5A aircraft and 14 squadrons of C-141s. These are backed up by a suitable Civil Reserve Air Fleet (CRAF) of privately owned aircraft available for charter by the Department of Defense.

D. SEALIFT

While aircraft provide the desired mode for early overseas deployment of personnel and selected critical supplies, the bulk of the materiel required (particularly in the later stages of a contingency) can be moved more economically by sea. The Army continues to support efforts to develop a CRAF-type program for surface transportation which could assure availability of predetermined amounts of commercial shipping in emergencies. Our studies indicate conclusively that sealift must complement airlift and prepositioning, but can do so only if properly designed ships are immediately available for use in

emergency situations. Even new merchant ships on restricted routes, however, could not provide the necessary responsiveness. We are convinced that a limited number of appropriately designed Navy ships are essential to our rapid deployment capability.

VII. CONTROL OF CIVIL DISTURBANCES

As Secretary of the Army, I have since April 1968 been the Defense Department Executive Agent for civil disturbance matters.

To help discharge my responsibilities in planning and employing Federal military resources during civil disorders, we established in April of last year the Directorate for Civil Disturbance Planning and Operations. The Directorate has proceeded with the task of insuring the capability of active armed forces to respond to Presidential orders to assist the States and local communities in the control of civil disturbances. The Directorate's efforts have also helped to improve the capabilities of the National Guard and State and local law enforcement authorities to cope with disturbances. The Directorate currently operates an around-the-clock civil disturbance operations watch to keep abreast of the situation throughout the United States. Based on the significance of developing incidents, the Directorate can change the alert status of Federal task forces. Its watch team is also prepared to respond to requests from the National Guard and local civilian authorities for assistance through the loan of special purpose equipment.

We believe our preparations against the possibility of disorders are prudent when considered both from the viewpoints of recent disturbance history and the estimated potential for future problems of this nature. Table 13 summarizes some recent statistics of interest in this regard.

Table 13 - Civil Disturbance Data, 1967-9

Federal Assistance to Restore Law and Order			
Date	Place	Active Army Troops	Federalized Nat'l Guard
July 1967	Detroit	4,782	10,253
April 1968	Baltimore	4,321	5,783
April 1968	Washington	13,682	1,854
April 1968	Chicago	5,005	7,174
Federal Troops Prepositioned (Not Committed) to Meet Disturbance Threats			
June 1968	Washington	1,600	
August 1968	Chicago	6,277	

Army National Guard Troops under State Control		
Year	Times Called	Times Committed
1967	28	25
1968	76	62
1969 (as of 30 Sep 69)	53	42

A revised Department of the Army civil disturbance plan was published in September 1968. This plan provides for dealing with civil disturbances occurring simultaneously in more than one metropolitan area. We cannot be sure where disorders might occur, but we have developed supporting plans for the areas considered most likely to have civil disturbances requiring Federal assistance. The Directorate has reviewed the supporting plans for the highest priority areas. In addition, Information Planning Packets containing maps and such useful information as city facilities, troop assembly areas, and police and fire stations have been prepared and distributed for those metropolitan areas where the possibility of civil disorders presently exists. At all times at least two Army Quick Reaction Brigades, with respective responsibilities east and west of the Mississippi, are maintained at a high state of readiness for commitment to civil disturbance control missions.

The disorders in April 1968 demonstrated the importance of airlift operations in the event of multiple civil disturbances requiring Federal assistance. To expedite airlift movement planning an Air Force Airlift Center was established and collocated with the Air Force Command Post. Prior to publication of the new civil disturbance plan, airfields were selected and surveyed at all high and intermediate priority metropolitan areas and for selected departure airfields for the task forces. In order to facilitate airlift operations, the amount of equipment and vehicles to be deployed with active Army forces has been standardized.

In May of 1968 civil disturbance training was initiated for selected units of the United States Army Reserve. Current plans contemplate possible use of up to 18 USAR brigades, with a total strength of approximately 48,000 Reservists, to assist in controlling civil disturbances. These Reservists have received 33 hours of individual civil disturbance training, and staffs and commanders have received 18 additional hours of training. Refresher training is included in the annual training program for these Reservists.

The President had authority, without declaration of a national emergency, to order elements of the Army Reserve to active duty to augment civil disturbance control forces available from the active forces and the National Guard, but this authority expired on 30 June 1969.

The Civil Disturbance Orientation Course at the U. S. Army Military Police School at Fort Gordon, Georgia, has proved effective in training State and local officials and National Guard officers and in increasing their awareness of the need for local civil disturbance planning. Over 4,100 individuals attended this course prior to its closing for the summer in April. More than 50% of the attendees were local civilian law enforcement officials, National Guard officers and FBI representatives.

During the past year we carefully examined after action reports, summaries, and lessons learned to identify unsolved problems and through their solution to refine civil disturbance procedures and make recommendations concerning improvements in training doctine. Where appropriate, we passed these developments in civil disturbance procedures and tactics to the National Guard and state and local authorities.

We have taken all of these steps to insure our readiness because we cannot be certain, in view of recent events, that it will not be necessary for the armed forces to assist state and local authorities whose resources have been overwhelmed. Our readiness, however, in no way reflects a change in the policies which have for many years governed use of Federal troops to assist local authorities. When disorders arise, state officials are expected to make full use of the resources available to them, and Federal forces can be made available only after the President, in response to a request from the governor or state legislature, has determined that Federal assistance is appropriate.

Our substantial efforts to improve the posture of state planning and the readiness of the National Guard to perform state civil disturbance control missions reflects the view that the principal responsibility for maintaining law and order remains with the states. By improving the training in the National Guard, by training local law enforcement and National Guard officers at Fort Gordon, and by improving the availability of civil disturbance-related equipment to the National Guard we have attempted to reduce the possibility that Federal forces will be required. At the same time, we have assured that the responsibility of the Federal government under the Constitution can be fulfilled.

VIII. RDT&E

A. FUNDING

The Army budget request submitted to the Congress included $1,849.5 million for Army RDT&E. On 27 June 1969, I sent letters to the Chairmen of the House and Senate Armed Services and Appropriations Committees requesting additional funds for an Attack Helicopter Program. As you know, the Senate has authorized a total of $1,626.7 million for Army RDT&E and the House Armed Services Committee has recommended an authorization of $1,664.5 million. We have accepted the House total authorization level. Thus, we are now requesting approval of an Army RDT&E program of $1,664.5 million, which is a reduction of $239.2 million from my adjusted request and $13.5 million less than the FY 1969 program.

Although there is a decrease of $13.5 million between the FY 1969 approved program and the FY 1970 request for RDT&E, the funding level for SAFEGUARD and the Kwajalein Missile Range has increased by $114.8 million. Therefore, there have been substantial reductions in the balance of the R&D program. Table 14 is a comparison of the Army R&D program levels for FY 1968, FY 1969 and FY 1970.

Table 14 - RDT&E Budgets

	FY68 Program	FY69 Program	FY70 Program
Army RDT&E Funds ($ millions)	$1,522.2	$1,678.0	$1,664.5
SAFEGUARD	(383.9)	(311.5)	(400.9)
Kwajalein	(38.7)	(58.5)	(83.9)
All Other	(1,099.6)	(1,308.0)	(1,179.7)

B. PROGRAM SCOPE

The Army's mission requires a broad RDT&E effort. Our program must range from the development of very sophisticated weapons systems - such as ballistic missile defense systems - to relatively simple equipment for detecting enemy movements and presence in the Vietnam environment. The Army plans its RDT&E program to meet new or developing threats that cannot be met with present systems, and to provide improved systems and equipment which will be significantly more effective in accomplishing a given task.

We recognize that new weapons systems can be expensive to develop, procure, and deploy. We are therefore reviewing our programs very carefully to insure that only those systems are developed which promise significant improvements in performance to meet new threats or which result in major savings in manpower, logistic effort, or maintenance costs. Even after a new system is defined and developed on this basis, we recognize a particular obligation to justify the feasibility and desirability of the improvements before any decisions are made to procure and deploy the systems.

C. SIGNIFICANT ITEMS

I would like to highlight several major development programs:

1. Main Battle Tank - 70 (MBT-70)

Fabrication of the first R&D pilot model was completed in 1967. Since then the 12 pilots and three test rigs which have been constructed have logged over 30,000 miles in various test operations. The data resulting from this testing provided a good basis for the in-depth review of the entire program which we completed this past Spring. As a result of this review, we realigned the program in April to obtain an improved balance among technical risk, costs, and production dates. At the time of the Deputy Secretary of Defense's approval of our realigned program, he announced that OSD would conduct a major review of the program this December.

Despite the urgent need to modernize our tank fleet, we are taking a calculated and deliberate approach in the development of the MBT-70. Conse-

quently, the tank is still in its early stages of development, with extensive engineering and service tests scheduled to take place before a production decision is reached.

2. Heavy Lift Helicopter

Our preliminary studies indicate a need for a helicopter to lift combat essential and tactically significant loads in the 20 to 23 ton range. Our present CH-54B aircraft, which has the greatest lift capability of any of our Army helicopters, can only lift loads weighing up to 8 tons under "hot day" conditions.

This year we plan to begin advanced development of critical components of a new heavy lift helicopter with a payload of 23 tons. This capacity will improve our logistic support capability and provide tactical units with a better capability to lift medium self-propelled artillery, light armored vehicles, armored personnel carriers, downed aircraft, and other heavy equipment. The initial work will require contractors to describe design concepts, identify critical components, and estimate associated development costs and schedules. The Army will evaluate the results of this initial effort as well as additional studies of Army requirements to develop a balanced heavy lift helicopter program.

3. Surface-to-Air Missile Development (SAM-D)

SAM-D is in the Advanced Development phase. The design and fabrication of the prototype radar, computer, guidance component, and missile which will demonstrate the integrated system are progressing satisfactorily. We need SAM-D in the mid-to-late 1970's to replace the HERCULES and HAWK, which will have been in the field 20 years by the time they can be replaced. We expect SAM-D to offer significantly improved operational effectiveness as well as substantial savings in manpower and operating costs.

4. LANCE Missile

In FY 1968 technical problems in the LANCE fuel system appeared. During FY 1969 we found the causes of the problems and have changed the design to correct them. We have decided to extend the maximum range of LANCE, in the nuclear configuration, so that LANCE can replace the SERGEANT as well as some HONEST JOHNs. To accomplish this a redesign of the rocket motor will be necessary. This redesign and total system integration are the major engineering efforts for LANCE in FY 1970.

5. Multiple Artillery Rocket System (MARS)

Our operations research and requirements studies have shown t[he] need for a relatively short range indirect fire system which can rapidly deliver a large volume of non-nuclear fire on armor, other materiel, and personnel targets. Our in-house studies indicate that these requirements could be met best by a system containing several rockets or simple missiles on a single launcher.

We are now evaluating the results of competitive conceptual design studies from five industrial concerns and we will determine to what extent the designs can meet our criteria. Based on these studies, we will define a new baseline system which offers the most attractive overall prospect from the aspects of cost, development time, and effectiveness. This baseline system will then provide a basis for extended concept formulation contracts to include hardware fabrication and demonstration.

6. Tactical Communications System (Project MALLARD)

Versatile tactical communications facilities are essential for the conduct of successful operations on the battlefield, and experience in Vietnam has demonstrated that we need to improve our present capabilities. Our tactical communications system must be designed to handle complex traffic rapidly and accurately while our combat elements are engaged in extensive large-scale movements.

Project MALLARD is a program for the development and procurement of a tactical communications trunking and distribution system for use by the armed forces of the United States, United Kingdom, Canada, and Australia. MALLARD will provide reliable, secure, mobile and versatile communications at echelons from the field army through brigade headquarters. The project was initiated in 1967 and is jointly sponsored by the participating countries listed above.

7. Night Vision - SEA NITEOPS

Last year I reported on our efforts to develop night vision devices utilizing image intensification, thermal imaging, laser, and low light level TV techniques. The Small Starlight Scope, Crew Served Weapons Sight, and Night Observation Device are now in Vietnam and Korea in operational quantities and are being enthusiastically used with very positive results. Recently a significant breakthrough in the manufacturing of second generation image intensifier tubes was made. An accelerated program to develop devices utilizing these newer tubes is underway. Small, lightweight night vision goggles which can be comfortably worn by the individual soldier and will enable him to move, drive vehicles, and fire his weapon under complete blackout security are now under contract for advanced developmental models and will incorporate the second generation tubes. Significant cost reduction and greater effectiveness are anticipated with the introduction of such second generation equipment.

A Southeast Asia Night Operations Program (SEA NITEOPS) has been undertaken. In this program some eleven new night vision devices are being developed. These devices constitute an integrated system of night vision applications for use on helicopter gunships and ground vehicles, as well as by individual soldiers. The devices are now under contract for production of advanced developmental models and during calendar years 1969 and 1970 extensive testing and evaluation efforts will be carried out. These efforts will help determine the Army's requirements for these new devices.

IX. SAFEGUARD SYSTEM AND ABM ADVANCED DEVELOPMENT

A. SAFEGUARD System

In his press conference on 14 March 1969, President Nixon announced his decision to proceed with the development and deployment of a modified SENTINEL system (now called the SAFEGUARD system). Since then, Secretaries Laird and Packard and others have briefed and testified extensively in Congress on the SAFEGUARD system and the alternatives considered. In view of these previous discussions, I have omitted a lengthy discussion of SAFEGUARD from this statement. I do, however, want to make it clear that I participated fully in the review of the SENTINEL program and am in complete accord with the decision and resulting program.

There are three main changes made in the SAFEGUARD program decided on by Mr. Nixon:

1. It is oriented for defense of our deterrent forces.
2. It is phased with provision for modification as the threats develop or if arms limitation talks indicate that modification is desirable.
3. It is designed to make its defensive intent absolutely clear. (By moving the radar and missile sites away from our major cities, we eliminate any implication that we are trying to attain a first strike posture.)

The first phase of deployment will include installations at two MINUTEMAN site locations (Grand Forks AFB and Malmstrom AFB). The objectives of this phase are to:

1. Give limited protection to a portion of our MINUTEMAN force.
2. Provide experience in the production, deployment, checkout and

operation of a system.

3. Provide a base for rapid transition to other options if required.

The full deployment can be implemented later in phases depending upon the progress made with strategic arms limitations talks and the development of the Soviet and Chinese Communist threats. The next decision point on subsequent phasing (other than site acquisitions) is 1 January 1970. There are three principal variations of the second phase:

1. To counter a greater Soviet ICBM threat to MINUTEMAN - deploy additional MINUTEMAN defense and add the defense of the Washington National Command Authority (NCA).

2. To respond to greater Soviet SLBM threat to SAC bombers - add sites and the defense of the Washington NCA.

3. To respond to development of Chinese Communist ICBM threat - add sites and the defense of the Washington NCA.

The DOD investment cost (procurement and construction) of the new system will be approximately $6 to $7 billion, depending on the options exercised. The AEC costs are in addition to the above.

The total budgetary requirements for Fiscal Years 1969 and 1970 are:

	($ Millions) FY 69	FY 70
RDT&E	311.3	400.9
PEMA	530.6	360.5
MCA	183.0	97.1
O&MA	30.3	23.2
MPA	6.0	9.8
TOTAL	861.2	891.5 a/

a/ By carrying forward $98.0 million ($15.0 PEMA, $83.0 MCA) of FY 1969 funds appropriated by 90th Congress, the NOA for FY 1970 would be about $793.5 million based on the above chart.

B. ABM Advanced Development

To take full advantage of the phased SAFEGUARD system approach we need to continue with our Advanced Ballistic Missile Defense Program, in which we develop defense system responses to a variety of possible ballistic missile threats. The program is paced to achieve a response capability to meet the foreseen threat.

Principal elements of the program include: research and development required to extend the effectiveness of the SAFEGUARD System to counter the evolving Soviet and Communist Chinese threat; research and development of means to defend U.S. strategic offensive forces; and the development of system responses and necessary technology to counter more sophisticated and more massive threats. Projects in the program are carried only through advanced development.

Our budget request for the Advanced Ballistic Missile Defense Program for FY 1970 is $117 million, most of which will support work on radar and missile systems, discrimination technology, and reentry physics. The remainder supports data processing development, advanced systems studies, optical programs, nuclear effects studies, and threat evaluation.

X. RESOURCE MANAGEMENT

Good management of the Army depends on the availability of good information about the Army. Reliable data, clearly displayed, are the principal tool of our decision makers. During the past three years, we have devoted great energy, some of our best talent, and considerable money toward improving the

credibility of these data. The payoff is in timely decisions that are based on the best information that computer technology can provide.

A. NEW MANAGEMENT SYSTEMS

One of our first efforts toward improving management decisions was the development of a computer-based system to provide detailed information on each Army unit. This Force Accounting System (FAS) was evolved from several information banks operated by different agencies and has been in operation since mid-1967. The result is a single authoritative source for force structure data and the keystone system for all our subsequent planning.

As the FAS was being completed, we undertook a longer range project designed to build a companion information bank to record the equipment and personnel requirements for each of the 20,000 units identified in the FAS. The result is The Army Authorization Documents System (TAADS), which was completed for the active Army in the fall of 1968 and is virtually complete for the Army Reserve Components.

The FAS and the TAADS together are the responsibility of a single manager and provide source data against which virtually every Army resource requirement and budget request must ultimately be justified. Computer programs based on these two informational systems were used for the first time in 1968 to develop the Army FY 1970 budget request for equipment.

We have also developed systems to give greater visibility to the difficult task of planning the acquisition of resources and their subsequent distribution. This management problem is one of evaluating assets and projecting requirements into the future in order to predict what equipment and ammunition should be bought and what personnel skill training must be programmed.

Our FY 1970 budget estimates for principal items of equipment are based on computer models using basic requirements data from the FAS/TAADS systems. Assets and predicted losses come from field reporting systems. The result is a manager's display - the P-20 form, from the "Automated PEMA Budget Model" - which has become one of the most significant milestones achieved in our effort to provide visibility to this complicated process. Coupled to the plan for acquisition which the P-20 portrays is the plan for distribution of major equipment. Since the fall of last year, this plan has been produced by a computer through the "Equipment Distribution Planning System." By this technique, priorities which have been assigned to forces in Vietnam, in Europe, and elsewhere are applied to our assets and funded programs, permitting us to plan the distribution of assets on hand and expected.

Our systems for management of equipment have developed ahead of those for the more difficult techniques of managing personnel, but in August a significant advance was made when a comprehensive automated personnel data base was established. We are now testing a "Personnel Inventory Analysis Model" which will provide a degree of management capability for personnel programming similar to that already achieved for equipment. It has already been used on a limited basis to predict personnel training requirements for alternative Army force structures.

B. AUTOMATIC DATA PROCESSING

The Army is now employing automated data processing (ADP) techniques to assist in many aspects of facilities and operational management. Each agency of the Army Staff and each of our major commands has established a central ADP management office, and I recently approved the establishment of the Army Computer Systems Command which is responsible for integrating this large ADP effort and insuring its responsiveness to worldwide Army needs.

None of these management systems can make our decisions for us, but their displays of meaningful data clarify the range of alternatives and associated

impacts to our top managers. I consider the development of the systems I have mentioned to be of immense value, and request your support for their further development and refinement as well as for other automated resource management systems for the Army.

XI. THE FY 1970 ARMY BUDGET

The Army budget for FY 1970 as submitted by the President requests a total of $25.0 billion in total obligational authority, summarized by major categories as shown in Table 15:

Table 15 - FY 1970 Army Budget

Category	Amount ($ Billions)
Military Personnel	9.226
Operations and Maintenance	7.811
Procurement	5.559
Research, Development, Test and Evaluation	1.849
Military Construction	0.521
Total Obligational Authority	24.966

I have already reviewed our manpower, equipment and ammunition procurement, and RDT&E requirements. I shall now discuss briefly the other principal categories of our fund requests.

A. OPERATIONS AND MAINTENANCE

Our Operations and Maintenance request totaled $7,811 million, including $306 million for the Army National Guard. The amount requested is about $523 million less than the approximately $8,334 million in the FY 1969 revised budget, but is considered adequate to support our Southeast Asia and non-Southeast Asia operations. Notwithstanding this reduction, we will be supporting an average strength in Vietnam in FY 1970 which is essentially the same as in FY 1969 (including Free World Forces and RVNAF support computed on a U.S. forces equivalent basis). The reduction has been made possible in part by the continuing management actions to improve supply utilization in Southeast Asia, permitting more efficient use of those items that are presently in long supply. This will allow the Army to lower its purchases of new supplies, which in turn will permit a lower budget request.

Some decrease in the consumption and attrition of materiel in Southeast Asia became apparent in the closing months of CY 1968, and the general situation indicated that there should be a continued decrease in the level of activity. An assessment was made that the probabilities of a continued decrease were such that the FY 1970 budget should realistically reflect the turndown in activity. There is no precise way, however, to estimate the degree of combat de-escalation; the budget projections were made based on judgment after reviewing the latest trends.

The judgment regarding the required budget level was made while recognizing that programs and funds may require adjustments later based on updated consumption and attrition experience. The funds requested have been reduced to the minimum required to operate at the lower intensity levels projected in the budget. Overall, our request for operation and maintenance represents a very austere budget, and is one which will provide little or no flexibility for the Army to absorb additional operating costs.

B. MILITARY CONSTRUCTION

The Army budget for FY 1970 requests a total of $496 million for the Military Construction, Army, appropriation and $25 million for Reserve Components construction. Of this, $97 million is allocated to the planning and construction

required for deployment of the SAFEGUARD system. The remaining $399 million available to meet other Army needs worldwide is sufficient for only the most urgent of our operational requirements and for the health, welfare, and safety of our personnel. Included is $50 million for NATO Infrastructure funding, $24 million for urgently required facilities in Korea, and $20 million for storage and petroleum facilities in connection with the relocation of the line of communication in Europe. $241 million is for construction in the United States to provide operational and training facilities; maintenance, production, and supply facilities; medical and administrative facilities; troop housing; research and development facilities; utilities; community facilities; and ground improvements.

About $164 million of the total is for long-overdue replacement and modernization of existing facilities. The remainder of the funds requested are for the construction of urgently required new facilities. The Army is not requesting MCA funds this year for any projects in Southeast Asia. The $25 million for Reserve Component construction will continue the construction program for armories and training centers at an austere level.

C. FAMILY HOUSING

The Army received funds in the FY 1969 budget for the construction of 500 housing units, and all of these are scheduled to be under contract by the end of the fiscal year. After completion of these units, the Army will still have a program deficit of 40,900, of which 14,200 are overseas and 26,700 are domestic.

We are requesting in the FY 1970 budget a modest program of 1,200 new family housing units at six installations in the United States and the relocation of 226 units in Japan as shown in Table 16. The estimated cost of the entire FY 1970 family housing new construction program is $28.4 million. Our request also includes $3.7 million for improvements, advance planning, and design; $47.5 million for debt payment; and $141.4 million for the operation and maintenance of the Army's existing family housing.

Table 16 - Family Housing New Construction

Location	FY 1970 Budget No. of Units	Cost ($000)
Arizona (Fort Huachuca)	100	2,250
Georgia (Fort Benning)	340	6,800
Kansas (Fort Leavenworth)	150	3,750
Louisiana (Fort Polk)	260	5,460
Maryland (Fort Meade)	250	5,200
Virginia (Vint Hill Farm)	100	2,200
Subtotal	1,200	25,660
Relocation in Japan 1/	226	2,700
TOTAL	1,426	28,360

1/ This item will permit relocation of 226 family housing units from Chitose, Japan, to Misawa Air Base, Japan, in compliance with a base realignment package which involves the consolidation of functions of the Army Security Agency at Misawa Air Base, Japan.

D. CIVIL DEFENSE

We believe an adequate Civil Defense program, to complement our active strategic defensive forces, is an essential and prudent element in our Defense planning. It will provide a significant increment of protection for our civilian population in the event of a nuclear attack.

Our Civil Defense budget request for FY 1970, in view of the higher priority Southeast Asia-oriented requirements, is for $75.3 million. This is $2 million less than the original FY 1969 request. This year's request is

sufficient only to fund for Civil Defense at the lowest possible sustaining rate while still providing an option to expand or accelerate the program should the decision be made later to do so. Our major objective in the Civil Defense program remains the development of a nationwide shelter system to protect the population from radiological fallout.

Deferrals and rephasing of major program activities were instituted during the past year, and most will be continued in FY 1970. The funds requested will provide for:

-- surveying large buildings to identify fallout protection at a level that will permit coverage of a majority of the new buildings completed during the year;

-- resumption of Federal marking of public fallout shelters, which was discontinued in FY 1969 as the result of limited funds;

-- procurement of the initial increment of certain medical items to replace those that are deteriorating in medical kits placed in public shelters six years ago;

-- continuation of the Community Shelter Planning activity to make maximum use of available shelter in an emergency;

-- matching funds for State and local Civil Defense personnel, equipment, and emergency operating centers, at 4% above the FY 1969 program, but 15% below the FY 1968 obligations;

-- an experimental shelter support program designed to test a low-cost means of obtaining additional shelter, where needed, in new building projects. (Projections of fallout shelter and population to the mid-1970's indicate that up to one-half of the population will still lack standard (Protection Fallout-40) fallout shelter;

-- sustaining such essential support functions as Research, Training and Education, and Emergency Information.

E. REVISIONS

The Army is moving toward the $1 billion expenditure reduction goal established by the Secretary of Defense. The withdrawals from Vietnam and the concurrent decision to deactivate the 9th Infantry Division have already produced savings toward that goal. Additionally, we have elected not to submit reclamas to certain reductions in authorizations which were imposed by the Senate and House Armed Services Committees.

F. ADEQUACY OF THE FY 1970 BUDGET

The FY 1970 Army budget of $25.0 billion was designed, first, to provide for our immediate demands in Vietnam; and second, to pursue those programs essential to assure that the balance of the active Army and Reserve Components achieve and maintain their readiness objectives.

The FY 1970 budget request was constructed based on what we believe to be reasonable and prudent assumptions regarding the requirements to meet out Vietnam commitments during the budget year. For budget purposes, it was necessary to assume that combat operations will continue through the various leadtimes on which the budget amounts are based.

In formulating the Army budget request, we took cognizance of the competing priority demands for funds while the war in Vietnam continues. Where possible without directly impairing national security, we eliminated or stretched out less essential programs, and we postponed others which are necessary but deferrable. We are continuing that rigorous examination as we seek out further areas of possible expenditure reduction.

In this connection , I believe it is useful to consider the budget in its relation to our Gross National Product (GNP). The Defense budget for FY 1970 estimates expenditures of $77 billion or about 8% of the GNP, including about

$25 billion for the cost of the war in Vietnam. By comparison, defense expenditures for the non-war years 1961-1963 averaged slightly under 9% of the GNP. A similar relationship appears in comparing the military budget expenditures with the Federal total; the FY 1970 Defense outlays are forecast at 40% of the Federal budget as compared to the 1961-1963 average of about 44%. The Army accounts for about 32% of the Defense total, which is 12.7% of the Federal budget, or 2.6% of the GNP. I believe that from any responsible perspective this is not an excessive share of our GNP or Federal budget to devote to national security under the present wartime conditions.

I participated personally in a detailed review of the FY 1970 Army budget and the revisions that I have addressed and consider it adequate. I am convinced that it is a minimum request for essential operating funds and fully justified programs, and that it is consistent with the desires of the President and the Congress to minimize Defense funding while still meeting our national security objectives. I therefore urge your favorable consideration of our request.

XII. CONCLUSION

I stated earlier that people are the Army's most important asset, and I believe it is appropriate to close by acknowledging the magnificant professionalism and dedication of our Army military and civilian personnel.

The record in Vietnam speaks for itself, and those of us who have had the opportunity to see your young soldiers in action there must certainly feel a sense of pride in the tremendous job they are doing in the face of sacrifice, hardship and danger.

We should also be greatly heartened by the skill and professional competence demonstrated by our military leaders in conducting with restraint a limited and protracted war not supported by all segments of the American public. I would pay tribute particularly to General Westmoreland, who executed our military policies in Vietnam and directed our forces there for four years, and to General Abrams, who is now carrying out the programs which General Westmoreland initiated.

It is not just in combat in Vietnam, however, that our people are meeting today's challenges so effectively; the same levels of competence and spirit of achievement prevail throughout our worldwide Army establishment of over 2 1/2 million people. These men and women merit our recognition and gratitude, and I am sure you share my determination to provide them the dedicated leadership, the material support, and the responsive regard for their morale and welfare which they deserve.

Mr. Chairman, I would be pleased now to address any questions you or the other members of the Committee might have.

Statement of the Chief of Staff

Mr. Mahon. Yesterday the statements we had from the Air Force had been presented to us in advance and we had the opportunity of reading them or scanning them in advance. But we on the committee will go through these statements, and the staff will go through these statments and evaluate this testimony which you have presented. General Westmoreland's statement will be placed in the record at this point.

General Westmoreland, since this is your first appearance before the committee in your present position, we will insert also your biographical sketch.

(The biographical sketch and statement follow:)

General William C. Westmoreland, Chief of Staff, U.S. Army

General Westmoreland was born in Spartanburg County, S.C., on March 26, 1914, and graduated from Spartanburg High School in 1931. He attended The Citadel for 1 year, and graduated from the U.S. Military Academy, where he was first captain and regimental commander, on June 12, 1936.

After service with artillery units at Fort Sill, Okla., and in Hawaii, General Westmoreland assumed command of the 34th Field Artillery Battalion in April 1942, and commanded it in combat in North Africa. He fought with the 9th Infantry Division through France, Belgium, and Germany, first as executive officer of the division artillery and then as chief of staff of the division. After commanding the 60th Infantry Regiment in Germany, he returned to the United States as commander of the 71st Infantry Division early in 1946.

General Westmoreland assumed command of the 504th Parachute Infantry Regiment at Fort Bragg, N.C., in July 1946. In August 1947 he was named chief of staff of the 82d Airborne Division. From the summer of 1950 to the summer of 1952, he served as an instructor at the Command and General Staff College and at the Army War College.

On August 1, 1952, General Westmoreland assumed command of the 187th Airborne Regimental Combat Team, which was twice committed to combat in Korea while under his command. In November 1953 he reported for duty at the Pentagon as Deputy Assistant Chief of Staff, G1, for Manpower Control. In 1954 he attended the advanced management program of the Harvard Business School, and became the Secretary of the Army General Staff in July 1955.

General Westmoreland assumed command of the 101st Airborne Division on April 2, 1958. In July 1960 he was appointed Superintendent of the U.S. Military Academy. He became Commanding General, STRAC and XVIII Airborne Corps, in July 1963.

In January 1964 he reported to duty in Vietnam and in August 1964 was made Commander, U.S. Military Assistance Command, Vietnam. General Westmoreland became the 25th Chief of Staff of the Army on July 3, 1968.

General Westmoreland has been awarded the Combat Infantryman's Badge, the Master Parachutist Badge, the Distinguished Service Medal with two Oak Leaf Clusters, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star Medal, and numerous other U.S. and foreign decorations.

STATEMENT OF THE CHIEF OF STAFF US ARMY

Mr. Chairman, Members of the Committee:

I am honored to appear before you today to present my view of the Army's posture as provided for in the President's Fiscal Year 1970 Budget. The support you have given the Army in the past is appreciated. I anticipate working with you closely as you discharge your Constitutional responsibility to raise, support, and regulate the Armed Forces of the United States. My intent is to continue the highly cooperative and productive relationship which my able predecessor, General Johnson, established with your Committee.

GOALS AND OBJECTIVES

Early in his tenure, every Chief of Staff formulates a program to lead the Army -- and by Army I mean the One Army, active and reserve alike -- to an improved posture. Philosophically, the goals of such a program can be stated in general terms with which most of us would agree. For convenience, I have organized objectives and programs for the Army into four broad categories under the headings of mission, motivation, modernization, and management -- the "Four M's." They reflect four goals which may be stated as follows:

Four M's

MISSION -- the attainment of a balanced Army posture which is responsive to the various missions of the Army.

MOTIVATION -- the continued enhancement of the dignity, pride and motivation of the members of the Army.

MODERNIZATION -- an equipment modernization program which makes full use of every technological advance.

MANAGEMENT -- the achievement of the maximum effectiveness from the resources made available to us.

To have substance, these goals must be translated into more specific objectives. And here any Chief of Staff must be selective. Since to emphasize everything is to emphasize nothing, he must decide which important activities of the Army most deserve his personal attention. Other activities benefit from his direction primarily through their interaction with those in which he is more directly involved. The selection of specific objectives with which a Chief of Staff becomes involved depends on his view of the present status of the Army and his judgment as to those future events which will most affect the Army's capabilities to reach its goals.

The Army has now passed the peak of its massive buildup resulting from the war in Vietnam. This buildup was a magnificent accomplishment insofar as meeting our requirements in Vietnam was concerned. As a result, we developed a vast training base; procured, shipped, and issued huge quantities of materiel; and moved and maintained more than a third of a million men in combat, all without a general mobilization but with no major lessening of our heavy commitments elsewhere.

However, in order to meet our Vietnam commitments, we have had to pay a price elsewhere, and I shall touch on this during the course of my presentation.

Three basic decisions were taken when large forces began to deploy to Vietnam. These decisions relate to the whole discussion of the Army's current posture. The first and obviously appropriate decision was to give Vietnam an overriding priority in men, money, and materiel -- if need be at the expense of other forces, other areas, and other requirements. When coupled with no mobilization, this decision -- among other things -- has caused our experienced people to be spread thinly throughout the rest of the force.

The second of these decisions was not to procure, in certain selected cases, equipment for the entire Army force structure as expanded to meet the requirements of Vietnam. The Army has not, for example, procured aircraft above and beyond those required for the post-Vietnam or base line force plus consumption (including battle losses).

One consequence of this decision, coupled with the high priority to Vietnam, is that the great bulk of our aircraft which otherwise would be in Europe, Korea, or the strategic reserve is now in Vietnam. This also equates to a decision to forego temporarily the distribution of certain equipment to the Army reserve components and in fact has required a substantial withdrawal of equipment already issued to the reserve components. These were deliberate decisions taken to prevent an accumulation of materiel which would be excess at the end of the war when the size of the Army contracts. We believe they have accomplished their purpose.

I should add that our program to modernize the Republic of Vietnam Armed Forces is of recent origin. Therefore, the actual equipment now being provided to the Vietnamese forces has been procured from FY 67 and FY 68 funds. Replacement equipment is included in the FY 69 supplemental and FY 70 budgets.

The third decision was that we would adhere to a tour of approximately one year in Vietnam for many reasons, including equity. The broad consequence of this decision, in the absence of mobilization and when combined with the fact that the draftee's tour is only two years, has been a very high level of personnel movement and turbulence throughout the remainder of the Army.

Let me list some of the costs and risks which we still face in the Army:

-- All of our forces outside of Vietnam still retain some equipment which had been programmed for replacement.

-- Construction and maintenance of facilities, including family housing, which had been programmed at a minimal rate in the past, has been further delayed.

-- Much of our research and development of equipment to meet future Army needs other than in Vietnam has been deferred.

-- To meet manpower requirements, we have imposed exceptionally heavy burdens on our soldiers and their families over the past few years.

-- There are disturbing indications that deliberate efforts are being made to introduce the divisiveness found in our society into the Army.

-- Meeting immediate requirements for Vietnam absolutely dictated that certain actions be taken regardless of the long term inefficiencies which might result.

While I see the problems I have just listed as being most serious to the Army today, I most emphatically do not want to convey any impression of dissatisfaction with the Army's performance during the past few years. Considering the budgetary and manpower constraints placed on the Army, the job has always been done and in an effective manner. Certainly as the commander in Vietnam I was consistently pleased, impressed, and even amazed by the stream of highly trained, highly motivated, and well equipped units and individual replacements arriving there, and by the continued support provided to them. But since assuming responsibilities as Chief of Staff I have become acutely aware of the serious problems which have resulted from the constraints imposed in conjunction with the Vietnam buildup, despite the best efforts of all of us.

Selection of those objectives to receive personal emphasis from the Chief of Staff depends not only on the problems which he sees today, but also on his judgment as to coming events which will significantly affect the Army. Although the future may prove me wrong, I believe the following events will be of most concern to the Army during the next few years:

-- Fighting within Vietnam will continue for an undetermined period of time, although its intensity will probably decrease. Although the Paris talks are a significant milestone which we hope will lead to a peaceful settlement, the war is not yet over and we can expect that the enemy will continue to pursue his military/political strategy of fight-talk-fight.

-- There will be a continued and, if events of the past year in Eastern Europe, the Middle East, Korea, and Latin America are any indication, perhaps an increased challenge to the status, influence, and interests of the United States throughout the world.

-- The possible termination of hostilities in Vietnam will probably lead to public demands for a rapid reduction in forces and reductions in spending without full consideration of valid continuing military requirements.

-- There may be controversy as to the lessons to be learned from the war in Vietnam, to include the proper future roles of the Army.

-- There will be enormous strides in management sciences and techniques which can be of value to the Army.

Based on the deficiencies I see in the Army today and my judgment as to the most relevant future events, I have refined the broad, long range goals of the "Four M's" -- mission, motivation, modernization, and management -- into several specific objectives. These are the objectives to which we must devote major effort -- and which the FY 1970 budget is designed to support within resource limitations. Let me discuss them briefly.

Immediate Objectives

Continue our high level of support for Army forces in Vietnam so they may complete their mission of contributing to the termination of hostilities on terms favorable to the United States.

In this regard, we must all be mindful of our experience in the months and years

immediately following the beginning of the Korean truce negotiations, when heavy fighting not only continued but also affected progress toward peace.

Correct the manpower shortages and imbalances in the Army outside Vietnam which resulted from the expedient manner in which the Vietnam buildup was accomplished.

We must work hard at correcting these shortcomings, without waiting for a settlement in Vietnam. These corrective actions must, of course, be consistent with our post-Vietnam planning. Some shortcomings resulting from heavy overseas deployments and from structure and manpower limitations will persist until the end of the war in Vietnam.

Provide the equipment and facilities needed to insure an improved program of modernization for Army forces world-wide.

Continued deferment in the modernization of the Army's plant and equipment adversely affects our readiness. Although we have met and exceeded the Congressional floor on facilities maintenance, we do have a backlog of requirements. As for our research and development efforts, we must guard against a lag that would place the Army at a disadvantage when compared with potential enemies.

Prepare now for changes resulting from the termination or significant reduction of US military involvement in the Vietnam war so that the resulting Army posture will be adequate to meet foreseeable requirements.

Realistically, the Army recognizes that there will be increasing pressure for a reduction of forces and expenditures as requirements for Vietnam decrease. The Army also recognizes its own equally valid need for resources both to overcome any remaining deficiencies and meet new demands. The world situation after Vietnam will not be similar to the situation in 1946, when the US was the only world power remaining, or in 1953, when the US was still unchallenged as the world's foremost power. After Vietnam, the US will be at best the stronger of two recognizable superpowers, and will, with its allies, be involved inescapably in shaping the future course of world events. The redistribution of our available resources must reflect this reality.

Increase the efficiency with which the Army manages the resources made available to it.

Here we must not only continue to expand the Army's understanding and use of appropriate management tools, but must also insure that the systems used do not overlap. They must be flexible enough to adapt to change and new requirements and to interact efficiently with other governmental agencies. Our management tools must provide for the incorporation of valid lessons learned from our experience in Vietnam into the Army of the future. Here, we must exercise good judgment and considerable caution in adopting these lessons; we have no desire to prepare to fight our last war over again.

Insure that the Army is identified as a respected and integral part of American society, both in the eyes of the public and in the eyes of the individual Americans who make up our Army.

Although I have listed this objective last, I most emphatically do not place it last in importance. Here again I do not imply the least dissatisfaction with the American soldier who has given outstanding service during the past few years in return for the limited rewards given him. However, a truly "American" Army, drawn from all elements of our society, fed by all the strengths of that society, and contributing to both the domestic and external needs of that society is fundamental to the progress of our nation. From a relatively narrow point of view, we must insure that the Army can attract and retain the young men and women whom we need. We must insure that those who leave the Army, whatever their length of service may have been, will recognize with pride the value of their contribution. From a broader point of view, the Army must contribute to society by returning to it Americans who are, in every sense, better citizens. I have made this a particularly personal goal.

These, then, are the objectives with which I shall become most involved in the coming year. Events may well lead me to change some of these and to add others. Nevertheless, my objectives will always be chosen to support my firm conviction that the United States must at all times have at hand an Army ready to do whatever is required wherever it may be needed.

WORLD-WIDE FORCE STRUCTURE

As background for discussing the programs funded by the FY 1970 Budget, let me

review the current Army force structure.

The structure of the Army presently consists of 27 division forces -- 19 active and 8 reserve. The 19 active division forces include our 17 active divisions plus 6 separate brigades which equate to another 2 divisions. Our current division forces consist of the divisions themselves (or their equivalent in brigades); Initial Support Increments (ISI's), which contain the units initially needed to support divisions in combat; and Sustaining Support Increments (SSI's), which are the units designed to sustain divisions in combat indefinitely. Total strength of a division force for planning purposes is 48,000 men.

THE ARMY'S POSTURE IN VIETNAM

Although we have reduced the size of Army forces in Vietnam from 8 1/3 to 7 2/3 divisions, and our personnel from 368,000 to 353,000, that country continues to contain our largest concentration of division forces. For this reason, and because military operations there continue to be our greatest immediate concern, I have placed first on my list of short range objectives,

CONTINUE OUR HIGH LEVEL OF SUPPORT FOR ARMY FORCES IN VIETNAM SO THEY MAY COMPLETE THEIR MISSION OF CONTRIBUTING TO THE TERMINATION OF HOSTILITIES ON TERMS FAVORABLE TO THE UNITED STATES.

Together with the other military services, the Army's mission in Vietnam has been, in broadest terms, to punish the enemy and provide a shield of security behind which the Republic of Vietnam's government can rebuild a nation. The Army has performed its mission well.

Perhaps the most significant measure of our success has been the enemy's total inability to achieve success on the battlefield.

But this is no time to rest on past successes. After all, 12,700 American servicemen died during the two years of Korean truce negotiations. And more than 15,800 Americans -- including 10,500 Army men -- have been killed in Vietnam since the Paris talks began. We must expect much more hard fighting in Vietnam as the enemy continues his recurring offensives. These offensives have been characterized by sporadic bursts of activity, or "high points," as he calls them, and have consisted mainly of attacks by fire (primarily against military targets), small ground probes, and a few battalion-size attacks in the vicinity of urban areas.

Our initial assessment of these offensives is one of significant enemy failure -- which could become even more significant with the passing of time. The pacification effort continues to progress, country-wide elections were held without interruption, and the Republic of Vietnam government and armed forces appear stronger and more popular than ever before. However, the enemy still retains a wide range of military options, and has demonstrated that even if military victory is not within his grasp, neither will he be defeated in the near term.

The heavier fighting which has taken place as a result of each enemy offensive makes it imperative that we continue to improve the effectiveness with which United States and allied forces in Vietnam conduct military operations. The Army has high priority programs to accomplish this.

Improvements in US Army, Vietnam

First, we have programs to increase the efficiency of US Army units, including the provision of improved models of helicopters for Vietnam. In another area of improvement, we are shipping new M551 SHERIDAN light armored assault vehicles to Vietnam.

Army programs to develop new equipment for our fighting men in Vietnam are continuing at a high level, with 220 million dollars budgeted for RDT&E related to Southeast Asia in FY 70 as compared to 248 million dollars in FY 69.

For some time the Army has been developing improved night vision systems. The first generation of these, which work on the principle of amplifying existing starlight, moonlight, and skyglow, has been achieving excellent results in Vietnam. We are accelerating development of second generation devices which show promise of being smaller and less expensive. To improve our current night combat capability, we are continuing Project SEA NITEOPS. The purpose of the project is to evaluate materiel performance and proposed doctrine and concepts leading to an improved capability to fight at night with daylight effectiveness. This capability will be evaluated in the United States and in Vietnam.

Dozens of other R&D projects are underway, ranging from the development of a small tear gas (CS) grenade weighing only 4 ounces to position locators which will tell the soldier on the ground what his map location is. I have personally been

most pleased with the response to new requirements coming from Vietnam, and see future performance remaining at the same high level.

Another area in which the Army has made and is continuing to make significant improvements in efficiently prosecuting the war in Vietnam is in the training of individual replacements. For one thing, we are giving an extra week of advanced individual training, oriented toward combat in Vietnam, to all of our new infantry men. This program has been expanded to all infantry training centers, since most of our infantrymen eventually serve tours in Vietnam. In addition, a special 32-hour training program is being conducted for other troops going to Vietnam. It includes an orientation on Southeast Asia; a concentrated review of perimeter defense, duties of sentries, ambush drill, sanitation, jungle survival, and communications security; a minimum of 16 hours of training on the M-16 rifle; and a review of lessons learned in combat operations. To make all our training more realistic, we are using captured Communist AK-47 rifles for orientation and live firing demonstrations so our young soldiers will be familiar with their sound, appearance, and capabilities, and so that they may safely handle rifles they capture. Finally, we are placing additional emphasis on training small unit leaders, particularly at the squad level. Our newly expanded Reconnaissance Commando (RECONDO) schools emphasize physical fitness, fieldcraft, and self-reliance -- all qualities much in demand among squad leaders in Vietnam.

Improvements in Allied Forces

In addition to improving the efficiency with which US Army forces conduct combat operations in Vietnam, we are also taking steps to improve the capabilities of our allies. Our major effort there is with the Republic of Vietnam Armed Forces themselves. We are now deeply involved in a program for improving and modernizing the Republic of Vietnam Armed Forces. The program was initiated as a two-phase program: first, to increase their ground combat capability and second, as the security situation in Vietnam permits, to balance the military services and add to their support units, thus providing the Vietnamese with a capability to operate against the VC insurgents independently of US support. As the first program was being executed the potential for sudden developments in the Paris Talks led to a plan for rapid completion of both programs. We are now executing this accelerated plan.

The Army is supporting the modernization of the Army of the Republic of Vietnam -- the ARVN -- and its associated Regional and Popular Forces (RF/PF) with men, materiel, and money. Over the years, our advisory effort has grown. Now, as the Vietnamese units become more self-sufficient, our advisory effort can be reduced, and advisory teams have been reduced in size in a number of Vietnamese units and activities. However, the Army still has many officers and men assigned to advisory duties with Vietnamese forces.

The program for modernizing Vietnamese Army equipment is proceeding rapidly but in an orderly fashion. We have already supplied the Vietnamese with M-16 rifles, howitzers, mortars, personnel carriers, trucks, and radios.

Another significant change in allied combat forces in Vietnam came with the deployment of the remaining elements of a light infantry division from Thailand this past January. We are providing a major portion of its equipment and support. Funds are contained in the FY 70 budget to continue this support.

Outlook in Vietnam

I want to conclude my remarks on Vietnam with several comments which will convey my views concerning the military situation there. First of all, some general statistics tell part of the story. Since 1 January 1969, the NVA and VC have lost almost four times as many men killed in battle as have the forces of the Republic of Vietnam and the Free World. This ratio includes the figures for 1968, when the enemy lost over 5½ men killed for each allied soldier killed. As a result of these losses, significant changes in the composition of the enemy's forces took place. The percentage of North Vietnamese battalions in the NVA/VC combat forces rose from 10 per cent at the beginning of 1965 to more than 55 per cent at the end of 1968. At the same time, the percentage of North Vietnamese soldiers in nominally Viet Cong battalions rose from less than 10 per cent to more than 30 per cent during the same 4 years. And during this period, the quality of the enemy's replacements, both from within the Republic of Vietnam and from North Vietnam, dropped significantly.

Another encouraging aspect of the war in Vietnam is our effective effort against the VC infrastructure -- the members of the quasi-military cadre who organize and supervise the absolutely vital intelligence and logistical support for

enemy combat units. This infrastructure has been the object of concerted, coordinated attack (code named PHOENIX) by Free World and Vietnamese forces. PHOENIX has been quite effective.

A third development in Vietnam worthy of comment here is the recent progress in pacification. Pacification efforts were set back about 6 months by the enemy's general offensives during early 1968. The government of the Republic of Vietnam moved aggressively to counteract this adverse impact, and by last fall commendable progress was again being made in the pacification program. Precise measurement of this progress is difficult. However, one criterion of progress is the number of Vietnamese living in relatively secure areas -- that is, those areas with a sufficient level of security that the enemy cannot operate freely in them and where reasonably normal social and economic activity is possible. Figures provided by the government of the Republic of Vietnam reveal that in early 1965 only 45 per cent of its population lived in relatively secure areas. At the end of the first half of CY 69, the figure, by our count, had risen to over 85 per cent. These statistics certainly reflect a most encouraging trend.

Finally, the nation-wide Communist attacks at Tet, early in 1968, were from our point of view a Battle of the Bulge, somewhat similar to the attack by the Germans in December 1944. The North Vietnamese/Viet Cong attacks were a last-ditch effort, an attempt to reverse the course of the war at one stroke -- the failure of which could be so costly as virtually to preclude later victory. But for the people of the Republic of Vietnam, the enemy Tet offensive was a Pearl Harbor, a surprise attack which brought the shock of war for the first time to many citizens and galvanized them into military and political action. That shock permitted President Thieu to enforce full mobilization, with its drafting of 18 and 19-year old youths. The unprecedented response of the Vietnamese Armed Forces and the general public gave heart to all of us and self-confidence to the Vietnamese. This growing self-confidence may be the most hopeful sign of all.

I am convinced that, barring Chinese Communist intervention, the enemy has no prospects of military victory in Vietnam. Nor can he achieve military successes of such significance as to affect the outcome of the Paris negotiations. This is not to say that he will not attempt to achieve military victories; I expect him to do so. But I am confident that the Army, together with the other services and our allies, will meet successfully any challenges he may make.

These developments, and our success in improving and modernizing the Republic of Vietnam Armed Forces have enabled us to proceed with our long-planned Vietnamization of the conflict and concurrent withdrawal of U. S. Forces. This summer we redeployed 15,400 soldiers, and are scheduled to redeploy a second increment by mid-December.

DISPOSITION OF ARMY UNITS REDEPLOYED FROM RVN

UNIT	STRENGTH	DISPOSITION
Hq, 9th Inf Div (Base)	4007	Inactivate
1st Brigade, 9th Div	3414	Inactivate
2nd Brigade, 9th Div	4300	Inactivate
Non-divisional support units	3679	Inactivate/
	15400	Demobilize

THE ARMY'S POSTURE ELSEWHERE

A major reason for the effectiveness of the Army in Vietnam was that it received the necessary resources to develop a first class fighting machine. The highest priority was given for funds required to provide, equip, or support Army forces in Vietnam. The budget for FY 70 provides for a continuation of a high level of support, assuming that the decreased level of activity noted last fall persists.

Such is not the situation for the rest of the Army, however. Budget policy for the past several years has been to accomplish approved programs at the lowest possible cost, while keeping as the major target an increase in military capability. Programs that did not fall within the category of urgent military requirements were reduced to the lowest possible level of operation, deferred to later years, or deleted.

The Army, recognizing the logic of this policy, has loyally supported it in past years; we continue to support it. But with this support must go a clear recognition of what the effects of these reductions, deferrals, and deletions have been.

Thus as I discuss my next objective --

CORRECTING THE MANPOWER SHORTAGES AND IMBALANCES IN THE ARMY OUTSIDE VIETNAM WHICH RESULTED FROM THE EXPEDIENT MANNER IN WHICH THE VIETNAM BUILDUP WAS ACCOMPLISHED

-- you will find me much less optimistic. Our FY 70 programs reflect the best use of our personnel which we can reasonably expect to be made available, but few problems will be solved. At best, we hope to prevent most problems from becoming worse, and we plan to be in the best possible position to resolve them when resources permit.

Effects of Expansion

Let me turn now to those deficiencies in the Army which result from imbalances in our expanded force structure, and actions underway to overcome them.

We initiated accelerated promotions several years ago, and now offer promotion to captain to those officers who serve more than two years on active duty. This has undoubtedly induced many young officers to stay on active duty to get the promotion rather than leave service just prior to promotion. We hope that many of these men will make the Army their careers. We have also revised assignment policies to permit filling some jobs, which do not require specific branch skills, with officers from other branches. For example, supply officers and adjutants in infantry battalions are now often from branches other than infantry -- a branch that is extremely short of captains.

We have also expanded our Skill Development Base program. That program gives an average of 5 months additional training to outstanding young soldiers, graduating them as small unit leaders or technicians in the grade of sergeant. We expect to train over 26,000 men under this program in 75 military occupation specialties during FY 70. Most of these young leaders go to Vietnam, where they have earned high praise from their commanders. Even though most serve in Vietnam, their availability means that other noncommissioned officers are released for assignments elsewhere. As with officer promotions, enlisted promotions have been accelerated. Here again, however, promotion is not a completely adequate substitute for experience, and little could be gained by further acceleration. As a matter of fact, our rapid promotion, particularly in Vietnam, has raised a minor problem: many of our young leaders who have proved themselves in combat do not have the leadership skills required for stateside garrison and training positions. We have instituted 6-week courses at 5 military posts to help these men convert successfully to a non-combat environment.

The Army plans to train 7,036 active Army aviators in FY 70, with the capability of increasing this if required. This will not solve our second tour in Vietnam problems. Since almost half of our requirements for aviators are for short tour areas, aviators will still be assigned to second tours in Vietnam with about 22 months between tours. While this has some very undesirable connotations, I should point out that we need a balance between experienced and newly trained aviators in Vietnam. We presently consider that 25 per cent of them must be experienced; thus training more new aviators this coming year would not, in the short run, permit us to lengthen intervals between tours in Vietnam for experienced pilots.

Effects of Structure and Deployment Imbalances

The recent expansion of the Army, together with the high proportion of overseas deployments, has caused exceptionally severe personnel turnover in our units. Even if every individual had remained at one station during 1968, the year the Army strength buildup ended, without being transferred to meet service requirements, we would still have seen an annual average change in force content of approximately 44 per cent simply through accessions and discharges. Of the approximately 1 1/2 million men and women in the Army, about 700,000 -- just under half -- serve overseas at any one time. Of the over 800,000 serving in the United States, over 170,000 are trainees who are not yet available for assignment overseas. This situation in itself guarantees great personnel turbulence.

But the various military skills into which we classify soldiers (almost a thousand different categories) are not equally distributed between what we call long tour stations -- those in the United States, Europe, Panama, and parts of Alaska -- and the short tour areas -- Vietnam and Korea. Looking at division forces, for example, we find 9 2/3 in short tour areas and 9 1/3 in long tour areas. The difference is even more marked in some of the supporting units: virtually all of the soldiers holding certain skills are needed primarily in short tour areas.

The Army has recently taken steps which should reduce personnel turnover and improve the readiness of our forces outside Vietnam. We have adopted a policy of

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discharging short tour returnees on their return to the United States if they have less than 150 days of service remaining. This policy avoids the problem of having these soldiers assigned to stateside units for such short periods that they would contribute little to unit capabilities. We have revised assignment priorities so as to reduce turnover in certain selected units, thus permitting them to conduct more progressive training and reach higher levels of readiness. We have arbitrarily limited transfers from certain units, particularly those in Europe. Finally, we are reviewing our force structure within the present constraints to see if better mixes of units would alleviate the problem. But here again without significantly increasing the size of our forces, high personnel turnover will continue to plague us as long as our present pattern of large overseas deployments to short tour areas persists.

My next objective --

PROVIDING THE EQUIPMENT AND FACILITIES NEEDED TO INSURE AN IMPROVED PROGRAM OF MODERNIZATION FOR ARMY FORCES WORLD-WIDE

-- is an important feature of the FY 70 budget. Our requirements in this area far exceed the available funds. This is primarily because of the deferral over the past few years, in order to provide resources for the Vietnam effort, of programs for which there are still valid requirements. However, we cannot permit our plant and equipment to deteriorate nor can we fall behind the Soviets in modernizing our forces. We believe that resolution of the war will permit us to make progress in this direction within the planned availability of funds.

Research and Development

Modernization must be a key goal for the Army over the next few years. It starts, of course, with research and development. We are asking for 1.8 billion dollars for RDT&E in the FY 70 budget which is before the Congress now. This is approximately the same level of effort as in the past four years, after allowing for rising costs in research and development of more than 5 per cent per year. Two additional costs reduce our flexibility in using R&D funds. The first of these is the portion which is devoted to National Programs -- those programs of interest to more than just the Army. Included in this category are such items as some strategic missile programs (including SAFEGUARD), missile range support, and communications systems. National Programs, over which the Army has little control, consume more than 42 per cent of our research and development budget. The other unavoidable costs which reduce our flexibility for research and development are those in support of Southeast Asia, which I have already discussed and which we have no desire to avoid. These have risen from 4 per cent of the RDT&E budget in FY 66 to about 12 per cent for FY 70.

The FY 70 budget for research and development will nevertheless fund some 145 program elements, with over 600 separately identifiable projects. Many of these projects have been in research and development for a number of years. For example, we have the Administration's approval to procure and deploy the SAFEGUARD ballistic missile defense system, and are entering the final R&D phases of its development, with 400.9 million dollars programmed in the FY 70 budget. There is also significant advanced R&D effort looking beyond the SAFEGUARD system to stay abreast of the evolving threats, with anticipated funding of 141 million dollars in FY 70 for advanced ballistic missile defense research. Major items here include improved radars and related data processing equipment.

Other weapons systems which have been under development for some time and are ready for fielding are the TOW anti-tank weapon, improved PERSHING surface-to-surface and self-propelled HAWK surface-to-air missile systems, and CHAPARRAL/VULCAN air defense weapons. Two other major development programs underway are the MBT-70 tank and the CHEYENNE armed helicopter, both of which are particularly important to the Army. Let me discuss each of these programs briefly.

Technological advances and our concept of future land warfare in Europe indicate an increased emphasis on open, fluid warfare. The decisive element of these operations will be the rapid concentration of the combat power required to achieve tactical advantage. Our subsequent survival will depend upon equally rapid dispersion to avoid enemy retaliation.

The MBT-70 -- our Main Battle Tank for the later 1970s -- is designed for just this type of mobile operation. Its ability to shoot accurately on the move, to fight effectively at night, and fire both SHILLELAGH missiles and very high velocity conventional rounds, will give it a big advantage over other tanks.

While other systems offer promise as "tank killers," they cannot assault and over-run enemy positions, nor conduct sustained offensive action against a

sophisticated and highly mobile enemy. The MBT-70 is a very effective tank-killer but its primary value is its ability to engage in decisive offensive combat.

The CHEYENNE armed helicopter is the first helicopter designed from inception as an integrated direct aerial fire support system. This aircraft weapons system integrates the latest technology in helicopters, weapons, computers, and navigational capabilities. It incorporates our most significant technological advances and is intended to provide outstanding combat effectiveness with excellent maintainability and survivability.

To present a balanced picture I must tell you that a number of Army weapon systems developments have encountered substantial problems -- either in terms of cost overruns or failure to meet military specifications. I would like to touch on three of the most important.

The first concerns the M60A1E2 tank. In order to provide a better tank to our troops in Europe who, as you know, are faced with a substantial Warsaw Pact tank force, several years ago we bagan modifications to the M60 tank. Because of what we regarded as a tactical urgency, we took some technical risks which at the time appeared acceptable. We asked for a tank which could fire conventional ammunition or a missile and could fire the conventional ammunition while on the move. This required that we combine a number of gun, turret, and stabilization systems which either have been developed for other tanks or were in an advanced state of development. Unfortunately, the integration of these systems has proved more difficult than we anticipated. As a consequence we have stopped, at least temporarily, production on the E2 model and returned to the production of the standard M60A1 tank until the technical problems can be resolved.

The MBT-70 is not now encountering any substantial technical difficulties. Fabrication of R&D models is complete, and subsystem tests and advance production engineering are underway. However, frankly, the costs have moved upward throughout its development. Accordingly, further expenditure has been suspended pending completion of a major program review in December.

The CHEYENNE - our advanced armed helicopter - has also encountered technical difficulties, as you know. Problems of rotor stability and control led us to terminate the production contract for the CHEYENNE last May. The Army continues to have a requirement for the kind of capability which the CHEYENNE was supposed to provide, and we intend to continue the CHEYENNE development program. Meanwhile we have asked the Congress for 106 million dollars to provide interim COBRA gunships to meet estimated attrition, and for advanced helicopter gunships to test.

One area of our research and development effort which requires attention is the need to reduce the time from the inception of an idea through the issue of equipment to troops. Our average lead time for development of major systems is about 10 years, including the time required for management and force structure decisions which cannot be charged to research and development itself. We count on technology to overcome the manpower of our prospective enemies. The technological gap is closing. The Communists are ahead in some fields, such as the heavy lift helicopter. If we do not reduce lead time, we may soon find ourselves not only outmanned but outequipped. Consequently, we are looking at our programs and determining better means to manage them from inception to their initial operational capability.

The Army currently maintains research contracts and grants with about 156 U. S. colleges and universities. These range from many low-cost projects by individual investigators to a few multi-discipline efforts at higher cost by larger groups. In FY 69 this program cost about 37 million. The projects are in both basic and applied research, are generally unclassified, and the information developed is available to others who need it. Of course a few relate to sensitive military requirements or capabilities and must be classified.

We are concerned that campus turbulence may lessen the willingness of investigators to do military research. However, the academic community has generally encouraged participation in unclassified, open exchange efforts.

Our proposed research, development, test and evaluation program is carefully thought out and, although pruned and revised extensively, reflects a balance of approved projects.

Modernization of Equipment

The results of the Army's R&D efforts must be translated into equipment, and in the FY 70 budget we are asking for a PEMA appropriation of 5.08 billion dollars. However, most of this money -- over 58 per cent -- must be spent on programs which do not contribute directly to replacement or modernization of Army equipment. Examples of such programs are the procurement of ammunition and repair parts,

production base support, modernization of the Republic of Vietnam Armed Forces, equipment support for the two Korean divisions and the Thai force (a light division) which are fighting in Vietnam, and support of National Programs. Many of these items, while necessary and deserving of Army support, contribute little to my goal of modernizing the Army.

The equipment buy supported by the FY 70 budget will replenish ammunition and combat and other losses at anticipated rates. It should make modest progress toward modernization, assuming that no unprogrammed requirements arise. This, of course, is what has happened to the Army in recent years. We have been buying new equipment with the objective of modernizing the Army's base line force -- that is, the portion of the Army structure which we plan to retain after the war in Vietnam ends. But unforeseen contingencies arose as our involvement in Vietnam grew. As a result of the initial decision not to mobilize the reserves, we could not use the support units in the reserve components on which we had counted in our planning. Therefore, we were forced to organize similar units in the active Army and deploy them instead. Further, two-thirds of a US division force was withdrawn from Europe to the United States in mid-1968; equipment was left in Europe with prepositioned stocks for two other divisions and replacement equipment was issued to the two brigades when they returned to the United States.

We have been able to supply the needed equipment to meet these unprogrammed demands in part from new production. New equipment has thus been used to equip and sustain new forces or permit prepositioning of equipment rather than replace old equipment already in the hands of troops. While this has been logical under the circumstances, it has slowed the rate of modernization significantly.

The FY 70 PEMA budget follows the same pattern. It is austere; it contains few hedges against contingencies at a time when planning for contingencies is a way of life. And it leaves our troops outside the combat zone still equipped with materiel which we had planned to replace by now.

However, if all goes well we will make some gains in modernization during FY 70, based in part on equipment purchased with monies appropriated by the Congress in past years. For example, we expect to take delivery of enough UH-1 (IROQUOIS) helicopters to permit us to begin replacement of obsolescent models.

Further, in the PEMA budget proposed for FY 70, we have requested 68 million dollars for M60A1 tanks, 73 million dollars for M551 SHERIDAN Armored Reconnaissance Airborne Assault Vehicles, 156 million dollars for TOW anti-tank missiles and launchers, and 99 million dollars for improved HAWK air defense missile systems.

The PEMA appropriation requested in the FY 70 budget will provide for a continued high level of support for our men in Vietnam, and for very modest modernization of our forces elsewhere. In my opinion, our request merits approval by your Committee.

Modernization of Facilities

A third aspect of modernization, in addition to the development and acquisition of materiel, concerns the physical facilities necessary to support the Army. In this area I refer to the need to replace and modernize both our production base and our permanent physical plant. In the first instance, the Army-owned production base, which consists largely of ammunition plants, is primarily of World War II vintage. It has been intensely operated in support of three wars. Over the years, the processes have become grossly inefficient and, in some instances, unsafe. A program to rehabilitate and modernize this base, which we estimate will cost $2.3 billion, has been developed which will insure the capability to provide ammunition support for emergencies. Due to the condition of the base, we should spend about $500 million a year to accomplish this program within a reasonable time. We are asking for $345.5 million in the PEMA budget for replacement and modernization of the production base in FY 70. In the second instance the Army has developed a plan for its permanent physical plant -- a plan which is updated yearly. Our experience has been that, in order to get the most efficient use from our existing facilities, we should spend about 4 billion dollars on facilities over the next 13 years, at an average rate of 300 million dollars a year. We are asking for $164.0 million for replacement and modernization construction in FY 70. In both instances, because of the pressure of Vietnam expenditures, these amounts for FY 70 are considerably below the desired figures. Indeed, since the Vietnam buildup began, we have consistently deferred or cancelled facility modernization and replacement. For the past five years we have modernized our permanent physical plant at a rate of less than 125 million dollars a year. Even at the desired funding rate of 300

million dollars per year for our permanent physical plant, the last of our World War II temporary structures at permanent installations will have been in use over 40 years prior to replacement. The FY 70 budget year will be our first major step in modernizing our production base. I strongly urge that our PEMA and MCA budget requests for FY 70 be approved intact so that we can begin a return to a more rational long range program and meet our most urgent current requirements.

Army's Posture in Europe

Moving now from these general deficiencies in the Army's posture to some specifics, I should like to discuss our situation in Europe. For many years the Army has considered Europe its most important defensive position. This is not to deny for one moment the importance of the shooting war in Vietnam, our assistance to the defense of Korea, or our positions in other trouble spots around the world. It does reflect the dependence of the United States and Europe on each other. This interdependence exists, not at the expense of Vietnam or Korea, but as a complement to them. Without the degree of security which NATO has brought to Europe our nation could never have made the commitment it did to the defense of freedom in Vietnam and Korea.

Our potential major enemy in Europe, the Soviets, are continuing to modernize their ground forces, which now number about a million and a half active duty personnel. They have increased the variety and number of weapons delivery systems and tactical nuclear warheads available. The USSR has also made progress in recent years in acquiring a capability to apply conventional military power at a distance from its land borders. Swing-wing and vertical takeoff aircraft and helicopter-borne and amphibious operations have been demonstrated. Russian naval infantry (marines) continue to increase in numbers. The antisubmarine warfare (ASW) helicopter carrier MOSKVA which, in addition to helicopters, carries antiaircraft and antisubmarine missiles, has been deployed to the Mediterranean periodically since mid-1968.

The importance of all this was heightened by the August 1968 invasion of Czechoslovakia. From a military point of view, the USSR and its allies demonstrated their long recognized capability to attack rapidly and effectively, giving no tactical warning, under the guise of a scheduled maneuver. In addition, some forces which had not been previously counted as immediately available for commitment to an attack in Europe were quickly and effectively mobilized for the intervention. While many of the Pact forces have since been redeployed out of Czechoslovakia, the military efficiency demonstrated in the intervention must continue to be a factor in NATO defense planning. Yet another consideration growing out of the Czech intervention deserves emphasis. The military axiom of basing a military structure and posture on a potential aggressor's capabilities, rather than intentions, was again proved sound by the Soviet's decision to use available military power as they deemed necessary.

All of these considerations make it even clearer that US and other NATO forces on the ground in Europe must be capable at all times of meeting a Warsaw Pact attack, since such an attack could easily come before reinforcements arrived.

To meet the requirements for the defense of Western Europe, the US Army has 4 1/3 divisions and 2 armored cavalry regiments. This is down from the balanced force of 5 divisions and 4 armored cavalry regiments which we had in Europe in 1961.

Much of the reduction of the Army in Europe between 1962 and 1967 consisted of the elimination of support units and personnel. As a result, combat unit personnel have been diverted in increasing numbers to perform maintenance, supply, and housekeeping tasks.

On the plus side, the Skill Development Base program which I described earlier trains new men to serve in Vietnam in the lower NCO grades. Thus we do not have to call on Europe to provide these people.

Also, the number of Vietnam war veterans in Europe is now increasing. As of mid-December, 18 per cent of all officers and 25 per cent of all noncommissioned officers were veterans from Vietnam.

We see no easy solution to our problems in Europe. As the demands of the Vietnam war diminish, we should be able to improve the quality of our support to combat forces as we are able to provide larger numbers of experienced people to fill the authorized positions.

Our actions to curtail gold flow, coupled with substantially rising labor and utility costs in Germany, have reduced our capability to maintain and repair our physical plant there. Repeated deferment over a period of years is now creating

substandard conditions in troop housing and logistical installations. The Army has developed a program to reduce this backlog of maintenance and repair, but it will require substantial funding.

Our lines of communication to Germany used to extend 500 miles through France to a series of ports on the Atlantic, with reserve materiel dispersed along them. We now depend, in peacetime, on a primary line of communication through the North Sea port of Bremerhaven -- a line which runs within 80 miles of the East German border and which crosses the logistical support lines of other NATO forces. However, the FY 70 budget contains funds which will alleviate portions of our problems in Europe.

Army's Posture in Korea

On the other side of the world, we have two divisions in Korea -- an area of the world which, until 1967, was relatively quiet. There, North Koreans, apparently acting on their own initiative without direction from either Peiping or Moscow, have greatly increased their pressures on the Demilitarized Zone (DMZ). The number of DMZ incidents rose from 42 and 37 in 1965 and 1966 to 452 in 1967 and 542 in 1968.

The Chinese Communist capability to reinforce North Korea in the event of renewed hostilities is still a concern. Red China deployed a force of one million men in Korea during the last conflict. Today she has large ground and air forces in Manchuria. Her military forces have borne immense civil responsibilities in controlling the Cultural Revolution during the past two years, but this situation is now apparently more nearly under control.

Along the Korean DMZ, the US 2d Infantry Division mans a portion of the front while our 7th Infantry Division is in immediate reserve just north of Seoul.

As in Europe, the size and composition of our force in Korea is determined by both political and military considerations. A study now underway in conjunction with other governmental agencies, which is considering a wide range of alternatives, should provide a basis for long range planning. In the meantime, we must remember that 33 Americans were killed and more than 100 wounded during 1967 and 1968 by the North Koreans.

Army's Strategic Reserve Posture

The Army's strategic reserve consists of those active Army forces in the United States and all of our reserve components units. The mission of these forces is, of course, to be ready to respond to contingencies, either as reinforcements for units already deployed, or by themselves in areas of the world where no US forces are stationed. In general terms, and under the then prevailing assumptions, we had the needed forces in our strategic reserve prior to the Vietnam buildup in 1965. Since then, we have used the strategic reserve for one of the purposes for which it was intended: to meet a major contingency. The equivalent of 5 2/3 divisions which had been in our strategic reserve have been deployed to Vietnam. This leaves us with 4 1/3 divisions, excluding 2/3 of the 24th Infantry Division, which although under the control of the US commander in Europe, is stationed in the United States. I am happy to report that with the stabilization of Army forces in Vietnam we have been able to rearrange priorities and control personnel flow enough to permit considerable improvement in our active strategic reserve during the past few months.

The major portion of our strategic reserve is found in the Army's reserve components, where we have 8 combat divisions, 21 combat brigades (two of which are temporarily on active service), and the necessary supporting units to provide balanced formations. As you know, the past year has been an eventful one for our reserve components. A major reorganization, which provided for a fully supported force structure compatible with operational requirements and active Army forces, was completed in May 1968. All units attended annual field training last summer in their reorganized configurations. The resulting structure is manned at 90 per cent strength or more. The Army Reserve has an authorized paid drill strength of 254,100; the Army National Guard, 387,600. These figures are down from last year's figures of 260,000 and 400,000, reflecting the mobilization in May 1968 of 34 Army National Guard units and 42 Army Reserve units totalling 17,400 men. Another 2,600 members of the Individual Ready Reserve were ordered to active duty at the same time to fill personnel shortages in the mobilized units and in the active Army. We plan to return these units to the reserve components upon their release from active duty, which is now scheduled for completion in December 1969. And, as necessary, we will form new active Army units to replace demobilized ones.

Let me say here that we in the Army have been highly pleased with the reserve

component units which are now on active duty. Forty-three units were deployed to Vietnam where they efficiently took their place beside the active forces there. Commanders in Vietnam have high praise for these fine units. The performance of the remaining units, which have been assigned to the strategic reserve, has been equally professional. Concurrently, hundreds of individual reservists have contributed their skills throughout our active force structure. I believe that the unfortunate actions of a very few have unjustly clouded the exemplary record of th many reservists who performed in a thoroughly commendable and patriotic manner as, once again, trained and dedicated soldiers from our reserve components took their places on our nation's security team in accordance with our One Army concept.

Army reserve components increased their capability to conduct operations to control civil disturbances during the past year, and are maintaining this high co petence through periodic refresher training. In all, 375,000 Army National Guards men and 204,000 Army Reservists have been trained for this mission, with more tha 1,200 officers completing the civil disturbance orientation course at Fort Gordon, Georgia. Special equipment for disturbance control, including shotguns, sniper rifles, armored vests, chemical dispersing equipment, radios, and bull horns have either been issued to units or prepositioned at critical locations. The Army National Guard is properly trained to cope with civil disturbances. Approximately 48,000 Army Reservists, organized into 18 brigades (3 TO&E and 15 provisional), have received additional training to accomplish civil disturbance missions. Our active forces in the US are, of course, also trained for such missions.

I have already discussed the Army's equipment status in general terms, and the problem areas which I identified apply to the reserve components as well as the active Army. Shortages are chiefly of the most modern items, while a significant portion of the equipment on hand is over age. We are attempting to provide the needed materiel to the reserves, and we have made some progress. For example, in FY 68 we issued 192 million dollars worth of equipment to reserve units. However, I believe certain problem areas in the reserve components will persist until at least the end of the war in Vietnam.

Army Strategic Forces

I mentioned earlier the SAFEGUARD ballistic missile defense system in relation to our R&D program. I think it is appropriate to comment further on this particular system -- which is a National Program but under Army sponsorship -- in view o its importance to the Army and to our national defenses.

On 14 March 1969 President Nixon announced his decision to deploy a modified anti-ballistic missile system, called SAFEGUARD. The overall objectives of this modified deployment are to safeguard against any attack by the Chinese Communists over the next decade, to safeguard our land-based retaliatory forces and thus enhance our second strike retaliatory capability, and to safeguard against any irrational or accidental attack of less than massive magnitude.

The first phase of the SAFEGUARD deployment would be two sites in the Minuteman fields -- Grand Forks and Malmstrom Air Force Bases -- with decisions by 1 January 1970 on whether and how to proceed with further deployment.

SAFEGUARD hardware subsystems consist of two radars and two missiles which wer selected from the NIKE-X engineering development program. The Perimeter Acquisition Radar (PAR) provides long range detection, identification and tracking of reentry vehicles. The Missile Site Radar (MSR) is a shorter range radar designed tc track the reentry vehicles and to launch and guide either missile to intercept. The SPARTAN missile is the long range defensive missile and provides area coverage the SPRINT missile is a short range missile and is used for local defense. The re vised R&D program will include developing certain improvements in the SPARTAN missile and in the MSR. Whether or not these improvements will be included in the de ployment will be a matter of consideration in our annual review of progress being made in R&D and of the developing threat.

Our revised budget provides for continuing a rigorous R&D program and deployment of the first two sites. The Army's budget previously submitted to the Congress included for SENTINEL 1,788 million dollars for FY 70 and 962 million dollar for FY 69. The revised budget is estimated to be 892 million dollars for FY 70 a 861 million dollars for FY 69 -- a total reduction for these two years of about 1 billion dollars.

Because of your general familiarity with SAFEGUARD components, I will not dwel further on the subject. I do want to emphasize that I am firmly convinced that th United States requires a timely and effective ballistic missile defense and that the SAFEGUARD deployment is an important program. The review inherent in the

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decision by 1 January 1970 on whether and how to proceed will insure that the system will continue to be responsive to the threat as it develops and to any changes in our national strategic policy.

Other Army Forces

I will not take time here to discuss in detail the posture of our combat units in Alaska or Panama, our air defense forces, or our training and logistical support establishments here in the United States. All of these share to some degree the common deficiencies which I have discussed.

I would like to say a few words in praise of our training base, where 45,000 men at our training centers will instruct 461,000 active Army and 116,000 reserve enlisted personnel throughout the coming year. This training base has met the requirements of our expanded Army in exemplary fashion. Perhaps most impressive has been its flexibility in adjusting to ever-changing requirements. A good example of this is our program for training the many-fold increase in college graduates -- perhaps as many as 36,000 this year -- who are expected to enter the Army as a result of limiting graduate student draft deferments. We plan no changes in basic combat training or combat arms advanced individual training, since those college graduates who serve in combat units need a proper grounding in fundamentals. But for those who go into supporting units, we plan to accelerate some 60 technical courses. We also plan to use the acquired skills of our college graduates to the maximum extent possible, to channel them into challenging leadership positions where feasible, and in general to make their service as valuable as possible both to them and to the Army while still insuring that the needs of the Army are met. It is this type of flexibility which has made our training programs so successful.

The Army has a number of programs designed to move it toward my goal of correcting the deficiencies which resulted from the expedient manner in which the Vietnam buildup was accomplished. We believe these programs represent the most efficient use of the funds we are seeking in the FY 70 budget. They are not sufficient to overcome in the immediate future the deficiencies which I see, but they do promise at least limited progress in almost every field. I must emphasize, however, that we are very often merely postponing actions which will have to be taken in the future. As long as these postponments continue, the capability of that portion of the Army outside Vietnam will be less than I would like to see.

POST-VIETNAM POSTURE

I have indicated several times thus far that we cannot look for much improvement in many of our problem areas until the termination of the war in Vietnam. To achieve the desired improvements then, I think it most important that the Army rapidly reach my fourth short range objective,

> PREPARE NOW FOR CHANGES RESULTING FROM THE TERMINATION OR SIGNIFICANT REDUCTION OF US MILITARY INVOLVEMENT IN THE VIETNAM WAR SO THAT THE RESULTING ARMY POSTURE WILL BE ADEQUATE TO MEET FORESEEABLE REQUIREMENTS.

Since much of our post-Vietnam posture will depend on the circumstances of the conflict's termination -- which are as yet unknown -- the Army's present efforts toward reaching my fourth objective consist in the main of intensive planning. We are taking the widest possible view of what may happen so that we will be ready for whatever comes to pass. Most of our studies are open-ended and will continue, taking into account the developing situation, until we can see more clearly the directions we should take. Therefore, let me simply present to you some important questions for which we are seeking answers.

Post-Vietnam Army Size and Composition

One major post-Vietnam problem concerns the proper size and composition of the Army as a whole. Optimum Army organization is a continuing problem, and I am sure that no chief of any military service is ever completely satisfied with the resources he is given. But this problem becomes most acute immediately following a war when the clamor for reductions in forces may be deafening. I see no reductions in international tensions in the near future which would justify decreased military preparedness for this nation, and I look forward to working with you to maintain an Army capable of meeting the demands of our national commitments and interests.

The timing of the phase-down in Vietnam is also of major concern to us. I have already mentioned our desire to rebuild our strategic reserve even while the war in Vietnam continues. Troops and units not needed in Vietnam should first be used to improve the readiness of our strategic reserve and forces deployed in Europe and Korea rather than being released precipitously from the service; however,

reductions in the budget may preclude this. And of course we need a reasonable amount of time to carry out a reduction in force efficiently.

A new problem (or a problem of greater importance than in the past) has to do with the role of the reserve components. In major wars of the past, needed units from the reserves have been mobilized. There was a clear reluctance to do this for Vietnam, and, however valid the reasons for not mobilizing more reserves earlier, the past reluctance does raise questions as to the future. It is for this reason that we have studies underway to determine, in particular, what units needed to sustain active Army combat units in prolonged combat should be maintained on active duty and which can safely be retained in the reserves.

An old and recurring problem is the tendency to substitute civilians for soldiers -- and vice versa -- in essential administrative and support positions, as strength ceilings and the need for combat forces fluctuate. This seems to be cyclic, and inevitably produces the inefficiencies associated with any personnel turbulence.

Strategic Mobility

Strategic mobility -- our capability to deploy forces anywhere in the world and to sustain them there -- has been of intense Army interest for many years. It will be of even greater importance after the Vietnam war when forces released from Vietnam are once again available for commitment elsewhere in support of our various multilateral and bilateral obligations. This is especially true if present balance of payment pressures and the trend of reducing overseas basing is continued. We in the Army enthusiastically support the Air Force program of acquiring 6 squadrons of the C-5A transport aircraft by the mid-1970's. We are just as enthusiastic in our support of the Navy proposal to begin construction of Fast Deployment Logistic (FDL) ships, and continue our support for other modern, fast, and responsive sealift. The airlift capability provided by the C-5A's and the other programmed aircraft of the Air Force provide, for the first time, a capability to airlift all the equipment organic to even our heaviest Army divisions. The Navy FDL ships' capability to store prepositioned materiel under controlled humidity storage conditions for extended periods, and to transport immense tonnages of supplies efficiently, when combined with an improved airlift capability represented by the C-5A, and other prepositioning programs, will go far toward providing a improved solution to the Army's strategic mobility problems.

MANAGEMENT IMPROVEMENTS

The fifth objective which I have set for the Army --

INCREASE THE EFFICIENCY WITH WHICH THE ARMY MANAGES THE RESOURCES MADE AVAILABLE TO IT

-- is a continuing one, and one toward which we have made great progress.

Improvements in Major Management Systems

In general, I am most pleased with the way the Army has adopted modern management techniques, and I know from my own experience of the many improvements in management made at the Department of the Army level. This is not to say that further improvements cannot be made; they can and must be. But I see Army proposals and programs as being primarily in the form of adjustments to what is already a basically effective system. For instance, while Army management systems are compatible with the OSD planning, programming, and budgeting system, there are plenty of areas for improvement -- particularly in streamlining the administration of the combined system. As another example, our Army Combat Developments Command, which is concerned with ideas, and the Army Materiel Command, primarily concerned with managing supplies and equipment, are both structurally sound. As the commander in Vietnam, I received superb support from both organizations. We must now be sure that the vital interaction between them is continued and strengthened. This is an area which I am examining very closely.

We are concerned with programs to improve management at every level, not only at the highest levels. Last December, for example, I directed increased emphasis on more effective management of our Army installations. There, the management problems are somewhat similar to those faced by civilian communities and service industries. We have relatively few men and women in the Department of the Army who either have extensive experience or formal training in these fields. Thus my first step was to direct the identification of key positions at Army posts for which such experience and training is necessary, and to determine how we can best train officers and civilians to fill these positions.

Supply Management for Southeast Asia

Another specific management program which we have underway deals with our supplies in Vietnam. As I pointed our early in this statement, the Army wisely sent to Vietnam, at the beginning of the buildup, those supplies which we expected to need. We did this recognizing that we had no demand data for a war of the type being fought -- indeed, we were not sure just what kind of war would be fought. Of course, some of the supplies were not needed. The problem then became one of identifying these and getting them back into the Army supply system. This could not be done efficiently in Vietnam because of the continuing high level of other supply activity there in support of the forces in combat. So the excess materiel was shipped to Okinawa and Japan where it could be efficiently segregated, stored, and accounted for. Our experience thus far is that this program costs the Army less than one and one-half cents for each dollar's worth of supplies utilized. As a corollary to this program, we are participating in PURM (Project for Utilization and Redistribution of Materiel in the Pacific Area). Conducted under Army auspices, PURM facilitates the redistribution of materiel within and among US military services. This program began on a test basis in March 1968, and became fully operational 1 August 1968.

As a broader effort, the Army's Project PRIMAR (Program to Improve Management of Army Resources) is nearing completion. Its purposes are to strengthen the Army force and resource planning system and to improve supply management procedures.

Management and Automatic Data Processing

The computer has become a major tool in every facet of Army management. At the same time, the computer has created special problems in streamlining and standardizing our world-wide automated reporting and management systems. There has been some concern among the committees of the Congress regarding the cost and proliferation of Automatic Data Processing equipment systems. There is no alternative to the expanded uses of Automatic Data Processing equipment in an Army of a million and one-half men with a large financial program, a 10,000 mile high-cost pipeline to Southeast Asia and some 500,000 supply items in the system. Our problem, frankly, has been to control and coordinate the growth of these ADP systems and to proceed in an orderly, planned and integrated manner. This year on 31 March, the Army activated a Computer Systems Command with the mission of assuring commonality of systems and compatible programing for all of our multi-command systems. I am confident we are on the right track and that this management and organizational arrangement will produce the controls we require. However, it will take several years before the full benefits of this centralized system become fully apparent and clearly visible.

Using Lessons Learned in Vietnam

Under the heading of improving management I include incorporating experience into our doctrine. Here I am particularly interested in making use of the lessons learned in Vietnam. Our experiences there, particularly with helicopter-provided air mobility and tactical intelligence systems, undoubtedly have wide applicability and should serve as a springboard for the future. Of equal importance are the lessons we have learned as a result of our advisory and pacification efforts. Helping to insure a climate of order within which responsible government can function efficiently was a challenging mission for the Army, and our performance improved significantly with experience. But here we must be careful not to accept our Vietnam experiences as being totally applicable in future conflicts in which the environment and national purposes may be as strange to us as those we faced in Southeast Asia in 1965. We must be selective in our application of the lessons we have learned in Vietnam.

Management Training

In reviewing the Army management systems and the changes which we plan in them, I have found much to be encouraged about. One of the most encouraging signs has been the enthusiasm with which the Army work force, both military and civilian, has adopted new techniques. This enthusiasm is most easily seen in the expansion of our formal management training programs. Requests for attendance at the Army Management Engineering Training Agency (AMETA) at Rock Island, Illinois, one of our major management training centers, have been rising sharply. We presently train about 5,000 military and civilian personnel each year at AMETA in 47 courses varying in length from one day to 8 weeks. AMETA also offers management intern programs, on-site training, and college credit extension courses in conjunction with the University of Iowa. As a separate action, the Army established an executive course in Operations Research/Systems Analysis at Fort Belvoir in

January 1968. This 4-week course is specifically designed to equip Department of the Army personnel to recognize the value and make maximum use of this management tool. Our emphasis here is to insure that men are using the tools of management -- tools such as systems analysis -- rather than becoming slaves to them. We must not permit management systems to take on a life of their own and become decision makers instead of providing assistance for the men who make decisions.

THE MOTIVATION OF THE ARMY

The final immediate objective for the Army which I want to discuss today falls under my general goal of motivation. It is to

> INSURE THAT THE ARMY IS IDENTIFIED AS A RESPECTED AND INTEGRAL PART OF AMERICAN SOCIETY, BOTH IN THE EYES OF THE PUBLIC AND IN THE EYES OF THE INDIVIDUAL AMERICANS WHO MAKE UP OUR ARMY.

This is an objective which concerns me greatly -- and in a very personal way. My personal interest springs from the deep pride which I have in the heroic efforts of our fighting men in Vietnam and the wholehearted support given them, under very trying circumstances, by the rest of the Army. My concern stems from certain indicators which, although having only a limited adverse impact on present Army capabilities, do emphasize the need for action on our part. These indicators include a decline in reenlistment rates among our career noncommissioned officers and anti-military activities by vociferous minorities in our society which some have attempted to carry over into the Army. While the latter will probably subside with a settlement in Vietnam, I foresee other detrimental effects on the motivation of our personnel resulting from the turmoil of reducing the size of the Army.

Let me break the Army's programs to improve motivation into two parts, which although not mutually exclusive are useful in organizing our efforts: programs to improve motivation (and thus efficiency and retention) within the Army, and programs to enhance the stature of the Army within our society.

Motivation of Army Personnel

The Army has many ongoing programs to improve motivation. These would logically include many of its educational programs. I am encouraging individual initiative at every level of our school system -- a trainee at a basic technical course is allowed to progress as rapidly as possible through the techniques of programmed instruction, and a colonel at the war college is urged to consider problems of national security from every viewpoint. We set high standards of performance in the Army; we train our officers and men to meet those standards -- and require that the standards be met. Within our resources we provide the best possible facilities and equipment for our soldiers. The aura of professionalism inherent in a well-trained, well-equipped, and well-led military unit is in itself a powerful motivating factor.

Military pay, to include fringe benefits and retirement compensation, is also a most important motivating factor. Although our studies show that pay is not necessarily first among the reasons young men list for leaving service, it is almost always listed somewhere. We are continuing our various incentive pay programs for proficiency, reenlistment, and hazardous duty. I am very much aware of the overwhelming support for adequate pay which has been given the military by Congress; all of us are most grateful for your leadership in this matter.

I should mention the importance of a proper family life in the Army. Repeated family separations prevent our holding out to the young careerists this hope. We cannot solve the family separation problem while we are forced to assign such large numbers of people to tours of duty overseas without their dependents. Most of our men respond well to repetitive short tours, but understandably their families do not. What we have done here, as we do in units outside Vietnam which are short of key personnel, is make up for resource shortages by relying on the dedication of our career military men and their families. While military men expect to shoulder a large share of the national load of hardship and danger in periods of crisis, we should not and cannot expect their acceptance of this to become a way of life. However, if the post-Vietnam war force is authorized adequate manning levels, we can manage in a way which will keep family separation within tolerable limits.

Family housing is a motivating factor which speaks for itself. It looms high in the "wife influence" category. From post to post, the availability of quarters varies greatly, as does their size and condition. The lieutenant and the young

NCO can survive these conditions, if they can look forward to something better farther along the road. The solution lies in making funds available for the improvement of existing quarters and in developing a program for a reduction in the total shortage of quarters.

Society's View of the Army

However important these personal motivation factors may be, I believe that in the final analysis the Army is motivated most by what it perceives its image to be in the eyes of the rest of American society.

Most Americans form their opinions about the Army either from service in it or the service of friends and relatives. Since our Army personnel centers are the last place soldiers see upon leaving service, we are making a special effort both to make them more efficient and to provide a better atmosphere during the last portion of a soldier's service. We are also cooperating with the press and local civic groups to provide some recognition for returning soldiers in their home communities. Veterans and civic organizations already are doing much in this important area, but much more can be done to insure that our servicemen receive the recognition which they deserve. Along the same lines, I intend to insure that there are appropriate ceremonies for major Army units whenever they do return from Vietnam.

One program which I have recently expanded is our National Speakers' Program. We tested this program last year with a group of 16 volunteers, young officers and enlisted men, who had recently returned from Vietnam. These men made 1,676 presentations in 48 states, describing in detail their own personal experiences in Vietnam, and were extremely well received by the public. An analysis of these engagements showed that 78 per cent of the audiences had never been addressed by an Army speaker, and more than 95 per cent of the sponsors indicated they would like to have another speaker from the Army. We are continuing this small but successful program with 30 new Vietnam returnees.

Another area in which the military interacts with our society is in the ROTC program. The following table shows the importance of that program as a major producer of Army officers:

OFFICER PRODUCTION BY SOURCE

SOURCE	FY 68	FY 69	FY 70 (proj)
USMA	675	764	700
ROTC	14,176	16,300	17,500
OCS	18,355	8,782	8,400

We now have Senior ROTC detachments at 283 colleges and universities. 120 schools applied for ROTC during FY 68 and 69. Of these, 30 were accepted. Other applications are still pending. This demonstrated interest in ROTC indicates that there is broad support for the program.

On the other hand, we are very much aware of the anti-ROTC sentiments on a few campuses. Of the 283 campuses having ROTC programs this fall, we have encountered significant problems in 7. Some of the criticism received over a number of years from sincere, objective faculty and administrators concerning course content is valid. Responding to their constructive advice, and in accordance with the Army's own efforts to keep pace with changing trends in education, we have adopted a flexible approach to our curriculum which will allow tailoring at the institutional level within established guidelines. This approach represents a continuation of curriculum changes which began in 1961. Our new curriculum was developed with the student in mind. We lose good students each year who evaluate their course requirements and opt not to take ROTC for fear it will affect their academic work. This new curriculum capitalizes on the existing academic course offerings at each institution. As shown below, it blends the purely military subjects with the academic courses:

ROTC Curriculum Development (Contact Hours)

	Standard	Modified	Developmental	New (Core)
Military Subjects	480	360	240*	210 (min)
Academic Subjects Applicable to a Military Career		120	120	180 (min)
	480	480	360*	390 (min)
Summer Camp (Scheduled Training)	264	264	264	264
TOTAL	744	744	624*	654 (min)

*Additional hours of instruction in military subjects are optional in first year (MSI).

In every respect the new curriculum focuses on the student by increasing the possibility for him to take ROTC. This is an evolutionary and progressive change and not a reactionary response to dissident pressures. The new curriculum concept will be instituted at all host institutions in the fall of 1970. However, it is being put in effect at some schools in the fall of 1969.

On the other side of the coin we find certain elements on the campus whose goal is to abolish ROTC. Their activities take many forms -- from simple demonstrations to acts of violence. Some are initiated by students; some are supported by faculty members. Dartmouth College and Harvard University have seen fit to disassociate themselves from ROTC; accordingly we will terminate the program at those institutions. Although we regret this, the Army will not remain on campuses where it cannot conduct its business with dignity and with the support of the administration and faculty.

Where extreme anti-ROTC activities have taken place, such as the bombing of an ROTC facility or arson, FBI and local law enforcement agencies have been quick to exercise their authority. From the Army's point of view, there does not appear to be any need for new legislation to counter these activities. I am confident that within the scope of present legislation Army ROTC will continue to combine the vitality of the academic environment with the practicality of military preparedness.

The Army can and must contribute to the building of American society. We have several programs to do this. Most were designed primarily to contribute to Army capabilities, but they also contribute to our society and, thus, to the image of the Army. We are continuing Project 100,000, in which we accept men previously rejected for service. Our experience has been that men in this program perform adequately in practically all jobs and are promoted along with their contemporaries. Also continuing is Project Transition, designed to prepare soldiers for employment in civilian life. In addition to on-the-job training in the Army facilities, 32 public and 368 private agencies are providing training opportunities. Over 30,000 Army personnel have completed training during the first year of the project. Other programs assist in police recruiting, host young people at Army installations, and under Project VALUE assist youths to qualify for civilian jobs with the Department of the Army. I consider all of these beneficial to both the Army and the Nation.

Now let me touch on race relations. The Army has conscientiously supported equal opportunity with the Army for many years. Recently we have expanded our interest in equal opportunity by establishing programs to insure that all Americans know what great opportunities can be theirs by enlisting in the active Army or the reserve components, or by entering the Military Academy. We also participate in the Department of Defense programs for equal opportunity in off-post housing. Since 31 July 1967, there has been a 143 per cent increase in the number of rental housing units open to soldiers of all races. I am most pleased with our progress in this field, and expect it to continue.

CONCLUSION

Mr. Chairman, I should like to sum up the posture of the Army now and in the immediate future, as I see it, in a series of statements:

-- The Army in Vietnam has accomplished its assigned missions well, and will continue to do so with the continued support of the Congress. The Armed Forces of the Republic of Vietnam are being expanded and modernized so that they can play an increasing part in the defense of their nation with the goal of having them assume full responsibility as rapidly as possible.

-- The Army outside of Vietnam is a formidable force in spite of deficiencies in personnel and modern equipment. It is capable of entering combat if required.

-- The Army is planning now to avoid extreme turmoil with the ending of the war in Vietnam. We will be prepared to maintain the highest feasible level of readiness as changes occur.

-- The Army is in general efficiently managed, and will continue to increase the efficiency with which available resources are managed.

-- The men and women of the Army are highly motivated and performing magnificently under various adverse conditions. With the support of the American people which they so richly deserve, they will serve us in the future in the same splendid manner.

Thank you. I will be happy to address your questions.

READINESS POSTURE OF THE ARMY

Mr. MAHON. General Westmoreland, from your statement we would deduce that the readiness position of the major Army forces outside of Vietnam ———. Despite this fact, as I understand it, the Army is in the process of making certain reductions below the so-called Johnson budget and below the budget of President Nixon; is that correct?

General WESTMORELAND. Mr. Chairman, we have inactivated certain troops that have been withdrawn from Vietnam, specifically the 9th Infantry Division less a brigade. We will inactivate the 3d Brigade of the 82d Airborne Division when it is withdrawn in phase II. We have accepted a shortfall in trained strength of about ——— for the end of the fiscal year, which will reduce personnel levels in certain units.

Now, with respect to the readiness of our divisions outside of Vietnam ———.

Mr. MAHON. Mr. Secretary, what is the planned reduction in expenditures below the April 15 budget of President Nixon?

Secretary RESOR. Mr. Chairman, before I answer that, might I call attention of the committee to page 33 of my statement where there is a display that attempts to show the readiness of our units. As you will see, ——— such as training of reserves and ROTC.

As of September 30, we were quite significantly better than we were about a year ago.

MODERNIZATION

Mr. MAHON. We have been spending billions of dollars on modernization of the military forces in recent years. I assume that substantial modernization is taking place in the Army?

Secretary RESOR. That is correct. We have had to defer some of the non-Southeast Asia-oriented aspects of modernization but there are some very significant funding requests for modernization in this budget. One request that I know General Westmoreland is partcularly interested and concerned about, is our request for the TOW antitank weapon in Europe.

Actually, we are now at a place where we have contracts and can get TOW's from production. That will make a significant modernization improvement in that very crucial area, Europe, where our main problem is that the Warsaw Pact has about a ——— tank ratio. This adverse tank ratio makes our antitank weapons most important. This TOW weapon, which we are now ready ——— would make a major contribution to meeting that problem.

TOW MISSILE

Mr. MAHON. Is the TOW weapon in some trouble?

Secretary RESOR. No, the TOW weapon has performed very well in its tests and is ready to be fielded.

PROTECTION OF MEN IN VIETNAM

Mr. MAHON. Mr. Secretary, I don't think this committee or the majority of this Congress would be willing to make any reductions

in the Defense program which would increase the hazard to our men in Vietnam and in Southeast Asia generally, or in Korea. Are any of your proposed reductions such that our men in Asia would be subjected to increased hazards as a result of the reduction?

Secretary RESOR. No. We have very carefully avoided that kind of a reduction.

BUDGET REDUCTIONS

Now, I can answer specifically your question about what we now contemplate as a reduction from the April budget, if you would like. I can give you certain general categories.

Mr. MAHON. Yes. But before we get into that in detail, I would assume that you would say that these reductions would, to some extent, impair the overall effectiveness of the Army worldwide but not in Southeast Asia.

Secretary RESOR. That is correct. General Westmoreland has already referred to one, a programed, planned shortfall in trained strength. That would affect primarily our units here in the continental United States.

General WESTMORELAND. That is right; it would not affect the——

Mr. MAHON. Except for the budgetary reasons, you would not be willing to accept the reductions which are being imposed?

Secretary RESOR. That is correct.

Mr. MAHON. You have been consulted by the Secretary of Defense in regard to the reductions which you are making below the budget figure and you have had a major voice in determining where those reductions should be applied?

Secretary RESOR. Yes. He has consulted us in detail and he has delegated to us a considerable degree of the responsibility for deciding where these reductions should be taken. General Westmoreland and I have consulted together with our staff at great length about this. We feel that the deductions which we would propose would be the ones that would be least damaging to the Army. Now, to add one more thing to my first answer:

There are certain reductions which I think one could take even without the expenditure problem that we are faced with: namely, those reductions that would flow from redeployment of our forces from South Vietnam. In other words, certain of those forces have always been contemplated to be dropped out of the Army force structure, and the mere fact of redeployment means you reduce your level of consumption of those items that are consumable in a combat situation. That kind of a reduction could be taken even without the expenditure problem that we face.

HISTORY OF BUDGET REDUCTIONS

Mr. MAHON. General Taylor, will you place in the record at this point a table of Army fund requests, the President's budget estimates and appropriations for the Department of the Army by fiscal years from 1950 through 1970?

General TAYLOR. Yes, sir.

(The information follows:)

DEPARTMENT OF THE ARMY
AMOUNTS REQUESTED BY THE ARMY, PRESIDENT'S BUDGET AND APPROPRIATED BY CONGRESS
FY 1950 - FY 1970
(In Millions of Dollars)

	Army's Request	President's Budget	Appropriation
1950 Basic	10,429.1	4,695.9	4,380.6
Supplemental	147.8	32.0	32.0
	10,576.9	4,727.9	4,412.6
1951 Basic	4,260.5	4,120.0	4,094.3
1st Supplemental	3,862.8	3,148.5	3,166.4
2nd Supplemental	10,622.1	9,211.8	9,161.8
4th Supplemental	2,895.1	2,850.9	2,847.6
	21,640.5	19,331.2	19,270.0
1952 Basic	23,973.6	21,987.6	20,839.7
Supplemental	1,388.0	1,168.0	1,128.0
	25,361.6	23,155.6	21,967.7
1953 Basic	19,087.8	14,617.9	-
Amended	19,276.3	14,798.5	12,826.4
2nd Supplemental	803.8	776.3	-
	20,080.1	15,574.8	12,826.4
1954 Basic	17,500.5	12,034.6	-
Amended	14,733.5	13,596.0	12,937.4
1955 Basic	10,044.3	8,211.0	7,619.1
1956 Basic	8,876.6	7,289.0	-
Amended	9,161.6	7,574.0	7,330.0
1957 Basic	8,809.9	7,899.4	-
Amended	8,864.9	7,954.4	7,539.3
Supplemental	88.4	88.4	88.0
2nd Supplemental	38.6	-	-
	8,991.9	8,042.8	7,627.3
1958 Basic	11,525.9	8,845.0	7,629.6
Supplemental	3.1	3.1	3.1
Supplemental	57.7	44.7	44.7
	11,586.7	8,892.8	7,677.4
1959 Basic	9,707.1	8,830.0	-
Amended	11,171.5	9,294.4	9,229.1
Supplemental	144.0	51.7	58.8
	11,315.5	9,346.1	9,287.9
1960 Basic	12,064.6	9,357.0	9,682.7
1961 Basic	10,320.2	9,546.0	9,720.0
3rd Supplemental	161.9	112.0	112.0
4th Supplemental	40.0	40.0	-
	10,522.1	9,698.0	9,832.0
1962 Basic	12,685.4	10,405.5	-
Amended	14,261.4	11,981.5	11,996.5

DEPARTMENT OF THE ARMY
AMOUNTS REQUESTED BY THE ARMY, PRESIDENT'S BUDGET AND APPROPRIATED BY CONGRESS
FY 1950 - FY 1970
(In Millions of Dollars)

	Army's Request	President's Budget	Appropriation
1963 Basic	13,325.4	11,846.0	-
Amended	13,382.8	11,903.4	11,770.3
Supplemental	56.2	56.2	-
Supplemental	65.8	65.8	63.8
	13,504.8	12,025.4	11,834.1
1964 Basic	14,344.5	12,837.1	12,316.4
Supplemental	267.4	224.0	195.7
	14,611.9	13,061.1	12,512.1
1965 Basic	13,685.5	11,994.9	11,681.5
Supplemental	331.3	47.3	47.3
SEA Supplemental	218.0	218.0	218.0
	14,234.8	12,260.2	11,946.8

1965 SEA Suppl. is Army's portion of the amount appropriated to Emergency Fund, SEA.

1966 Basic	13,435.8	11,336.5	11,240.2
SEA Amendment	569.1	569.1	569.1
Supplemental	6,369.7	5,264.6	5,264.6
	20,374.6	17,170.2	17,073.9

1966 SEA Amend. is Army's portion of the amount appropriated to Emergency Fund, SEA.

1967 Basic	21,072.9	17,116.4	17,279.0
Supplemental	7,817.9	5,644.4	5,594.4
	28,890.8	22,760.8	22,873.4
1968 Basic	27,741.9	23,628.6	22,992.7
Supplemental (pay)	355.2	292.1	117.8
Amended SEA Supplemental	1,957.6	1,957.6	2,182.4
	30,054.7	25,878.3	25,292.9

1968 SEA Amended Supplemental represents Army's portion of the amount appropriated to Emergency Fund, SEA. In addition to the amounts shown in the Army's request and President's Budget columns, request was made for the release of $472.6 million in reserve. Army's portion of the funds authorized by Congress to be released was $71.3 million for the pay supplemental and $118 million for the SEA supplemental.

1969 Basic	31,363.8	25,214.6	23,769.3
Supplemental	2,514.9	1,513.0	-
Amended Supplemental	-	1,470.6	1,222.8
	33,878.7	26,685.2	24,992.1
1970 Basic	30,050.9	25,929.5	-
Amended	-	24,375.9	-

EXPENDITURE REDUCTIONS

Mr. MAHON. What is the total expenditure target which you have by way of reductions below the outlay budget for the Army?

Secretary RESOR. We have identified and agreed with the Secretary of Defense on expenditure reductions of a total of $521 million. Now, we realize that the Department of Defense as a whole will probably have to reach a level of $3 billion expenditure reduction. Since our budget is approximately one-third of the total Defense budget, I think it is not unlikely that we will eventually have to increase that $521 million figure which we have already identified and agreed on to approximately $1 billion.

EFFECT OF REDUCTIONS ON VIETNAM OPERATIONS

Mr. MAHON. Do you feel confident, both of you, that this reduction can be made without impairing our position in Southeast Asia?

Secretary RESOR. I believe that is correct.

Mr. MAHON. Is that true, General Westmoreland?

General WESTMORELAND. Yes, Mr. Chairman.———.

Secretary RESOR. Yes; I should modify my answer to that degree.

———.

Mr. MAHON. Is that included in your reduction figure?

Secretary RESOR. It is not included in the $521 million which we have already agreed on. If we are forced to go to the $1 billion we would include it in that additional amount.

EFFECT OF COMMITTEES' REDUCTIONS ON VIETNAM OPERATIONS

Mr. MAHON. Well, I would like to make this clear, and I believe this represents the view of the committee: I am not willing to make reductions in funds for personnel which could be interpreted by the administration or by Hanoi or by others to indicate that this committee and the Congress are trying to pressure you into making reductions in the forces in Vietnam which you do not think are in the interest of the United States. I would like for that to be very clear.

I know this committee is not going to try to reduce your personnel appropriation for the purpose of pressuring you into making reductions in forces in Vietnam more rapidly than you feel they should be made. Do you understand that?

Secretary RESOR. I do. Let me say that we agree wholeheartedly with that. We think we would send the wrong message to Hanoi if they felt that we were being forced to make withdrawals for budgetary reasons; that is withdrawals that were not justified by the improvement in the Vietnamese forces and their ability to take over a larger share of the war.

Mr. MAHON. I think that the attitude of the Congress in military matters generally has been to support the Commander-in-Chief, whether he was President Eisenhower, President Kennedy, President Johnson or President Nixon. We can't run the military from the Capitol, as I see it; it is an executive function under our form of government. So I do not want any implication made that we are trying to intervene in the conduct of the war in that context. But if you make reductions in funds based upon unannounced reductions in per-

sonnel, don't you place yourself in a rather difficult and untenable position?

Secretary RESOR. Well, I would hope that we would not have to do that; that if no further reductions in troop levels in Vietnam are announced any further reductions we make would be made only if we were able, based on the current levels of activity, to estimate that our ammunition expenditures in the period which this budget funds; namely, the fully 12 months of calendar year 1970, and our level of consumption of other consumables, particularly those financed by the "Operation and maintenance" account, would be decreased.

I think it is possible that one might be able to conservatively reach that conclusion based on the trends in levels of consumption, but it is too early yet to do that.

IDENTIFICATION OF PLANNED REDUCTIONS

Mr. MAHON. Can you spell out at this point for us the identification of the $521 million spending reduction which you are proposing to make?

Secretary RESOR. Yes; I can.

Mr. MAHON. I wish you would do that. I wish you would identify it as to the particular appropriation account which is involved. I want this information for the committee with respect to expenditures and when we finish with that, I want the same information with respect to the appropriations because, after all, the bill which we will present to the House, while it will deal ultimately with expenditures, will deal more specifically with appropriations.

Can you give us both the expenditure figure and the new obligational authority or appropriation figure?

Secretary RESOR. Yes, sir; I can, and I think perhaps it would be easiest for you if, as I identified a program reduction, I give you both figures to match that reduction. Would that be satisfactory?

Mr. MAHON. All right. Why don't you do that. Do you have copies of this? Is it in your statement?

Secretary RESOR. No, sir; this is not in my statement, but we can supply copies of it this afternoon.

Mr. MAHON. All right. Supply that please this afternoon.

MILITARY PERSONNEL REDUCTIONS

Secretary RESOR. I will give you the broad outline now.

In the "Military personnel," account we have identified a reduction of appropriations of $195.9 million; expenditures, $188.1 million. That is broken down into three parts. The first is what we call phase I, withdrawal from Vietnam of 15,400 military personnel which was accomplished by the end of August 31, and resulted in a net decrease in the Army end strength of 11,800. That resulted in an appropriation reduction of $85.5 million and an expenditure reduction of $82.1 million. The second part relates to the phase-II withdrawal recently announced by the President. The Army's share of that is 14,082 military personnel with a net decrease in Army end strength of 22,064 by the end of December of this year. That will result in an appropriation reduction of $83.5 million and an expenditure reduction of $80.2 million.

Finally, the decision to inactivate the 9th Division units which redeployed from Vietnam and thereby reduced the end strength of the Army by 10,896, results in an appropriation reduction of $26.9 million and an expenditure reduction of $25.8 million. Those three parts total to the military personnel account reductions which I previously identified.

OPERATION AND MAINTENANCE REDUCTIONS

Now, also associated with those three parts are reductions in the O. & M.A. account, "Operation and maintenance account," Army. They aggregate a reduction of appropriations, $188 million, a reduction of expenditures of $161.7 million.

Mr. MAHON. Are you speaking of the whole O. & M. picture at this time, or only of that portion related to personnel?

Secretary RESOR. No; the whole O. & M. portion, but only insofar as it relates to these three actions that I have identified.

Mr. MAHON. I see.

Secretary RESOR. The first action reduces O. & M., $91.3 million in appropriations and $78.5 million in expenditures. The second, phase II withdrawal, $76 million appropriation, $65.4 million expenditures. Third, the inactivation of the 9th Division units, $20.7 million, and $17.8 million in expenditures, the first figure being appropriations.

So that the total of both MPA and O. & M.A. from those three actions is $383.9 million appropriation reduction and $349.8 million expenditure reduction.

Now, there are two other broad categories I would identify. Those are the PEMA and the R.D.T. & E. I will move to that now, if you like.

Mr. MAHON. Have you identified all of the reductions in O. & M.?

Secretary RESOR. All the reductions that have been currently identified as part of the $521 million.

Mr. MAHON. I understand. Now, then, go to Procurement.

PROCUREMENT REDUCTIONS

Secretary RESOR. In procurement, the reduction there totals in appropriation $478.7 million and in expenditures only $76.6 million. As you are aware, that account spends out much slower.

Mr. MAHON. Surely.

Secretary RESOR. There are three categories. In aircraft, the Cheyenne procurement cancellation resulted in appropriations reduction of $429 million and expenditures reduction of $68.6 million. Now, that is offset by the necessity of purchasing additional armed Cobras and that costs us an increase in the appropriation of $86 million and an increase in expenditure of $13.7 million. The other aircaft item is a deletion of the procurement of certain Mohawk aircraft which MACV have decided that they did not wish to buy. That reduces the appropriation by $28.1 million and expenditures by $4.5 million, and the total for aircraft then is an appropriation reduction of $371.1 million and expenditures of $59.4 million. That is a net reduction after taking into account the need to purchase the additional Cobra aircraft.

In the case of the missiles program, we have reduced it $35.2 million in appropriations and $5.6 million in expenditures. The largest item is a reduction in the TOW procurement of $14 million appropria-

tion, and $2.2 million in expenditure. That essentially is a stretchout of the procurement from the second source where we are trying to get competition. A reduction in the Hawk of $9.2 million in appropriation and $1.5 million in expenditures. The Interrogator, $8.5 million appropriation, and $1.4 million expenditure. The launcher COF model, the M–43, $3.5 million in appropriation and $0.5 million in expenditures.

In the case of the tracked combat vehicle, the total would be a reduction of $72.4 million in appropriation and $11.6 million in expenditure. The major item is a reduction in the procurement of the Sheridan from ———. That would be a reduction in appropriation of $48.6 million, in expenditure of $7.8 million. The reduction in the funds needed for the M–60A1 tank of $20 million and $3.2 million in expenditure, a reduction in the funds for the laser, M–60A1E2 tank of $3.8 million in appropriation and $0.6 million in expenditures, making a total PEMA reduction of $478.7 million in appropriation and $76.6 in expenditures.

R.D.T. & E. REDUCTIONS

The last category is R.D.T. & E. In that category we have identified a net appropriation reduction of $185 million, net expenditure reduction of $94.4 million. There are four major items: The heavy lift helicopter program has been reduced $5 million in appropriation, $2.6 million in expenditures; aircraft weapons, $8 million in appropriation increase and an increase of $4.1 million in expenditures; the research helicopter, an increase of $8.5 million in appropriation and $4.3 million in expenditure; then a number of R. & D. programs would be reduced to effect an appropriation reduction of $196.5 million and an expenditure reduction of $100.2 million.

So giving the aggregate figures which I identified, this all comes up then to the $520.8 million expenditure reduction and an appropriation reduction of $1,047,600,000.

ADDITIONAL REDUCTIONS

Mr. MAHON. Now, as I understand it, your target may very probably be $1 billion in expenditures rather than the $521 million before this exercise is completed?

Secretary RESOR. I think that is not unlikely.

Mr. MAHON. Then you will be able to advise us at a later date, I assume, where you could best make these additional reductions.

Secretary RESOR. Yes. We have been studying this problem for some time, both in the Army and with the Secretary of Defense's staff, and as we identify items we plan to advise your staff so that we can work together on this problem.

Mr. ANDREWS. Has there been a deadline set for the possible $1 billion reduction?

Secretary RESOR. I don't believe there has, as yet, Mr. Andrews. I would think it would be something that would have to be addressed in the next 2 or 3 weeks, I mean completed in the next 2 or 3 weeks, but I don't know. General Taylor, do you know of any?

General TAYLOR. No, sir. There has been no deadline established as yet.

Secretary RESOR. We are just doing it as expeditiously as we can and doing it carefully, consistent with doing it carefully.

Mr. MAHON. Off the record.

(Discussion off the record.)

Mr. MAHON. We are very greatly pleased to have with us again this morning Mr. Lipscomb, the ranking minority member of this committee, who is not only one of the most valuable men on the Appropriations Committee but one of the most valuable men in Congress and in public life in Washington. He has been ill for some time but he appears to be in fine shape today. I just want to welcome you, Mr. Lipscomb, back to the committee and give you the opportunity to make any inquiries or any statement you would like to make at this time in regard to our problems.

Mr. ANDREWS. Mr. Chairman, I would like to say that I did not fully realize what a valuable member of this committee Mr. Lipscomb was until he left us for a few months. We missed him. It is just a pleasure to have him back with us. He looks fine and I hope he will take care of himself and meet with us for many years to come.

Mr. MAHON. I hope that he will spare himself from some of these hearings, but when we sit down and decide what to do I hope he will be there with pencil in hand—and I am sure he will. Mr. Lipscomb.

Mr. LIPSCOMB. Thank you, Mr. Chairman and members of the committee, for your kind remarks.

I am glad to get back into harness. I must admit that I am a little stale on some of these things. You know, you stay away for a while and you lose contact. But I am most pleased to be back on the job and looking forward to getting our work finished and completed for this year. I want you to know that I offer you every cooperation.

Thank you, George, for your kind remarks. I am glad to have this opportunity to get caught up on what the situation is.

SOCIAL PROGRAMS

Mr. LIPSCOMB. Mr. Secretary, in 1970 the services have budgeted $39 million for the various social programs they conduct. This would include Project Referral, Project 100,000, Project Value, manpower studies, and Project Transition. In meeting the $1 billion expenditure reduction goal established by the Secretary of Defense would not these programs be a primary target for reductions since cuts in these projects would not affect the country's defense posture?

Secretary RESOR. Our country's defense posture is a reflection of our strength as a Nation. The strength of our civilian economy and the support the Armed Forces receive from the American people as well as manpower and money we allocate to the military services all contribute to our national defense. The programs you mention strengthen our national defense in all these respects. They help provide more and better trained manpower for the civilian economy and for the Armed Forces, and they help increase the support of the American people for the armed services by showing the concern of the defense organization for the general public welfare as well as for the military defense of the Nation.

INVENTORY OF ANTI-AIRCRAFT WEAPONS

Mr. LIPSCOMB. Mr. Secretary, would you have placed in the record a listing of the various anti-aircraft weapons and systems in the opera-

tional inventory of the Army and how they differ in range, deployment, use, and effectiveness.

Also list the various anti-aircraft weapons and systems under development and compare these with those in the Army operational inventory, which ones they will replace, and when they are expected to become operational.

Secretary RESOR. Yes, sir.

(The information was provided to the committee and is classified.)

EXCESS INVENTORIES IN PACIFIC AREAS

Mr. LIPSCOMB. Mr. Secretary, will you insert in the record a schedule showing the current status of supply inventories in Southeast Asia and the Pacific area in general. I would like this schedule to show the amount of inventories on hand, the amount of excess at the latest date available.

(Information requested follows:)

The value of in-store supply inventories in the Pacific area as of June 30, 1969 was $997,073,000. Included in this amount was $269,858,000 reported as excess to Pacific area requirements. Distribution of these inventories was as follows:

[In thousands of dollars]

Subcommand	Total supply inventories on hand (in store)	Excess included in total
U.S. Army, Japan	152,484	31,306
2d Logistics Command	170,213	57,675
8th Army	163,289	34,743
U.S. Army, Hawaii	20,143	5,318
U.S. Army, Vietnam	[1] 490,944	[1] 140,816
Total	997,073	269,858

[1] These amounts do not include the value of major end items in RVN. This information is not presently available.

EFFECT OF REDUCTIONS ON U.S. SECURITY

Mr. MAHON. Mr. Secretary, it seems to me that those of us in the legislative branch must work with those of you in the executive branch insofar as possible in an effort to handle this problem in the public interest. We all know the competition for dollars in the Government and in our society at this time. We all know about the attacks which have been made on military spending and upon the war, but it is up to us in the capacity in which we find ourselves to act as responsibly as possible. That we propose to do.

Do you think the reductions that have been announced and that may be in the offing, General Westmoreland, can be made without seriously hampering the security of the United States worldwide?

General WESTMORELAND. The reductions that have been made, in my opinion, Mr. Chairman, will not impair the security of the United States nor jeopardize our commitments. It is difficult to pass judgment on those that could be made in the future—and I am referring specifically to Southeast Asia—because no decision has yet been made. I feel, as a practical matter, it will be possible in the remainder of this fiscal year to make further withdrawals from South Vietnam as the Vietnamese continue to modernize their forces and marginally ex-

pand those forces, but I do feel that there is a danger of withdrawing so rapidly that we could create problems that might be insolvable.

WITHDRAWAL OF FORCES FROM VIETNAM

Mr. MAHON. I don't want to get into a full discussion of the war in Vietnam at this moment, but I think in the light of your statement I would assume that you would think it would be most unwise to set a target as to just when we will withdraw certain forces from Southeast Asia and what forces will be withdrawn.

General WESTMORELAND. Emphatically so. As I said, there is nothing to be gained and a great deal to be lost if we tell the enemy precisely what we are going to do.

Mr. MAHON. Yes. I don't have any patience at all with the theory of just walking away from our responsibilities and jeopardizing our forces and the immediate and long-range security of the United States by a willy-nilly irresponsible withdrawal from the war. The objective must be a decision reasonably acceptable to the United States.

Now, getting back to more detailed questions.

THAILAND TROOP WITHDRAWALS

It has recently been announced that 6,000 troops are to be withdrawn from Thailand. How many of the 6,000 are Army personnel and what will be the resultant savings? Also, are they included in the $521 million reduction which you have referred to in spending?

Secretary RESOR. No. That has come quite recently. We don't have the official Secretary of Defense decision on it, the internal decision that allocates the exact numbers. We know, we think, quite well what those numbers will be but I have not yet included that in the expenditure reduction which we forecast. It is about ——— Army personnel.

Mr. MAHON. You can amplify for the record.

Secretary RESOR. ——— space reduction.

(The information follows:)

Of the 6,000 spaces to be withdrawn from Thailand ——— are Army.

TEMPORARY CANCELLATION OF DRAFT

Mr. MAHON. It was recently announced that the November and December draft calls had been canceled. Of the 50,000 young men to be called during those 2 months, 47,600 were to be for the Army. What will be the savings in appropriations and in expenditures, if you can give it, as a result of this action on the 1970 budget?

Secretary RESOR. That has been included because the reduction of those draft calls was made possible essentially by the programed withdrawals from Vietnam. So I have included that already.

ARMY PERSONNEL ASSIGNED TO OSD AND JCS

Mr. MAHON. The committee notes that there are 1,975 civilians and 721 military spaces assigned to OSD and 490 civilian and 1,485 military spaces assigned to the JCS. Would you provide for the record the number of Army personnel assigned to OSD and JCS by year for the last 5 years?

Secretary RESOR. I'd be glad to.
(The information follows:)

ARMY DEPARTMENT PERSONNEL

As of June 30	OSD [1]			JCS		
	Military	Civilian	Total	Military	Civilian	Total
1965 [2]	262	39	301	276	0	276
1966 [2]	259	40	299	341	0	341
1967 [2]	333	41	374	366	0	366
1968 [2]	291	33	324	415	0	415
1969	340	60	400	462	0	462

[1] Excludes Army military personnel assigned to the departmental elements of Defense Intelligence Agency, Defense Communications Agency, and Defense Supply Agency.
[2] Civilian strengths include Youth Opportunity Campaign and Youth Opportunity Back-to-School participants.

Mr. MAHON. In the committee report last year, it was stated:

It would appear reasonable that at this time of fiscal stringency headquarters staffs could very well be reduced by 5 percent and no loss in the efficiency in essential direct support of the war in Vietnam.

The Army has 765 military spaces assigned to OSD and JCS. Should this area be a prime candidate for reduction at this time of fiscal restraint?

Secretary RESOR. We have already in the Army itself instituted a survey to see if we could at Department of the Army Headquarters make some reduction. I would think that it would also be appropriate at the Defense and JCS level, although that is really a little outside of my jurisdiction to comment on.

PLANS FOR REDUCING HEADQUARTERS STAFFS

Mr. MAHON. What plans does the Army have for reducing its headquarters staff in the Washington metropolitan area?

Secretary RESOR. As I say, I have asked General Westmoreland to have a survey made to see if we could effect a 5- or 10-percent reduction in the Department of the Army Headquarters. That would not only be the military but in the secretariat, too.

Mr. MAHON. What about a 10-percent or a 15-percent reduction? We have an excess of military and civilian personnel in the Washington area.

Secretary RESOR. As you are aware, the Secretary of Defense has a quite stringent rule now about introducing any new personnel into the Washington area. Essentially, I think we are in a position where we pretty much have to tradeoff before we can bring anyone new in here. So I believe considerable attention is already being focused on the problem of not having an increase in the Defense Department personnel in the Washington area.

Mr. MAHON. Would you place in the record the number of military personnel in the Washington metropolitan area and the civilian personnel of the Army?

Secretary RESOR. I'd be glad to.
(The information follows:)

As of June 30, 1969, there were 38,023 military personnel and 35,795 civilian personnel in the Washington metropolitan area, which includes the District of

Columbia, Maryland counties of Montgomery and Prince Georges, and Virginia counties of Arlington, Fairfax, Prince William, and Loudon, as well as the cities of Alexandria, Falls Church, and Fairfax.

Mr. MAHON. The staff shows me a figure here which I interpret as indicating that we have a total of 114,922 military and civilian personnel in the Washington area, speaking of all Defense forces, of which 42,029 are military and 72,893 are civilian.

Now, as I interpret the figures before me, in the Pentagon itself on December 31, 1968, there were 15,444 civilians and 13,501 military, making a total of 28,945. There has been a feeling, Mr. Secretary, for years that we are topheavy in personnel in the Washington area and in headquarters throughout the country and the world. Do you subscribe to that?

Secretary RESOR. I think probably right now I would not, in view of the fact that we have expanded by 50 percent since the beginning of the Vietnam war, from roughly 1 million to 1,500,000. I don't think there has been a proportionate expansion in headquarters. I I think probably right now the overhead problem is spread against such a significantly greater base than this is currently a less significant problem. However, I think it is something that we should follow very carefully as we phase down the size of the Army because then I do think that it might be a problem. So it is something that we have to watch very carefully to be sure that we take out a proportionate share of headquarters along with the general force.

NEED TO STREAMLINE DEPARTMENT OF DEFENSE

Mr. MAHON. In trying to go to the moon or in trying to develop certain weapons systems, we try to be innovative and we drastically change things. At one time transistors were great big gadgets and now they have been miniaturized to where you almost need a microscope to see some of them. But I don't think anything has happened in the last 25 or 30 years that has indicated a drastic, dramatic improvement in the management of personnel or the Defense Department generally. Why is it that this big, cumbersome, lumbering organization can't become more streamlined and more efficient? Is it impossible?

Secretary RESOR. We have made a very strong effort, which I think has produced very significant results in improving our management of our resources. There is a section in my statement in which I go into this in detail and describe the achievements we have made to date and some of the goals that are still ahead of us. I think the fact that we are today managing an Army 50 percent larger than it was in 1965—and I think managing it effectively and economically—with not a proportionate increase in the staff is partly because of these very significant management system improvements, particularly management information system improvements which we have introduced. For the first time the Army today has an automated force accounting system, that is, an automated system where we have one troop list for all the units in the Army and can at any time tell exactly what units are in the Army today and what units will be in the Army for the next 5 years. That automated list includes over 20,000 separate Army units and includes all the reserve components as well. For the first time we have an automated capability of determining from that force accounting system the exact equipment requirements for

that Army. In other words, we can produce the exact computation of the number of tanks, rifles, et cetera, by an automated system. Beginning this August we developed the capability to do that for the 1,500,000 people in the Army, the people requirement. These are really significant improvements. In fact, I think this is the kind of improvement that is going to make effective the new Secretary of Defense's policy to decentralize to the Army more of its own decisionmaking. If we hadn't developed this increased capability to manage our own resources over the last 3 years, I don't think that would have been a successful program. In fact, I think that was one of the reasons that Mr. McNamara originally centralized so many of the decisions in the Office of the Secretary of Defense.

REVIEW OF HEADQUARTERS STAFF

Mr. MAHON. How long has it been since there was a review of the need for each or any one headquarters staff unit, not just in relation to the war or in relation to the budget problem, but in relation to need?

You talk about managing a larger Army without a commensurate increase in overhead personnel. But have you really looked at this in terms of need?

Secretary RESOR. We have looked from time to time at various functions.

For instance, since I have been here we took out one intervening layer in the AMC structure. There used to be a layer between, for example, the Tank Command and AMC Headquarters and that intervening layer has been recently removed. Of course, shortly before I came there was a combination of the 1st and 2d Army Headquarters, and we are continually surveying the question of whether other headquarters could be combined.

In fact, the Chief of Staff has directed an extensive study of the general structure of the Army in anticipation of the suggestion that as we phase down, some changes and economies in headquarters might be possible. General Westmoreland anticipated this problem and has already started a study along this line.

PLANS FOR REDUCING HEADQUARTERS AND COMMAND STAFFS IN THE FIELD

Mr. MAHON. What plan does the Army have for reducing Headquarters and Command staff in the field?

You can supply that for the record.

Secretary RESOR. We will be glad to.

(The information follows:)

The Army has foreseen the need for a total review of its requirements. Accordingly, the Chief of Staff has established two special study groups, each headed by a major general, reporting directly to him. The first of these is already in being, and is examining the Army's long-range stationing requirements and capabilities. The role of headquarters and staffs will be examined with consideration given to future force-level projections, expansion potential, and encroachment problems, with a view toward the most efficient use of our assets balanced against projected needs.

The second study group, which will convene shortly, will review current DA organization. Particular attention will be given to the impact of advanced management techniques and information systems on our headquarters functions, organization, and procedures. Some preliminary work is already underway

in this area. This group will define more clearly the Army's overall CONUS organizational needs, to include the possibility of elimination or consolidation of some headquarters. Reports from these two study groups should be available near the end of the current fiscal year.

In addition to these longer range plans, the Secretary of the Army has directed a lower Army end strength, including a reduction in headquarters DA staff size. Although still in the planning stage, this reduction should exceed 12 percent of the current Department of the Army Headquarters personnel strength. The military and civilians involved will be off the roles by June 30, 1970.

EFFECT OF END-STRENGTH REDUCTION ON ALLOWANCES

Mr. MAHON. Since the Army is cutting back on end strength, can we assume then that related items in the budget that reflect an increase over 1969 can be reduced to at least the 1969 level?

I refer specifically to special pay, to allowance for quarters, to reenlistment bonuses, to change of station travel.

Secretary RESOR. We are currently reviewing once again the amounts in for promotions and travel adjustments. I would think that is one of the areas where we could identify further expenditure reduction.

NEW FOOD ITEM PROGRAM

Mr. MAHON. In the military personnel budget, $1.5 million was requested for the new food item program. These funds were to provide 1 million test meals. Since the Army is interested in cutting the budget, could the sample size be reduced to 100,000 or even 200,000 of this new type of meal and save perhaps a million dollars?

Secretary RESOR. In view of the large number of menus in the proposed item meal, 25-man, uncooked, it is necessary to procure sufficient quantities to insure industry's capability to produce a satisfactory product. Reduction in this program is being considered.

INCREASE IN MESS HALL ABSENTEE RATE

Mr. MAHON. The committee has been advised that there has been a significant increase in the absentee rate in the mess halls from 10.6 to 21.7 percent. Has this been taken into consideration in developing budget reductions?

Secretary RESOR. Yes. The increased absentee rate has been utilized in developing a reduction to the fiscal year 1970 budget.

SUPPORT SERVICE CONTRACTS

Mr. MAHON. In looking for budget reductions, could support service contracts be a place to make some adjustments?

Secretary RESOR. We agree that savings may accrue through reevaluation of those support services obtained by contract from commercial sources. We also believe that savings may be realized by review and evaluation of support services which are performed in-house by our own personnel. Except for those services which must be performed in-house because of military necessity, it is the Army policy to select that arrangement, consistent with civil service laws and regulations, which will produce the lowest overall cost; that is, performance in-house, by other Federal agencies, or by contract. In order to insure that we obtain our support services at the lowest cost to the Govern-

ment, the Army has a program in effect requiring continual review and evaluation of all support service activities on a triennial basis.

PROCUREMENT

U–21A AIRCRAFT

Mr. MAHON. The Army PEMA budget contains a request of $22.5 million for 72 U–21A aircraft plus $1.3 for initial spares. Army witnesses testified these aircraft are required to fill up Army units worldwide to transport high-priority cargo or people, instead of utilizing helicopters for this purpose. This is a rather large request for these aircraft, especially when only ——— were funded in the last fiscal year.

When will you receive the last delivery of U–21 aircraft you have on order at the present time? In other words, when will the production line stop?

Secretary RESOR. I will have to ask General Kornet.

General KORNET. The ——— in the 1969 program were RU–21 rather than U–21, that is a reconnaissance aircraft. As to the date that the production will stop, I will supply that for the record.

(The information follows:)

The last RU–21 in the fiscal year 1969 program is scheduled for delivery in April 1971.

Mr. MAHON. Do you still plan to procure these additional aircraft? Is this buy a part of your cutback?

Secretary RESOR. No; it is not a part of our cutback. It is, however, an item we are reviewing as a possible area of additional cuts.

Mr. MAHON. In view of the lateness of funding this year and the need to economize wherever possible, how much can you reduce this request?

Secretary RESOR. For the U–21?

Mr. MAHON. Yes.

Secretary RESOR. I would like to put that in the record. We have not figured that out quite yet.

(The information follows:)

The lateness of funding will not affect the procurement of U–21 aircraft, since they are essentially an off-the-shelf version of a commercial model and a production line will not have to be established.

Considering this, plus the fact that our search for economies is still in process, I do not believe we should revise our request for U–21's at this time.

AH–1G HELICOPTERS

Mr. MAHON. The House Armed Services Committee authorized 170 AH–1G HueyCobras at a cost of $86 million over the budget request to make up for the loss of the Cheyenne. As of April 30, 1969, only $145.2 million of a Cheyenne development program through fiscal year 1969 of $168 million had been obligated, and only $184.5 million of the fiscal years 1968 and 1969 PEMA budget, amounting to $224.2 million, had been obligated.

Is it possible to recoup some of these unobligated Cheyenne funds to at least partially fund these AH–1G helicopters?

Secretary RESOR. It is my understanding it is not, that the termination costs will require that funding. However, I would like to address this in more detail in the record.

Mr. MAHON. All right.

Secretary RESOR. I do know we need the extra money for the Cobra. In fact in the Cobra the last few months our losses in Vietnam have been significantly higher than the program loss rate. The problem is, if anything, worsening.

(The information follows:)

Fiscal years 1968 and 1969 Cheyenne funds are not available to fund the Cobra in fiscal year 1970. The unobligated prior year Cheyenne R. & D. funds are allocated to the Cheyenne development effort which has slipped due to technical problems. The unobligated prior year PEMA funds are reserved to cover costs associated with the termination for convenience of the Government of GFM contracts related to the prime production contract with Lockheed. The balance of unobligated prior year PEMA funds is reserved to meet additional termination costs in the event that litigation sustains Lockheed's appeal of the Army's termination of the production contract for default. These additional termination costs could exceed the appropriated amount, depending upon the costs incurred by Lockheed for advance procurement of long leadtime materiel within the terms of the contract. In the event prior year funds exceed the termination cost, these funds will be applied toward the recoupment target of $250 million for fiscal year 1970.

CHAPARRAL/VULCAN SYSTEMS

Mr. MAHON. During our R.D.T. & E. and PEMA hearings, we discussed at length the Chaparral/Vulcan antiaircraft weapons systems, which have been in R.D.T. & E. since about 1964. There are problems remaining with the Vulcan gun turret and as recently as December 1968 the Chaparral failed to meet three performance characteristics specified in the QMR. The Chaparral missile and chassis, the Vulcan gun and chassis, and most of the Vulcan 20-millimeter gun ammunition have yet to be type classified standard A items.

The Army is requesting ——— in R.D.T & E. funds for fiscal year 1970 for the Chaparral/Vulcan systems, and testing will continue into ———. There is over $140 million in the fiscal year 1970 PEMA budget for these two systems. Since we have Redeye and Hawk systems operational, it would appear that Chaparral/Vulcan would be of low enough priority that we could possibly eliminate their procurement this year, and thus, give us more time to correct any other problems identified during their tests and thereby avoid costly modifications later.

What is the thinking of the Army on that question?

Secretary RESOR. I think General Westmoreland can answer that better than I. It is my understanding that the Chaparral/Vulcan fills a gap in our air defense, it is not in lieu of the other weapon systems.

Mr. MAHON. Is that one of the targets for reduction?

Secretary RESOR. Not in significant amount. I think due to some slight program revisions, it might be possible to get a few million dollars out of each, but we definitely do not plan to cancel procurement.

General WESTMORELAND. Mr. Chairman, we do not plan to cut back this program because I consider it of very high priority. As a matter of fact, I am extremely concerned about our ———.

I believe the Israeli war against the Egyptians shows how a lack of an antiaircraft capability can help an enemy that has a very skillful

and adequate tactical Air Force———. True, we have the Hawk and the Redeye, but we need the Chaparral/Vulcan to fill the gap between the capabilities of these two weapons.

Mr. MAHON. Do you take the position, that this weapon is related to the protection of our forces in Southeast Asia?

General WESTMORELAND. No, sir; not in South Vietnam, because the enemy there has no tactical air force.

Mr. MAHON. How about Korea?

General WESTMORELAND. ———.

Secretary RESOR. Mr. Chairman, I know in Europe General Polk is in part———. He is———.

As you know, we are under a ——— ceiling in Korea and he is reviewing the question again. If he feels he ——— that he is currently authorized.

CHAPARRAL TEST RESULTS

Mr. MAHON. Is it true that the Chaparral has only been ——— percent successful in tests?

Secretary RESOR. I will ask General Betts.

General BETTS. That is approximately correct. The number I have is ——— percent.

Mr. MAHON. Is that bad?

General BETTS. It is not as good as we would like, but we have had rates in individual units as high as ——— percent, so that it indicates some part of this is related to training. With time we should be able to improve it.

Mr. MAHON. Does this mean that you ought not to move as rapidly with the program and get the imperfections out of it so modifications will not be required to the same extent in the future?

General BETTS. It is not clear that any near term simplifications would make significant changes in those numbers, Mr. Chairman. The problem we have is lacking any capability at all like the Chaparral Vulcan combination. It was the judgment of the Army Staff we should produce this in its present configuration and work on improvements to correct the deficiencies.

CHAPARRAL IMPROVEMENT OVER EXISTING WEAPONS

Mr. MAHON. You mean it is the decision of the Army that ——— of the weapons, to some extent, you ought to go ahead with it anyway?

General BETTS. I would rather put it this way; despite the fact that it is less than what we would like to have, it is infinitely better than having nothing.

Mr. MAHON. Are you confronted with this or other? You have the Hawk and Redeye.

General BETTS. Essentially we have very limited proliferation weapons for air defense of the Field Army. Really, in the overall it goes from the .50-caliber machinegun up to the Hawk and the Hawk is not designed as a proliferation weapon. It is too expensive.

We have the Redeye, it is true, but the Redeye will not perform against targets of a performance that can be handled by Chaparral.

General WESTMORELAND. I would like to add, Mr. Chairman, it has a rather good percentage probability of hits against a moving target, particularly when you consider that with the old conventional type

of antiaircraft weapon such as the 90-millimeter gun we were getting no more than 5-percent hits. It tremendously improves the accuracy compared with the old conventional antiaircraft weapons.

Mr. MAHON. Do you plan to make some reduction in this program?

Secretary RESOR. As I say, we are looking over the program schedule and I think it may be possible to reduce a few millions of dollars in Chaparral and some in Vulcan if we have to go to the higher expenditure figure.

IMPROVED HAWK MISSILE

Mr. MAHON. The House and Senate, with respect to the improved Hawk missile, reduced your request of $98.7 million for the system by $9.2 million.

As I understand, this system is currently under test, problems still exist, and the R.D.T. & E. program has slipped. It is not scheduled for type classification standard A until late ——— and there may be further testing required after ———.

For these reasons, would you think this is a feasible target for reduction in appropriations?

Secretary RESOR. As you will recall, we have already identified about a $9.2 million appropriation reduction, which we think would be justified.

(Additional information follows:)

It should be noted that along with the $9.2 million reduction which both Houses have incorporated in the proposed act, there is an associated missile reduction from ———. Further, we reported an additional $14.2 million to the House Armed Services Committee following the review of this program in July which was not addressed in the House authorization bill.

Mr. MAHON. Do you expect to identify further reductions in this field?

Secretary RESOR. Not at this time; no. We have not seen the possibility of further ones.

Mr. MAHON. Will any of the ——— improved Hawk missiles and related equipment be used for the test program?

If so; how many of them?

Insert that in the record.

(The information follows:)

Of the ——— Improved Hawk missiles and related equipment, the following are planned for use in test programs:

Missiles:

R. & D. tests	0
Tests incident to production	28

GROUND SETS

Of the ——— improved Hawk retrofit kits required for the conversion of basic to the improved system, none will be used in testing.

SHILLELAGH MISSILE

Mr. MAHON. The fiscal year 1970 PEMA budget contains a request of $50.5 million for Shillelagh missiles. The committee has been advised these are all for the Sheridan system. Since no Shillelagh's are being deployed to South Vietnam, since the fiscal year 1970 Sheridan program has been all but eliminated, and in view of the buys of this

missile in previous years, would it be logical to eliminate the proposed fiscal year 1970 Shillelagh buy?

Secretary RESOR. We feel it is essential that we have a 1970 Sheridan buy of ———. That is a reduction from the ——— and that is our reclama position currently.

We have a firm contract for those and at a good price. And we need the Shillelagh missiles that relate to those. We have deployed the Sheridan to Korea and Alaska and we are in the process of deploying it to Europe. ——— so it is essential we have the missiles to go with it.

This buy takes into consideration the reduced number of Sheridan vehicles. In other words, we have carefully associated the number of missiles with the vehicles so that we are not overbuying.

I can give you the exact figures for the record.

(The information follows:)

Shillelagh missile assets forecasted to be on hand at the end of the fiscal year 1969 funded delivery period (September 1970) are ——— HEAT missiles and ——— training missiles. The Army plans to procure ——— HEAT missiles and ——— training missiles in fiscal year 1970. This buy will leave, after training and other losses. ——— HEAT missiles and ——— training missiles. The Army's authorized acquisition objective (AAO) for tactical (HEAT) missiles is ——— based on support of those Sheridan vehicles planned for Active Army, less Southeast Asia. The fiscal year 1970 buy will allow near achievement of this AAO and will also provide for 5 years' training losses, should there be no further procurement of Shillelagh. This situation could occur if the M-60A1E2 tank program fails to generate valid requirements for Shillelagh missiles.

Mr. MAHON. Is this entire buy related to the Sheridan procurement program?

Secretary RESOR. That is correct.

The other place where you would use the missile is the M-60A1E2 tank. We are not buying any for that because we still have not decided the best fix for the turret on that tank.

Mr. MAHON. Please advise what reductions the Army thinks, in view of the planned reduction in appropriation and expenditures, will probably be made in the Shillelagh program?

Secretary RESOR. We will be glad to.

(The information follows:)

There should be no reduction in procurement of Shillelagh this year because of reductions in the Sheridan program. We are buying only to support the ——— which will be equipped with the reduced Sheridan buy.

AMMUNITION

Mr. MAHON. With respect to ammunition, in view of the scaledown in fighting in South Vietnam at the present time, and the announced withdrawal of troops, has your fiscal year 1970 ammunition requirement been reduced?

Secretary RESOR. You will recall, Mr. Chairman, that President Nixon's original budget reduced the President Johnson Army request for ammunition by $460 million, and because of that we have not included any further ammunition reductions. We really anticipated in that first budget revision there would be a reduction in the level of ammunition expenditure, and we took that at that first budget review. For that reason we are not currently planning a further cut.

We will review this issue again if it appears there might be further troop withdrawals, but as I am sure you are well aware, this is a pro-

gram we have to review on a monthly basis. I review it personally on a monthly basis because we want to be sure we have enough and yet at the same time we want to be sure we avoid any possibility of unnecessarily large stocks.

We have reduced the inventory that is stored in Vietnam by over a hundred thousand tons since just a year ago. We did because we have been watching the level of consumption and we felt it could be done safely. It was done with the approval and concurrence of General Abrams. We are doing everything we can to conserve funds on ammunition because it is such a very large part of our budget, and money we spend for ammunition we do not have to spend for other kinds of equipment that would modernize the Army.

So there is real pressure within our own system for us not to overbuy on ammunition.

Mr. MAHON. Is most of the ammunition of which you speak related to South Vietnam?

Secretary RESOR. Yes.

Mr. MAHON. Expand that for the record, please.

Secretary RESOR. Ammunition consumption in South Vietnam is just under $200 million per month. And our monthly training requirement is only about $25 million. So you can see Southeast Asia constitutes the bulk of our ammunition requirement.

POLICY OF U.S. GOVERNMENT REGARDING VIETNAM

Mr. MAHON. Is it your understanding, Mr. Secretary and General Westmoreland, that it is not the policy of our Government to capitulate in Vietnam and it is not the policy of our Government to unilaterally bring the war to an end in Vietnam? Is that the policy of our Government, as you understand it?

General WESTMORELAND. As I understand it, it is certainly not the policy of our Government to capitulate, sir. The point has been made by the administration that we can reduce our troop level if one of three things happens: If something comes out of the negotiations in Paris, if the enemy reduces the level of his military effort, or if the Vietnamese improve to the extent they can take over more and more of the battlefield burden. If any one of these three things happen, we can withdraw further troops.

Mr. MAHON. Do you have anything to add, Mr. Secretary?

Secretary RESOR. No; I think it is a good statement.

AMMUNITION

I would like to correct one figure on the ammunition. My memory was wrong.

The average expenditure in Southeast Asia for the last 12 months, was $157 million a month. We project that in calendar year 1969 our total loss to inventory worldwide will be about $2.3 billion, and it will be about $2.4 billion in calendar year 1970. That is what we fund in the 1970 budget.

Mr. MAHON. It is impossible, I would assume, to predict precisely the course of the war in Vietnam. Are we handling our ammunition problem in such a way that we can react to whatever situation may arise?

Secretary RESOR. Yes; as I say, we watch it closely. We get figures on about 60 individual items in monthly. We have a computer programed for this and we adjust the schedule to reflect apparent changes in levels of consumption out there.

And another thing, this year we are emphasizing price competition. Up until now we have had to build the ammunition lines and we have had to go sole source in large measure. This year, starting early this summer, I asked the ammunition procurement people to go out and get as much price competition as we can. Already on the metal parts for the 105, contractors' bids are in and we will actually decrease the cost on the metal parts for 105 by roughly 4 percent, which, considering the normal escalation of costs we face, is a substantial saving.

Mr. MAHON. You do not recommend that we reduce funds for ammunition below the April 15 budget of the administration?

Secretary RESOR. Not at this time. I want to take another look at it when we have to come up with the balance of these expenditure savings.

As of right now, I would think there would not be much more ammunition in the balance. There might be conceivably 75 million or something like that.

PRODUCTION BASE SUPPORT

Mr. MAHON. In the fiscal year 1970 PEMA request for production base support, there is a total of $345.5 million. Of this total, $115.2 million is for the construction of facilities.

Could a significant portion of this construction be eliminated? How much of the $115 million would be so affected by the moratorium on public works which the President has announced?

Secretary RESOR. Yes. We have that very much in mind, and because of that I would think it is not unlikely that some of the additional reductions we will have to come up with will be based on program slippages in construction. I cannot yet identify the exact figure.

PROCUREMENT REDUCTIONS

Mr. MAHON. In the action taken by the House on the authorization bill, certain reductions were made. Can you provide for the record a tabulation showing where the cuts were made, as well as where additional related reductions can be made in the fiscal year 1970 PEMA request? I have in mind such areas as ammunition, spares and repair parts, construction, and so forth, which are related to the specific reductions made.

Secretary RESOR. Yes; we can give you that information.

A certain amount of that, as I have already indicated, has already been included in the $521 million.

(The information follows:)

PEMA REDUCTIONS IN THE HOUSE AUTHORIZATION BILL AND POSSIBLE ADDITIONAL REDUCTIONS IN RELATED PROGRAMS

[In thousands of dollars]

	House authorization bill reductions	Additional reductions: Repair parts and support material	Additional reductions: Production base support	Remarks
AH-56	429,000			All possible related program reductions were included in the $429 000 000. Funds originally programed for AAFSS ammunition are still required to procure substitute AH-1G ammunition.
OV-1 Mohawk	28,100	4,000		
Hawk	9,200	6,200		
AN/TPX-46	8,500			
TOW	156,000	700		This repair parts reduction relates to an authorization reduction of $14,000,000 since the Army has reclaimed $142,000,000 for TOW in fiscal year 1970.
XM-43 COF Lchr	3,500			
M-551	57,600	800		This repair parts reduction relates to an authorization reduction of $48,600,000 since the Army has reclaimed $24,200,000 for the M-551 in fiscal year 1970.
			(+2,600)	$2,600,000 will be required to lay away the production line in fiscal year 1970 as a result of the authorization action.
M60A1	20,000			
Laser range finder	3,800			
MBT-70	25,400			
M60A1E2	3,800			
Total additional related reductions		11,700	+2,600	
Total additional related increases		2,600		
Net additional related reductions		9,100		

Mr. MAHON. Can you identify any new problems or slippages which have occurred in your R.D.T. & E. program which could possibly impact either directly or indirectly on your fiscal year 1970 PEMA budget?

Secretary RESOR. As you know, we were cut severely by the authorization committees on our R.D.T. & E., and I would hope we do not have to go below the House level, that is the level to which we reclamed.

Mr. MAHON. In view of the announced withrawal of personnel from South Vietnam and the reduction announced in future draft calls, where can we reduce the fiscal year 1970 PEMA request in such areas as weapons, tracked combat vehicles, missiles, aircraft, and other support vehicles, communications and electronics, ammunition, and so forth.

Will you provide a statement on that?

Secretary RESOR. I believe I have already answered the ammunition part.

Mr. MAHON. Please give us the whole picture?

Secretary RESOR. Yes.

(The information follows:)

The fiscal year 1970 PEMA program should not be further reduced in any area of equipment as a result of the two specific situations mentioned. A reduction in the draft call does not have an effect on PEMA equipment since computations of requirements are based upon a given structure of tactical and supporting units. PEMA does provide equipment for the individuals within these organiza-

tions. Currently, the draftee is used to fill shortages in existing units and not to activate new organizations.

Current planning does not foresee any free assets from equipment organic to units withdrawn from Vietnam. Certain units withdrawn will be relocated and retain their equipment. Other units withdrawn will leave their equipment in Vietnam in support of the Vietnamese forces. Units withdrawn and deactivated will provide assets which will be distributed to fill shortages existing in the high priority STRAF units, thus bringing them to a higher state of combat readiness.

For ammunition, our fiscal year 1970 budget anticipated a reduction in South east Asia consumption, either by withdrawal of forces or reduced intensity of combat. The original budget presented by President Johnson, which provided for some reduction in consumption, was further reduced by $460 million in the budget submitted by President Nixon. Our current analysis, which considers withdrawal of certain forces from Vietnam, confirms the fact that no further ammunition reductions should be made.

M–16 RIFLE

Mr. MAHON. In view of the fact the Army is experiencing problems with one of the M–16 rifle maufacturers, can your fiscal year 1970 PEMA request for M–16 rifles be reduced? If so, by how much?

Secretary RESOR. As you know, because we have more than one producer we got price competition and because of that we will be able to reduce the funds for the procurement of the M–16.

Mr. MAHON. Is that included in your list?

Secretary RESOR. That is not included yet and is one of the additional items we are looking at.

Mr. MAHON. Will you supply a figure on that?

Secretary RESOR. I will be glad to when it is available.

Incidentally, the producer that is having difficulty is the producer that lost out in the competition. So when they have completed their current contracts, they will no longer be a supplier.

RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

REDUCTIONS

Mr. MAHON. Mr. Secretary, will you identify by amount and program, the proposed research and development effort in fiscal year 1970 which are directly or indirectly related to the Cheyenne and TOW systems?

Secretary RESOR. Yes. We have only about $16.5 million in this budget for Cheyenne and $6.0 million for airborne TOW. That is the minimum amount that we need to get some benefit in 1970 from the funding we have already put in in 1969 and prior years. I am sure you are aware what we need to do now is to find out what is the cause of the rotor instability and correct it. This is a generic problem for helicopters and the knowledge that we seek will be of benefit to us whether or not we buy from Lockheed or buy some other form of armed helicopter.

Mr. MAHON. The House Armed Services Committee reduced the overall R.D.T. & E. budget for fiscal years 1970 by approximately 10 percent. Specific reductions were made in Cheyenne and the heavy lift helicopter. Mr. Secretary, can you identify the other areas where reductions will be made in the fiscal year 1970 Army R.D.T. & E. budget request?

Secretary RESOR. Yes. I think our reclama to both the House and Senate lays it out quite clearly.

As I say, we stayed at the House level, but we have asked for slightly different use of the funds than the House, and that is carefully explained in the reclama.

Mr. MAHON. Have there been any problems developed which were not known at the time of our R.D.T. & E. hearings which would cause a slip in your R.D.T. & E. program, thereby reducing the amount of funds which could be spent economically in fiscal year 1970?

Secretary RESOR. As I said, we feel that we do need the low level that the House markup and authorization bill gave us. That is a significant reduction and we would hope not to have to go below that.

HEAVY LIFT HELICOPTER

Mr. MAHON. Mr. Secretary, the Army is requesting $15 million to initiate the heavy lift helicopter development. The Air Force is requesting funds this year to initiate the light intratheater transport (LIT) aircraft, a V/STOL cargo aircraft which is being developed to meet an Army requirement.

In what ways do the purposes and missions of these two systems developments duplicate each other?

Secretary RESOR. I would like to have General Betts answer that.

General BETTS. I do not think there is any direct duplication, Mr. Chairman.

Indirectly in the general area of logistic support, obviously any transport we get from the Air Force is something we do not have to haul ourselves. You will recall in our defense of the heavy lift helicopter we sized it at the level we feel will handle most of the Army combat load, things like the Sheridan, like the reconnaissance scout vehicle or the other lightly armored vehicles that would be within this 23-ton limit we have picked as a load-carrying capacity for the heavy lift helicopter.

Also, at that 23-ton point we can lift for logistic resupply, the cargo-carrying container that weighs out at about that weight, and, of course, would be an individual load. Since we are talking now about tactical movement where no airfield would be available to us, we do not see that kind of capability as something that would duplicate the Air Force support capability that we also use.

LAND COMBAT SUPPORT SYSTEM

Mr. MAHON. The land combat support system is a test set designed to test critical components of the TOW, Shillelagh, Lance, and Dragon missile systems. A total of 10 sets were procured in fiscal year 1969 to support Shillelagh in Southeast Asia.

In fiscal year 1970, the Army is requesting ——— in R.D.T. & E. funds and $30.9 million in PEMA funds, the latter amount to buy ——— more sets. Since Shillelagh is not being sent to South Vietnam; Lance and Dragon are not yet operational, and the House Armed Services Committee eliminated further funding of TOW, would it appear the committee could safely cut the PEMA funding for ——— sets in fiscal year 1970?

Secretary RESOR. I am not that familiar with that particular program.

Mr. MAHON. General Betts?

General BETTS. I think what we have to do is sort out the difference between the PEMA buy of land combat support systems for the appropriate maintenance requirements and the money we have in the R.D.T. & E. budget.

You will recall when we originally conceived of the land combat support system we had not then programed all of these missile systems for maintenance support from this system. Having provided the basic capability inherent in the automatic data processing that is the heart of this system, what we want additional R.D.T. & E. funds for is to develop those aspects of instrumentation and software that will extend the capability of the land combat support system for other systems requiring this kind of maintenance support.

The question of the PEMA buy would relate to how many places at which we would put this kind of maintenance support.

I will have to turn to General Kornet.

Mr. MAHON. How much can we make in reduction in dollars in this area?

General BETTS. If we go ahead with the program as we have presented the reclama to the Congress, I do not see that there are any significant reductions we can make.

Mr. MAHON. Do you plan to go ahead with it?

General BETTS. We have asked that the Congress reinstate that TOW procurement. We feel the cutout of the TOW procurement was made because of a lack of understanding of very essential differences between the Shillelagh and TOW missile. That is presented to you in our reclama paper.

Mr. MAHON. General Kornet, will you address this question?

General KORNET. Yes, sir, I will address the PEMA portion, sir. We cannot safely cut the ——— sets in fiscal year 1970. I have reexamined in detail the Army's geographical maintenance support requirements for LCSS since the proposed House Armed Services Committee elimination of TOW, and under even the worse case basis, that is if our reclama to reinstate TOW is turned down, we will still require the ——— sets in fiscal year 1970. Any adjustments would come in fiscal year 1971 and 1972.

Our first buy of LCSS with PEMA funding was in fiscal year 1967 for 10 sets. The fiscal year 1968 buy was five sets and our fiscal year 1969 authorization and buy was for seven sets. From our fiscal year 1967 buy of 10 sets we have deployed one set to Sagami, Japan to support the Sheridan Armament Systems in Southeast Asia and Korea, one set to Alaska, and the balance, eight are being utilized in continental United States. Of the five sets procured in fiscal year 1968 one is at White Sands Missile Range and ———. Our planned deployment for the seven sets procured with fiscal year 1969 funds will send ——— to activities in continental United States.

Mr. MAHON. Indicate in the record where the 10 sets will be and where the ——— sets would be, please.

General KORNET. Yes, sir; we will provide that.

Mr. MAHON. And for what missile system.

General KORNET. Yes, sir.

(The information follows:)

LOSS by fiscal year buy and deployment

Location	*Systems supported*
Fiscal year 1967 buy (10 sets):	
8 sets in continental USA	5 for Sheridan/Shillelagh, TOW. 2 for Depot Maintenance-Shillelagh and TOW. 1 for Missile Maintenance Center and School (MMCS).
1 set in Sagami, Japan	Sheridan ——— in Korea and Sheridan in Vietnam.
1 set in Alaska	Sheridan ———.
Fiscal year 1968 buy (5 sets):	
1 set at White Sands Missile Range	Test and evaluation.
4 sets to ———	———.
Fiscal year 1969 buy (7 sets):	
———	———.
Fiscal year 1970 buy (——— sets):	
———	———.

VIETNAM

Mr. MAHON. I would like to ask a few general questions about the war in Vietnam.

DECLARATION OF WAR

Mr. Secretary, do you think it was a mistake for this country not to declare war when we became rather heavily involved in the war in Vietnam?

Secretary RESOR. I think it would have been beneficial in the sense that it might have mobilized public opinion more in support of the war.

Thinking back to the problems we were facing at the time we first went in, one of the considerations against that kind of action was that we did not want to provoke the Chinese. You remember we went in gradually and the concern I think at that time was that a declaration of war or a sudden callup of large numbers of Reserves and the Guard would have increased the possibility that the Chinese might have come in.

That, as I recall, was one of the things that the administration was quite concerned about in the early stages of war. So I think, like most difficult questions, there are arguments on both sides.

Mr. MAHON. Should we declare war at this time? Would you advocate that?

Secretary RESOR. No. I think right now we are on the correct policy; that is, the policy of Vietnamization. I just spent 8 days over in Vietnam at the end of August. The policy is being implemented aggressively by the commanders in the field and it is working.

And the evidence that it is working are the first two withdrawals. I agree with General Westmoreland, I think it is going to be possible to make further withdrawals because of the success of this program, but again I agree with him, you cannot announce them in advance, it would have the wrong effect on the enemy.

I do not think you can expect General Abrams to predict in advance exactly when you can pull out how many troops and to try to get him to announce that in advance. Then if you cannot meet that schedule, you lose your credibility.

But I am optimistic that we can continue, the Vietnamization program is working, the Vietnamese military forces are getting better.

The most significant change I noticed was in the territorial forces, the regional and popular forces. That, in large measure, is due to the M–16's we have given them.

Over the last 12 months we have given the Vietnamese over ——— M–16 rifles. ——— of those are in the territorial forces, and everybody in the country tells you that has made a big difference in the effectiveness of those units.

That is very important because the ARVN themselves have only about ——— riflemen, whereas the RF and PF together have almost ——— riflemen. So it is a very significant add-on to the combat capability of the Vietnamese forces.

END OF VIETNAM WAR

Mr. MAHON. I interpret your testimony to mean that we are not looking forward to an early end of the war in Vietnam, but that we are looking forward to shifting more of the burden of fighting the war in Vietnam to the South Vietnamese. Is that about right?

Secretary RESOR. That is about right, except I don't look forward to an indefinite war, I think that if we can make it clear to the enemy that we can reduce the level of the war to something that the American people will support for a significant period, then he will be faced with such a difficult problem that he will either adjust his objectives and, negotiate or possibly just reduce the level of combat. In other words, I think that he is now counting on the opposition of the war in the United States to force a too hasty withdrawal and then he will win. If we can prove to him that that is not going to happen, he has got very serious problems. The Government of South Vietnam is getting control of the population of the country. Our hamlet evaluation system today evaluates that perhaps 89 percent of the population is under Government control. That has had the effect of taking away from the VC their manpower base.

As you know, they have great difficulty recruiting. The VC component of the enemy force has gone down from around 70 percent in January of 1966 to about 30 percent now. This is a very serious problem. Concrete evidence of this is the enemy's deployment of those two regiments to the Delta. For the first time he has had to put NVA regiments in the Delta and NVA fighters in the Delta in VC units. That is a sign he has a serious problem. Before he used to recuit VC from the Delta and export them to III Corps. This is a problem that is going to continue growing as the pacification program works, and it is working. The Government of Vietnam is gaining control of more of the people and it is harder for the enemy to recruit locally and it becomes more an NVA war.

I talked to General Ewell, the III Corps commander who was in Washington recently, and he said this is strikingly evident in his area.

REDUCED LEVEL OF U.S. EFFORT

Mr. MAHON. Do you think that there is a general feeling in this country that the war in Vietnam is approaching an end?

Do you think that the people themselves really understand that the war may not be approaching an end but the level of U.S. participation may be approaching a considerable reduction?

Secretary RESOR. The latter is what I think is happening. Happily enough, as you know, the last announced weekly casualties were the lowest they have been for almost 2 years. The ones announced tomorrow will be lower than they have been since January of 1967. It is another new low. Of course, this does not mean that that will necessarily continue, but the casualties—I am talking about the killed in action, Americans—this year have been reduced already 30 percent below last year.

The share of the war the Vietnamese carry has significantly increased. I think trends you have pointed out are definitely taking place.

TIME SCHEDULE FOR TROOP WITHDRAWALS

Mr. MAHON. General Westmoreland, do you think that it would be feasible for us to pull all of our troops out of Vietnam on a given announced date in the future?

General WESTMORELAND. In the first place, as I commented before——

Mr. MAHON. Do you think it would be desirable?

General WESTMORELAND. I think it would be bad to announce a time schedule.

Mr. MAHON. What do you think the effect of that would be?

General WESTMORELAND. I think it would be very detrimental. The enemy would know our detailed plans, and could plan his actions accordingly. It would also build up an air of expectation or commitment on our part that we might not be able to adhere to by virtue of enemy action and enemy reaction to such an announcement.

FORCES TO REMAIN IN VIETNAM

Mr. MAHON. Do you think that the ending of the hostilities in Vietnam is a matter of months or years?

General WESTMORELAND. I believe, sir, we can anticipate that the intensity of combat generally will continue to subside. That does not mean that there will be a straight line reduction in intensity. There will be ups and downs. The enemy will initiate high points and low points.

As we have observed since 1967, there has been a general reduction in the intensity of his activities, but there have been peaks—big peaks—in his activity. There is aggressiveness, such as that during TET, 1968. But after his TET defeat, there has been a steady decline overall in his effectiveness and in the level of intensity on the battlefield, despite the fact that there have been peaks and valleys associated with this downward trend. I think this downward trend will continue.

Specifically to answer your question, I believe that we can anticipate having military forces in Vietnam for several years. I do believe that the enemy's capability, except in the DMZ area, will continue to decline in the coming months. The DMZ area is a case in itself. Since we stopped the bombing in North Vietnam, the enemy has built up stockpiles north of the demilitarized zone. He has troops ready and trained that could move across the demilitarized zone into Quang Tri

and Thua Thien provinces at any time with very little warning. He could create problems in that regard. He has a more immediate capability to accelerate in that area than in other parts of the country.

NEED TO ELIMINATE CONFUSION OVER WAR

Mr. MAHON. I am aware that over a period of several years there have been some Americans who have stated that they did not think the officials of our Government were trying to correctly advise the American people of the war situation. Without doubt it has been difficult to accurately interpret the situation. I think it would be generally agreed that there has been no deliberate effort to misinform or confuse the people. At the present time there is probably greater confusion on the homefront than heretofore. Among our people there are proposals to withdraw all our forces from Vietnam as of a given date. There are statements to the effect that we are in the war indefinitely, and statements that we will soon be out, and statements that we will just precipitously withdraw. There is considerable confusion in the minds of the American people.

What, Mr. Secretary and General Westmoreland, could the military do to put this whole matter in better focus?

Secretary RESOR. First, the President in his press conference made a good step in this direction. The Secretary of Defense yesterday in his speech in Atlantic City made a second good step in this direction.

Mr. MAHON. I want to read that speech. I was pleased that he made it. I think this will give the American people a better overall comprehension of what this country is trying to do.

Secretary RESOR. I believe he is going to have a press conference on Thursday. I believe Mr. Rogers is going to meet the press, and then I notice from today's paper Mr. Rogers is going to appear before Senator Fulbright. I would think over the next couple of weeks we will see an effort to make this clearer to the American people.

Mr. ANDREWS. What clearer?

Secretary RESOR. The answer to the questions the chairman raised, make clear exactly what the administration's program is which comes under the heading essentially of "Vietnamizing the war," as Mr. Laird described it yesterday in Atlantic City.

VIETNAMIZATION PROGRAM

Mr. MAHON. I don't think the people fully understand what is meant by "Vietnamizing" the war. They have been so intent on ending the war insofar as the United States is concerned that they are not fully aware of the plans to shift the burden.

General, would you comment on this matter?

General WESTMORELAND. I think that you have heard me on several occasions, Mr. Chairman, in past years, speak of the war of attrition, in which our strategy was not one of destroying North Vietnam nor of unifying Vietnam by force. It was not one of defeating the enemy's armies. And by virtue of our objective of giving the people of South Vietnam a freedom of choice and to keep the Communists from overrunning the country and taking it over by force, we adopted basically a defensive strategy. This brought about a war of attrition. It has not only been an attrition of resources. It has been attrition of will.

The uncertain element in the equation has been that of will. We have not projected to the regime in Hanoi the will to stick with this until we grind them down.

Mr. ANDREWS. Mr. Chairman?

Mr. MAHON. Yes.

POSSIBILITY OF MILITARY VICTORY

Mr. ANDREWS. General, do you think that if we remove the restrictions from under which we operated since the war started, namely, not trying to achieve a military victory, do you think that our army could win a millitary victory in South Vietnam over the enemy?

General WESTMORELAND. Well, our country is capable of doing anything that it chooses to do. It is the richest country in the world, with the most resources. If the resources were allocated we could defeat any power on earth. Certainly we could defeat the North Vietnamese. It would take more resources than we have been willing to put into the effort. However, as I pointed out earlier, this has never been our strategy, nor the policy of this Nation.

Mr. ANDREWS. Do you think we could achieve a military victory in South Vietnam?

General WESTMORELAND. Absolutely, if it were the policy of this country to seek one, and if we were given the resources. The resources would be substantial and it would require some mobilization of manpower. However, I don't propose at this time that we do so.

Mr. ANDREWS. Just to cite you an example of how the people feel about this situation, within the last 2 weeks we have had two special congressional elections, one in Massachusetts and one in Michigan yesterday. The two candidates who won had a platform of immediate withdrawal of troops and disassociation from the army. The people are just—I don't know—they are frustrated; they don't know what to do. This country is reeking with unrest on campuses, in the streets, city halls and in the State capitals. I think it is all due to the war in Vietnam.

BOMBING OF HANOI

Don't you think that years ago we should have bombed Hanoi, Haiphong and Vinh and stopped the sources of supply there? If we are going to be frightened about what China or Russia might do, this thing will go on forever.

Mr. MAHON. Will you respond?

General WESTMORELAND. We could have pursued a different strategy, without question, Mr. Congressman. However, at that time the commander-in-chief had many things to consider. You put your finger on one; namely, what would be the reaction of Communist China? There was great concern at that time that we might provoke a major confrontation with Communist China. This constrained our efforts in the north.

PARIS PEACE TALKS

Mr. ANDREWS. Do you think any meaningful agreement could come out of the peace conference, so-called peace conference in Paris?

General WESTMORELAND. I would hope that something meaningful would result, but it doesn't appear that much has happened so far.

Mr. ANDREWS. I agree with you 100 percent.

I will ask you this question, if I may, Mr. Chairman:

Do you think that Russia and China want to see this war ended?

General WESTMORELAND. I do not.

Mr. ANDREWS. I agree with you 100 percent. We were told down here that Russia is putting up $1.2 billion a year to keep the war going; China, $800 million. So for $2 billion they have their most powerful potential enemy pinned down. They don't want to see this thing come to a conclusion.

NEED TO FIGHT TO WIN

Sooner or later in my opinion you are going to have to face up to the fact of winning this war to win, fighting it to win, or get out of there. I say that I started as a hawk and advocating that we give these people 30 days to get out of South Vietnam and if they are not out then let them have it. Curtis LeMay sat where you are sitting 5 or 6 years ago. He said that you can never kill all the flies until you destroy the manure pile. He told us where those piles were: Hanoi, Haiphong, and Vinh.

He said he wouldn't leave two bricks together with mortar, and I couldn't have agreed with him more.

I am frustrated, General, my people are frustrated when I know that our boys are being killed and we are not fighting to win; we never have tried to do so. We don't plan to do so in the future.

Let me tell you a very gruesome story that I heard in the cloakroom the other day. Just to show you the attitude of many Americans—not many, but from one in particular—a member said that a young man from his district was killed in Vietnam and the body was returned for burial in his home town. The father and mother made them open the casket, take off the uniform of the soldier, and would not accept the flag. That is a pretty low ebb.

What is the answer, General?

General WESTMORELAND. Well, in consideration of the facts of life, Mr. Andrews, I think that the present policy of the administration is a very sound policy—Vietnamization. We come down to the rate of Vietnamization.

ABILITY OF SOUTH VIETNAMESE TO PURSUE THE WAR

Mr. WHITTEN. May I interrupt for just one question.

How are you going to make folks believe if the United States and the South Vietnamese couldn't contain the Vietcong and North Vietnamese, how in the world are you going to make anybody believe the South Vietnamese can do it by themselves?

Mr. MAHON. Answer the question, will you, please, General.

General WESTMORELAND. Well, the U.S. troops, free world allies, and South Vietnamese troops have more than contained the North Vietnamese.

Mr. WHITTEN. I may have used the wrong word.

General WESTMORELAND. We have made steady progress in defeating the enemy. Our troops have never lost a battle of any consequence and we should continue to weaken the enemy progressively over the years.

Mr. SIKES. Unfortunately, that is the picture that has been accepted in this country, the picture that we are still locked in an indecisive series of engagements. That is not true at all. How are we going to get it across to the American people that our forces and the allied forces are very substantial, we are told, and the Vietnamese are taking a bigger share of the responsibility? How are we going to get that across? You can not get it printed.

MILITARY VICTORY UNDER CURRENT GROUND RULES

Let me rephrase Mr. Andrew's question because he left you with too wide an area, I think, about how to win a victory in Vietnam.

I want to win a victory in Vietnam. Can you do it under the ground rules that we had prior to the cessation of bombing?

If you were to continue bombing in North Vietnam and along the supply routes, to confine the ground engagements to South Vietnam, could we win?

General WESTMORELAND. Well, I think we first have to define what we mean by winning. I think——

Mr. SIKES. I mean, by defeating the enemy to the point where he is willing to negotiate in a meaningful way.

General WESTMORELAND. I would describe winning as achieving our objectives: giving the South Vietnamese a freedom of choice and keeping the North Vietnamese and Vietcong from taking over the South Vietnamese Government and the countryside by force.

I would further include——

Mr. SIKES. By keeping the forces there we have now and the——

General WESTMORELAND. Continued progress in the pacification program and finally some conclusion to the war. It is my opinion that if we had continued to bomb, the war would be over at this time—or would be nearly over. The enemy would have fully realized that he had nothing to gain by continuing the struggle.

Mr. SIKES. I am not sure that you have answered my question or not.

Mr. MINSHALL. A good answer nonetheless.

General WESTMORELAND. I cannot be critical of decisions made at the time because they were made with every expectation that the enemy had been hurt to the point that he had decided it was time for him to settle the war at the conference table. The authorities that made the decision to restrict the bombing and then to stop it had every expectation that this was going to work. I think most prudent individuals would have come to the same conclusion.

Mr. ANDREWS. When they argued 6 or 8 or 10 weeks about the size and shape of the table they were going to sit at, that would be clear indication they were not interested in serious talks.

Mr. SIKES. General, I think this record is going to read that it could be interpreted that the Army itself is no longer willing to talk about the possibility of realistic victory in Vietnam. You don't want to mention the word victory; you want to talk about self-determination and something of the sort. That is all a part of the package. I don't know why the Army shouldn't be willing to say we can win this war if that is what our Government wants us and the people want us to do.

Mr. ANDREWS. He told me that.

General WESTMORELAND. I have already said that.

Mr. WHITTEN. I would like to get an answer to the question.

General WESTMORELAND. Our forces are guided by national policy.

Mr. ANDREWS. You cannot win if you are handcuffed, and you have been handcuffed over there, so is General Abrams, under the policy not only of this administration but the prior administration. Slap them on the wrist—make them sorry—that is what it amounts to.

You can beat them. You have to whip them. And everybody knows what victory in war means. As MacArthur said, there is no substitute for victory.

ABILITY OF SOUTH VIETNAMESE TO PURSUE WAR

Mr. WHITTEN. May I repeat my question, Mr. Chairman. I didn't get an answer. I may have inadvertently used the wrong word.

Whatever our aim may be, I think that is broad enough, if we could not attain it with the Americans and the South Vietnamese, how can we make the American public believe that the South Vietnamese can attain it without us?

General WESTMORELAND. Well, I think there are two things that can be done. One is somehow to give the American people a keen appreciation, as I believe Mr. Sikes has, of the way the enemy has been weakened progressively over a period of years, how he has lost leadership, and how amateurish his tactics are, so that every time he goes into battle he loses an inordinate number of men and has to draw on very young men as replacements.

As the Secretary pointed out, the enemy's recruiting base is greatly reduced, he is having to send fighters all the way down from North Vietnam, with the resulting logistical problems.

Second, the American people should be assured that the South Vietnamese Army, despite the way it has been portrayed by the U.S. press, is doing very well, it is assimilating the modern equipment we are giving it and using it quite well. We are ahead of schedule.

With respect to the Vietnamization program and the transfer of modern equipment to them, they are making progress and eventually they will be able to take over more and more of the war effort. All we need is patience.

Mr. WHITTEN. General, you have a wonderful record within the limits imposed upon you by national policy. We won't go into that. For 10 years this committee has been listening pretty much to the same type of thing from that side of the table. The American people have been reading it. The part that you did not touch on was: How are we going to get it over to the people, make them believe it?

General WESTMORELAND. I am afraid that I cannot answer that; I have been struggling with this for many years, as you well know.

Secretary RESOR. One thing that will help is the actual withdrawal of troops. There can't be any argument about that. We have completed one withdrawal. We are in the process of making a second one. If at the same time, as I believe will happen, we continue to have the upper hand in South Vietnam, it seems to me actions speak louder than words. We have taken account of the very problem that you address.

In the early days of the war people overestimated how fast it could be brought to an end.

NEED TO PROTECT MEN REMAINING IN VIETNAM

Mr. MAHON. At this point, Mr. Secretary, I would like to raise another issue. The servicemen who are being withdrawn from Vietnam and their families, will interpret the withdrawals one way. The men who are being drafted and sent over to Vietnam may interpret withdrawals another way. They may feel that you are, by the withdrawals, increasing the hazard to our sons and husbands who are going to Vietnam.

This country must not by withdrawals, increase the hazard to the men who remain or who are later sent to Vietnam.

Secretary RESOR. Yes. I think it has to be made crystal clear there won't be any withdrawals if the theater commander and the JCS feel this creates the kind of risk that you referred to.

PRESENT STRATEGY IN VIETNAM

Mr. MAHON. General Westmoreland, we talk about winning the war but there is uncertainty as to what we mean by winning the war. You have had quite a colloquy here with members of the committee. Just level with us. Are you in favor of doing what we are doing now or do you want to do otherwise? The U.S. Army has a big part in this war. For the purpose of this discussion forget the past. I think we all agree many mistakes have been made in the past. From today on, are you in favor of pursuing the war as it is now being pursued, or do you favor bombing Hanoi, Haiphong, invading North Vietnam; what are you in favor of?

General WESTMORELAND. From a practical standpoint, Mr. Chairman, I think it would be difficult to adopt today a strategy that may have been sound several years ago. I think we have gone much too far down the road for that. It seems to me that we are pursuing, all factors considered, a sound strategy in South Vietnam; namely, one of Vietnamization. Whether other steps could be taken to shock Hanoi or give Hanoi the impression that we might escalate the war from a bombing standpoint is a matter, of course, to be considered. The political hazards of this course of action, I am not qualified to address.

Mr. MAHON. I am asking you, what is your answer? Do you approve of the way the war is being run or do you want to change it? You have an important part in running it. Are you running it wrong or right?

General WESTMORELAND. I feel that the present strategy is a sound strategy and I believe it is a proper course to pursue. How to prevail upon the American people to show patience is something that, frankly, I don't have the answer to.

Mr. WHITTEN. Ten years is a good while.

General WESTMORELAND. Mr. Congressman, we have actually had enough forces in Vietnam to put pressure on the enemy in a significant way only since late 1966. Our buildup was very gradual. We had no logistics. We had to build ports and airfields, and move in troops on a very gradual basis. It was not until late 1966 that we had enough troops to put any real pressure on the enemy.

BOMBING OF MEANINGFUL TARGETS

Mr. ANDREWS. General, we keep hearing about the so-called bombing halt. We had a bombing cessation, so to speak, from about February 1965, if I remember correctly, up until the halt last November. During that time that we had the bombing, would you say that the bombing was effective? Did they hit meaningful targets?

General WESTMORELAND. In many cases, yes; in many cases, no.

Mr. ANDREWS. That is the point right here. I don't see that we have stopped anything by cessation of bombing that was conducted prior to the stop date last November. I was in the White House the night that the President said, "I am going upstairs." The first bomb fell over there that night. He said, "Starting at 2 o'clock I am going to stay up until 4 o'clock and bring this thing to an end."

I have talked to many people who have been over there, servicemen, and bombs hitting rice paddies and not meaningful targets in a meaningful way. I asked the Air Force people recently in here if they could put North Vietnam out of commission by bombing meaningful targets in a meaningful way, and the answer was, "Yes."

I agree with that. If you are going to bomb them, bomb them, don't hit swamps and rice paddies. I agree with you 1,000 percent. I am frustrated.

Mr. MAHON. Mr. Sikes?

SIGNIFICANCE OF LULL IN FIGHTING

Mr. SIKES. Mr. Secretary and General Westmoreland, would you please give me your opinion of the significance of the lull in the fighting? There are two sides. I know General Abrams' side, and I support his position, that supplies to the enemy have been limited and manpower to the enemy has been drained to the point that it is difficult for him now to mount an offensive, and he is having to conserve his assets.

On the other hand, there are those who support the Paris peace talks and say the North Vietnamese are deliberately scaling down the level of combat operations as some show of sincerity in the negotiations. I don't subscribe to that.

For the record, would you tell us your opinion of the significance of the comparative lull in the fighting? I would like that from both of you?

Secretary RESOR. I think that he is probably going back to a protracted war concept. As General Abrams indicated to you, this is a concept where he conserves his resources. I think he has been forced to do that because of the terribly heavy casualties that he has taken and because of the success of General Abrams' program of getting his caches and because our forces have been successful in pushing the fight to the boundaries, to the Cambodian and Laotian boundaries and the DMZ.

He has been forced to this. I would think that he would probably continue on this line with occasional—as General Westmoreland pointed out—occasional high points. Those high points have been less and less effective over the last 18 months, weaker and weaker.

RETURN TO GUERRILLA WARFARE

Mr. SIKES. That brings on two quick questions:

One, has there been any appreciable increase in the movement of supplies since the time that you and I were there nearly 2 months ago? Two, do you see the return to more dependence on guerrilla-type activities and does this pose any greater problem to the pacification forces that we have had prior to this time?

Secretary RESOR. On the question of supplies, the only changes since you and I were there is that they, I am told, have reintroduced the personnel in the Laotian supply line coming down. We have not yet seen any significant change in the infiltration of people. In other words, they may be building up the roads and getting stations ready for supplies, but there has been no significant further introduction of people. That is, I think, very important. On the effect on the pacification program, it has not been impeded to date by their efforts. In fact, I thought that that was one of the things that was going best over there?

Mr. SIKES. I realize that. There is this return on the part of the substantial number of North Vietnamese units and Viet Cong units to guerrilla-type activities, rather than unit-type activities. Apparently this is just getting into stride. I am wondering if it is anticipated that that is going to cause any significant problems in the pacificaton program?

Secretary RESOR. I think they may be forced to target our pacification effort because it is so successful. I would think that targeting it with guerrillas on their side would be much less successful than targeting with the main forces. As long as their main forces are forced to stay on the boundaries, I think it makes it much harder for their guerrillas to exist in the interior of the country.

If you were in Thua Thien Province, you saw what happened there when we pushed their people back into the A Shau Valley. We got control of the piedmont and lowlands.

LULL IN FIGHTING

Mr. SIKES. General, would you make a brief comment on that general picture, particularly the lull?

General WESTMORELAND. Yes, sir. First, I would agree with you that the enemy's level of activity is a function of his capability. In my opinion, it is not associated with the talks in Paris.

Second, there is evidence that the enemy is making plans to step up his infiltration. He has not significantly done so to date. He is returning to guerrilla warfare as a substitute for the main force actions, since his main forces are not now capable of carrying out meaningful military action. This situation could change in the months to come. I don't anticipate that the enemy's return to guerrilla warfare is going to create any major problems for our pacification efforts, which I believe will continue to move forward.

USE OF ALL-VOLUNTEER FORCE IN VIETNAM

Mr. SIKES. Let me ask you briefly about the possibility of our involvement in the war with an all-volunteer force as one way of satisfy-

ing the public, the parents who are protesting that their sons are drafted to fight in Vietnam. Is this a feasible thing, to use an all-volunteer force for the conduct of the war in Vietnam, assuming that our involvement can be substantially reduced within the course of the year?

Secretary RESOR. As you noticed, we have already reduced draft calls. I would think it would be possible to make further reductions if we make further redeployments. I personally would doubt that you could do it by an all-volunteer force. I would think it would put a burden on the career Army that would be unjustified.

Mr. SIKES. Do you have a comment?

General WESTMORELAND. I agree with that. I think we run into difficulty with respect to career officers and noncommissioned officers who serve their one tour in Vietnam and go back there for a second tour. As a matter of fact, we have about ——— back for a third involuntary tour in fiscal year 1970. We run into great problems, Mr. Sikes, on getting the number of volunteers with the requisite skills to go back.

Mr. SIKES. It would seem to me it would be an almost impossible thing to do, but there is speculation about it and I thought we should have something in the record on it.

REDUCTION IN OVERTIME RATHER THAN REDUCTION IN EMPLOYEES

In the cutbacks in civilian personnel—and I don't think the Army is affected as much in this as the other services—but civilians who are laid off are very adversely affected, of course. There is particularly in the other services considerable use of overtime. It has seemed to me a less use of overtime would permit more civilians to retain their jobs.

Have you considered this in the Army?

Secretary RESOR. Yes; I believe we have actually reduced our amount of overtime. I would like to supply that for the record.

Mr. SIKES. Will you, please?

Secretary RESOR. Yes, sir.

(The information follows:)

The utilization of overtime by the Army has continued to decline since the institution of controls during fiscal year 1967. A summary of the Army's overtime utilization follows:

Overtime dollars in thousands

Fiscal year:	
1966	126,580.3
1967	112,673.1
1968	105,083.6
1969	93,084.1

TIMETABLE FOR ENDING THE WAR

Mr. WHITTEN. This is not meant to be ugly in any manner, but for 10 years it has been going on in one way or another. I recall when the first foreign aid had a designation to this area and I sat here along with others listening to the testimony through the years. I am aware that we built up from 6,000 to 16,000 to 64,000 and on up. We were told by the former Secretary of Defense for a number of years that the plans for the financing were based on a given period and that we

could expect that this thing would be over and he would give us a timetable.

That never did pan out. That was his honest judgment. It was supported by the Joint Chiefs of Staff. Each year he was asked about his prediction of the preceding year. I know I asked this question, and I don't think it was ever satisfactorily answered: "Mr. Secretary, now that you have been proven wrong in your predictions, to what do you attribute your miscalculation?" Whether the question was fair I don't know. We are trying to call on the best witnesses possible and honest witnesses—I know that is true, but the calculations have been proven to have been wrong. The enemy has not accepted defeat even though he found he couldn't win. The enemy has gone to the conference table and during the first week has spent all his time arguing about the size of the table. I am just wondering how much credence we can give to your honest calculations. I give you credit for doing your absolute best.

First, could you address yourself to where we miscalculated in all these other decisions and predictions. Did we misjudge their character? Did we misjudge whether the Chinese would keep feeding them supplies and money? Did we misjudge the Russians? Did we misjudge the South Vietnamese willingness to bring anything to a halt that would stop this $20 billion going into their economy?

That is important at this point in the record because on that we will have to predicate how much substance we can give to your present predictions and calculations. Now, if I am not broad enough, you broaden it because I would be interested in anything that you might say, Mr Secretary.

Secretary Resor. That is a very fair question and a very difficult one. I think that we seriously underestimated the problem when we first went into Vietnam. I think we did it because we had never tried to do what we were attempting to do in Vietnam. This is a war different from any war we have ever fought before. I don't think we appreciated when we started how different it was. We did not appreciate what a fragile governmental situation there was in Vietnam, nor the extreme regionalism, nor the extreme separatism caused by different religious beliefs.

In fact, there was no tradition of a central government; the hamlet and the village were really the historical strong governmental entities. We also faced the problem of the very long coastline and the very long interior line which we would have to set up in some way so as to interdict the enemy's ability to introduce supplies. I think we have learned a great deal over the years 1965 through 1969. I think today we have a much better understanding of the problem. Accordingly, I think that our estimates of the current situation should be significantly more valid. However, I do not want to be in the position of predicting to you how long it will take. I think that is one of the lessons we have learned, that it is dangerous to make predictions. I can only say I think time is running on our side in Vietnam. Therefore, if we can just buy some time in the United States by these periodic progressive withdrawals and the American people can just shore up their patience and determination, I think we can bring this thing to a successful conclusion. We will be able to gradually build the Vietnamese to where they can take over all of the significant operations and get themselves the free right to choose the kind of government that they want to have.

Mr. WHITTEN. Thank you.

General, could you add to that from your own viewpoint?

General WESTMORELAND. Mr. Congressman, I was on the other side of the water at the time.

Mr. WHITTEN. I know you were at that time, but let me not predicate it on what we heard here but your own ideas as to where we may have miscalculated. Obviously, we are relying to a great degree on your judgment.

General WESTMORELAND. Addressing it from my vantage point in Vietnam, I have never made the prediction that this would be other than a long war, in consideration of our political strategy, I did from time to time when I came back to the United States pass judgment on how the war was going. There were people who extrapolated this to some conclusion, but never did I give any indication at all that it was going to be other than a long war. The only forecast that I ever made was in November of 1967 when I predicted that the Vietnamese could, conceivably, take over the war effort and we could start reducing our forces in the last quarter of calendar year 1969. I felt that they had that capability and I felt that the time had arrived when we should put the monkey on their back, we should put pressure on them, we should tell them they were going to have to think in those terms.

This had a lot to do with bringing about mobilization, which was a missing element. But the thing that really made mobilization a reality was the shock effect of the 1968 Tet offensive. But looking at the matter from the standpoint of Washington—for which I had, I must say, a limited feel because I was fully occupied in Vietnam at the time—I do feel that there was midjudgment as to how tough the enemy really was. There was a certain feeling that the South Vietnamese were better organized politically than was the case, and that they had greater capacity. The ability of the South Vietnamese to get the job done and to make progress has been in direct relation to the strength and political stability of the Government.

In 1964, 1965 and part of 1966 the situation was very chaotic in that regard, but when Thieu and Ky came to power they proceeded to stabilize the Government. The Constitution was drafted and promulgated, and elections were held. Then we started getting real political stability. We are getting the payoff from that now. I think there was also a certain misjudgment of public opinion on this one. I don't know what could have been done about influencing public opinion, but this has been our Achilles heel, without any question.

Perhaps we expected too much from our constrained bombing program. Finally, and I have alluded to this before, we did not face up to the absolute essentiality of the mobilization of South Vietnamese manpower. The fact was that in 1965, 1966 and even early 1967, they were not politically strong enough to move into general mobilization. They could have decreed it but they couldn't have enforced it. The leaders knew that. It was not until we made it known that they had better start thinking in terms of taking over, because I was planning to start withdrawing troops by the end of 1969—that they had better start thinking about the prospect and—that we were not going to stay around forever. But the thing that really made the manpower mobilization a reality was the shock effect of the Tet offensive. This was their "Pearl Harbor," this galvanized the Government, unified the people, and made it

politically palatable to go into a general mobilization. So while the Tet offensive apparently a major setback to public support of the war here at home, it was a blessing in disguse in Vietnam. It galvanized them and shocked them. I don't believe anything else would have done it in the same fashion.

Mr. WHITTEN. Thank you both. I appreciate that because that is one of the things that troubles us; not that people could guess wrong but the "why" after the fact is one of the things that troubles us, trying to get public support at the present time.

Thank you, Mr. Chairman.

Mr. MAHON. Mr. Minshall.

Mr. MINSHALL. Off the record.

(Discussion off the record.)

HINDSIGHT ON VIETNAM

Mr. MINSHALL. Mr. Secretary and General, I have sat on this committee now for 11 years and I have heard many of these philosophic discussions regarding our military posture, and especially in recent years our military posture and strategy in Vietnam. I know that you have discussed much of that here today and most of it will be redlined; marked DSR "deleted for security reasons." I have always said in the past that maybe much of this that has been deleted has been deleted for political purposes, at least in the past, rather than for real security reasons. I think if you will look at the sanitized version versus the unsanitized version over the years that there is a lot to what I have to say.

But be that as it may, I would like to ask General Westmoreland and also the Secretary a sort of hindsight question, looking over your shoulder: If you had to go into Vietnam again, General, would you make any recommendations that you did not make? Or would you be a little more firm in some that you did make, to make sure that they were carried out?

General WESTMORELAND. To answer a question that broad would require considerable thought.

Mr. MINSHALL. Let me be more specific, General. Did you ever make any recommendations to alter our strategy in a way that would have sealed off the port of Haiphong or to bomb Hanoi or hit some of these key towns like Vinh that Mr. Andrews talked about?

General WESTMORELAND. I did not have the responsibility for the air war. That was vested in Admiral Sharpe. My area of responsibility involved the ground war in the South. Therefore, I was not expected to make recommendations with respect to the conduct of the air war. Nevertheless, I did from time to time make certain recommendations in concert with Admiral Sharpe and on a few occasions on a unilateral basis. Sometimes they were accepted, sometimes they were not.

Mr. MINSHALL. As to the overall strategy, whether or not you had control of the bombing, you would say it would be helpful to seal off, to isolate the battlefield?

General WESTMORELAND. I addressed my recommendations several times to the bombing campaign.

Mr. MINSHALL. Would you say that again?

General WESTMORELAND. I addressed the bombing campaign in some of my recommendations on a number of occasions.

Mr. MINSHALL. But by the time it got back to Washington your recommendations were overruled?

General WESTMORELAND. Well, they were normally associated with the recommendations made by Admiral Sharpe, who was my military boss.

Mr. MINSHALL. I can't help but sit here and think, General, about 1966, if I remember rightly, we had the then Secretary of Defense before our subcommittee, Mr. McNamara. You said one thing earlier that reminded me of it, that is, public opinion. At that time he was making a lot of wonderful statements about the morale of our Armed Services in Vietnam, and all of that at that time was very true. But I told him—and it rings loud and clear right now—I said that I am not concerned about the morale of our Armed Services in Vietnam. I said that I am concerned about the morale of the people here on the home front. This has now all come to pass. But even then, 3 or 4 years ago, you could get the sentiment of the people back home about their feelings toward this war in Vietnam.

As you say: How can we unite them? I don't know. But it is a tremendous task that this country faces from the war that was inherited by this administration and, to a degree, inherited by the previous administration. So I am not trying to say this is a Democratic war or a Republican war or anybody's war, but it has been a sad state of events since its inception. I had the privilege of visiting Vietnam in 1963. At that time we presumed that we had only 800 advisers in the country. It was ironic that the only other congressional visitor to Vietnam that year was a Senator, Lyndon Johnson. I look back on what has transpired since that time and it sounds like a fantasy and a nightmare. Be that as it may, we can talk here all day about this war. I am interested, just as much as you are, in getting our troops out of there on some kind of an honorable basis as quickly as we possibly can. How we best can do that is strictly up to the powers that are down on Pennsylvania Avenue and over in your shop.

(Discussion off the record.)

TROOP WITHDRAWALS

Mr. ADDABBO. Getting back to the budget, on the question of troop reductions, what would be the actual effect if in the withdrawal these men were discharged rather than reassigned to other locations?

Secretary RESOR. You mean the troop withdrawals from Vietnam?

Mr. ADDABBO. Yes.

Secretary RESOR. We are inactivating forces equivalent to and greater than the number of forces we are withdrawing from Vietnam. We are inactivating the same number plus the overhead that we have in the United States to support that size force.

Mr. ADDABBO. What is the effect of our reduction in forces in South Vietnam as far as our allies are concerned?

We read recently where the Philippines are going to pull out 1,500.

Secretary RESOR. I do not think this was the cause of that. They have had a funding problem and could not get the legislature to pass the funds for PHILCAG. It is not a fighting organization, but more

like our engineers, doing construction work. The other allies indicated they intend to leave their forces at the present level.

Mr. ADDABBO. Is there any study or will there be any study at what point we must stop reductions in order to protect the men we will have in South Vietnam?

Secretary RESOR. I am sure General Abrams has that problem very much in mind and I think it is something he will have to survey as he goes along.

I do not think you can predict that at this time.

PILFERING

Mr. ADDABBO. With the war in Vietnam there has been much publicity relative to pilfering. Now as we hope to turn over a greater part of the war to the South Vietnamese, what protection will there be as far as pilfering?

Secretary RESOR. That is a good question.

We have advisers with all of the South Vietnamese units that use our equipment, particularly with the district units which handle large quantities. A very strong effort is going to be made to protect against this, but it is a very difficult problem. But we are going to do all that is humanly possible to prevent it. We are very sensitive to this problem.

WITHDRAWAL OF NORTH VIETNAMESE UNITS

Mr. ADDABBO. I read where we were advised since the cessation of bombing of North Vietnam that actually they have withdrawn several of their regiments from South Vietnam back across the DMZ; is that correct?

Secretary RESOR. They made a number of withdrawals last September and October, particularly from I Corps—a significant reduction. Some of those came back sometime this year. More of them have been in safe areas in Laos and Cambodia during this year, sometimes coming across and now going back again.

SOUTH VIETNAMESE CASUALTIES

Mr. ADDABBO. We are happy to read about our casualties being decreased. Have the South Vietnamese casualties also decreased in the same proportion or increased?

Secretary RESOR. The South Vietnamese killed in action are a significantly higher percentage of the total killed in action than they were a year ago. I think you will see this continue to go up, particularly as the regional and popular forces take a larger share of the combat.

The South Vietnamese casualties, I believe the record will show, have recently declined as ours have, but I also want to call attention to the point that as a percentage of the total they are steadily increasing, which I think is another reflection of the fact they are doing more of the fighting.

CURRENT TACTICS IN VIETNAM

Mr. ADDABBO. The fighting of the war is the job of you gentlemen, but we have to explain certain conditions back home; is there a strategic benefit of fighting for a given point, a given hill, losing American

men and then immediately withdrawing and the Vietcong are back in the same position they were before?

Secretary RESOR. I went to see Colonel, now General, Kroesen, who commanded the 196th Infantry Brigade while he was there for a year, and that brigade had a very fine record and relatively low casualties. I discussed with him the tactics he employed and he said he thought the most important thing a commander could do would be to have continual patrolling. In other words, clearly the wrong thing to do is to sit in a fire base and wait for the enemy to attack.

This is not the first time I have heard this. I think that is the uniform feeling. I think that is General Abrams' and General Wheeler's feeling.

I saw General Wheeler in the press just this morning saying that preemptive defense is the strategy he believes is the sound one, and General Abrams is currently pursuing that.

Sometimes that will involve taking a hill that you later have to give up. I think General Abrams is undoubtedly trying to avoid that and have his subordinates avoid that wherever they can. But I think the important thing is the concept that aggressive patrolling is the way to reduce American casualties.

I really should not be answering. General Westmoreland can do it much better than I.

General WESTMORELAND. You have to have certain fire bases, but most of the troops should be on the move and should be patrolling. It depends upon the enemy formations. If he is broken into small groups, we break into small groups. If he maintains battalion size units, we need large units in order to combat them successfully. You cannot defeat an enemy battalion with a patrol.

The terrain and weather also have an influence on the tactics so do the number of helicopters you have available, and our number of helicopters has progressively increased since our initial commitment of ground troops until late 1968.

HAMBURGER HILL

Of course the case you referred to is the so-called Hamburger Hill operation, which is the name given to it by the press—the hill is named "Ap Bia." This particular hill dominates the A Shau Valley. It is important from time to time that we insure that the enemy is not on that hill because if he is, he is in a position to move troops along the road that runs past Ap Bia into the A Shau Valley. It is in our interest to keep the enemy from building up troops and logistics in that area because from this area he can launch attacks into the populated coastal area around Hue.

It would have been desirable if we had kept him off Ap Bia. But once the enemy established himself on this piece of key terrain and it was the unit's mission to clean him out of the A Shau Valley, it was necessary we destroy the enemy on Ap Bia. We bombed it and shelled it for a number of days, and we finally had to go in and actually root them out of the foxholes.

Of course it involved far more casualties than the commander on the ground hoped it would, but having committed himself to take the hill, which were his instructions, he did so, as a part of the general clearing of the A Shau Valley.

Mr. ADDABBO. What we have to explain—we can understand the taking and justify the taking, but to immediately take it and then withdraw and give it back to them is almost as if we expended the men for no purpose in the seesaw battle.

General WESTMORELAND. The war in Vietnam is not a war where terrain plays the same important role it has in other wars. Instead of focusing on terrain, we have focused on the enemy.

On the other hand, there is certain terrain that may be of temporary tactical importance during the course of a battle but which, after the enemy is defeated, is no longer of value. There is no necessity of keeping people on that sort of terrain if you can use those troops in mobile operations.

Mr. MAHON. Are you saying, General, that while we took the hill and then gave it up, it was not reoccupied by the enemy in force? If it was reoccupied in force, how can you defend the action?

General WESTMORELAND. After this particular hill was seized, we held it for a period of time and it was used as a fire base to support other operations in the vicinity. After the enemy had been driven back into Laos and had been defeated, there was no reason for us to sit on the hill.

We ——— and from time to time sent patrols to the hill by helicopter. Aircraft would fly over the hill almost daily to see if the enemy had returned or was positioning himself so that he could return.

Mr. ADDABBO. Actually, you did control the hill. The men left but the enemy did not move back in?

General WESTMORELAND. They did not. When we abandoned the hill, we put it under surveillance.

Mr. ADDABBO. This makes it easier for us to explain.

What was reported in the newspapers was that they were up there, then we took it and then pulled back. After we pulled back they returned.

General WESTMORELAND. That is not true. We did move back after the enemy was defeated and then we put it under surveillance.

Mr. MAHON. The impression, I think, was left that we took the hill and then gave it up and it was reoccupied by the enemy.

Mr. ADDABBO. That is right. That is what the people back home were led to believe and we have to answer those questions.

FIRING ON MEDICAL HELICOPTERS

One other problem that has come back to us from the people back home is relative to the helicopters. Do we have enough helicopters there with the Red Cross markings?

They had two cases back home where the helicopter pilot was killed in evacuation of wounded, but the helicopter was not properly marked. And that is the excuse the Vietcong gave for it being knocked down.

General WESTMORELAND. We have aerial medical evacuation units that do nothing but move casualties. They are marked with a red cross. There are cases from time to time, where a man is evacuated from the battlefield by the most expeditious way, because when a man is injured his life is often measured in minutes, and if there is a helicopter moving out of the area they will put the casualty on that rather than wait for a

medical evacuation helicopter. But this is exceptional. Normally the regular medical evacuation helicopter moves the injured from the battlefield.

Mr. ADDABBO. Have there been any cases on record where the regular medical helicopters were shot down?

General WESTMORELAND. We have had some shot down. We have had many of them hit by enemy fire.

Mr. ADDABBO. Thank you very much.

(Off the record.)

SUPPORT OF WAR EFFORT

Mr. MAHON. In the testimony today, General Westmoreland, you said something to this effect: "Yes, we could win the war militarily, we could have, and we could now." Of course, a citizen reading this would tend to think, well if we could win the war, why do we not go ahead and win it.

I think it is very important that your statement be surrounded with enough detail that those who read the record can understand what you mean. Is it absolutely clear now that the Secretary of the Army and the Chief of Staff of the Army are on record in this hearing as supporting the war effort as it is now being conducted?

Are you on the record to this effect?

Secretary RESOR. I hope I am.

Mr. MAHON. Are you?

General WESTMORELAND. Yes, sir.

Secretary RESOR. I would like to go on the record right now that I am fully in support of the way the war is being conducted now, and I personally think it would be an error to go back to a heavy bombing campaign against North Vietnam.

I can see if—and I think General Abrams is currently authorized, and I think he should be authorized—if the enemy violates the DMZ by bringing troops across in significant numbers to threaten our men to the south, then we should bomb DMZ and somewhat north of it to prevent that from happening.

I personally think we should not go back to general bombing of North Vietnam. And I think it is important to recognize that we may have ceased the bombing there,———.

Mr. MAHON. Of course my question does not apply to what you would want to do if there should be a change in the situation.

Secretary RESOR. Yes.

Mr. MAHON. In other words, if there should be a dramatic change in the situation, I would assume you would want to change your reaction.

Secretary RESOR. Yes.

SUPPORT OF PRESENT POLICY ON WINNING THE WAR

Mr. MAHON. I would like to have it made clear, General Westmoreland, if it is your opinion that we are now fighting the war approximately as you think it ought to be fought?

General WESTMORELAND. I thought I had made it clear in my testimony, Mr. Chairman, that I do support the present war strategy which is based on Vietnamization.

Mr. MAHON. Do you think it is the best policy to pursue at this time?

General WESTMORELAND. I do without question. It seems to be the only practical alternative open to us.

Mr. MAHON. At this time?

General WESTMORELAND. At this time.

Mr. Andrews asked me a theoretical question. He asked me if we could—and the word was "could," as I interpreted his question—win the war militarily.

My response was that we are the richest Nation on earth and we can do anything we wish to do. Certainly it is possible. But I qualified this later by stating that there are certain facts of life that do not make that realistic at this time. What we could do is not necessarily what we should do.

Mr. MAHON. I think the American people and the Members of Congress and this committee are entitled to know whether or not the Chief of Staff of the Army thinks the war is being fought at this time along proper lines.

General WESTMORELAND. I do, sir. It was my intention to make this very clear and I reiterate that I feel that, all factors considered—and we have to forget about the past and think in terms of the situation we face today. The present strategy of the administration is a proper, sound and workable strategy which I fully support.

Mr. MAHON. This, I think, is important because of the unrest and confusion in the country about the war. I think it is important for the people to know that people in your position think that the right thing is being done because that gives them some confidence that we as a nation probably are following the most reasonable and practical course that could be followed.

The transcript will come to you and you can, of course, make sure that you have properly stated your views in regard to the various questions which were asked. If I have appeared to be too persistent, it is because I want the record to be clear.

I am sorry we have kept you here as long as we have without a break, but we do thank you for your frankness and helpfulness. We have faith in you; we recognize the magnitude of your task and we wish you success in your efforts.

General WESTMORELAND. Thank you, sir.

Secretary RESOR. Thank you, Mr. Chairman.

STATEMENT OF THE DIRECTOR OF THE ARMY BUDGET

Mr. MAHON. We will insert in the record at this point the statement of Maj. Gen. Leonard B. Taylor on the 1970 budget.

(General Taylor's statement follows:)

Statement of the Director of Army Budget, Office of the Comptroller of the Army

Mr. Chairman and Members of the Committee:

Secretary Resor and General Westmoreland have presented their evaluation of the posture of the Army, outlined objectives for the future and explained the fiscal year 1970 program requirements. Other Department of Defense witnesses have discussed the policies and concepts which governed the formulation of the fiscal year 1970 budget. It is a privilege to appear before you to present a summary of the financial resources needed to support Army program requirements. It is my purpose to present the general budgetary highlights of the Army request for fiscal year 1970. Other Army witnesses have presented the details concerning each appropriation request within the purview of this Committee. The Army's fiscal year 19 budget was formulated in accordance with the following primary objectives:

1. Continued support of combat operations in Southeast Asia, to include the phased improvement and modernization of the Republic of Vietnam Armed Forces (RVNAF).
2. Continued improvement of operational readiness of Army forces.
3. Continued improvement in logistical and personnel operations.
4. Increased effectiveness in the management of resources.

REQUIREMENTS

The total Army program for fiscal year 1970 is $25.0 billion, a net decrease approximately $1 billion 263 million from the revised fiscal year 1969 level of $26.2 billion. Included in the revised fiscal year 1969 amount is the enacted Supplemental appropriation of $1 billion 223 million to support additional Southeast Asia requirements and to provide for the military and civilian personnel pay increases which became effective in July 1968. The fiscal year 1970 program represents funding support of those requirements set forth in the January budget request as amended by the April Budget Amendments. As a result of the Budget Amendments, reductions in New Obligational Authority (NOA) amounting to $42 million and $1 billion 554 million were made in the fiscal year 1969 Supplemental and the fiscal year 1970 Budget, respectively. Although there is a fiscal year 1970 expenditure reduction program underway, this presentation will address only the revised President's budget currently before the Congress. It is understood the Committee is being provided certain information involving the status of those reductions currently being implemented. The chart to follow shows the Army's fiscal year 1970 Budget Plan by appropriation. Although Military Construction requests are not made before this Committee, this chart includes these requirements in order to provide a more comprehensive perspective of the Army's total budget requirements.

BUDGET PLAN

	(In Millions of Dollars)		
APPROPRIATION	TOA FY 1969	TOA FY 1970	NOA FY 19
MPA	8,375.0	8,551.7	8,551.
RPA	287.2	311.0	311.
NGPA	320.9	363.5	363.
OMA	7,986.0	7,504.5	7,504.
OMARNG	276.2	306.0	306.
PEMA	6,784.9	5,559.1	5,069.
RDTEA	1,627.6	1,849.5	1,849.
Subtotal Less Construction	25,657.8	24,445.3	23,955.
MCA	553.7	496.4	395.
MCAR	8.9	10.0	10.
MCARNG	9.5	15.0	15.
Subtotal Construction	572.1	521.4	420.
TOTAL	26,229.9	24,966.7	24,375.

NOTE: May not add due to rounding.

Of the $25.0 billion total program, the Army is requesting New Obligational Authority (NOA) of $24.4 billion. Excluding the Military Construction accounts, the Army is requesting NOA for those appropriations within the cognizance of this Committee, amounting to $23 billion 955 million. I will describe each appropriation, after first presenting some of the more general budgetary highlights of the Army request for fiscal year 1970.

The net decrease in the direct budget plan in FY 1970, as compared to fiscal year 1969, is attributable primarily to a reduction in funding requirements for Southeast Asia. Consumption in Southeast Asia is projected to decrease based upon assumptions involving the forecasted level of combat intensity. Coupled with this projection of the level of effort of support in Vietnam is a planned redistribution of useable supplies.

The fiscal year 1970 active duty military personnel end strength of 1,508,585 represents a net decrease of 25,190 from the 1,533,775 revised fiscal year 1969 end strength.

This budget request supports the same force structure of 27 2/3 divisions as provided for in the revised fiscal year 1969 program. Although the 19 2/3 active division and brigade force structure remains unchanged through fiscal year 1970, all of the Reserve Components personnel called to active duty in May 1968 are programed to be released by December 1969 and returned to reserve status. The units involved will be replaced by new units activated at that time in order that the active Army force structure will remain unchanged.

Contained within this budget request are funds required for the continued improvement and modernization of the Republic of Vietnam Armed Forces (RVNAF). As stated by the Chief of Staff in his testimony before this Committee, the Army supports primarily the Army of the Republic of Vietnam (ARVN) and its associated Regional and Popular Forces.

The modernization of equipment for the RVNAF is progressing at an accelerated rate, as evidenced by the funding increases of this program in both fiscal years 1969 and 1970. The fiscal year 1970 budget represents funding requirements to sustain the approved RVNAF force structure in accordance with their assuming a greater portion of the combat burden in Vietnam.

The funding support of the remainder of the Free World Military Assistance Forces (FWMAF) in Vietnam is also provided for in the fiscal year 1970 program at approximately the same level as the revised fiscal year 1969 budget. This includes support for the Republic of Korea, Thailand and the Philippine forces in Vietnam. We do not budget for direct funding support for the Australian and New Zealand forces in Vietnam.

Contained within the Army's fiscal year 1970 budget request is an increase of approximately $30 million, from the revised fiscal year 1969 program, for funding support of the Anti-Ballistic Missile system (SAFEGUARD). A separate presentation on the funding requirements of this national program has been provided this Committee by the SAFEGUARD System Manager.

The civilian personnel end strength supported by the fiscal year 1970 budget request is 454,020, a decrease of 14,209 from the revised fiscal year 1969 level of 468,229. The fiscal year 1970 end strength includes the 24,914 Army National Guard Technicians, recently converted to federal employee status. To support this civilian personnel workforce in fiscal year 1970, approximately $3.5 billion will be required, an increase of approximately $13 million from the revised fiscal year 1969 funding requirement.

This budget request includes approximately $200 million required to fund identifiable programs directly related toward domestic improvement of the nation. Illustrative of these programs are Civil Defense and the Office of Emergency Preparedness requirements; personnel improvement projects such as Value, One Hundred Thousand, and Transition; the General Educational Development, and the Overseas Dependent Education programs; Air and Water Pollution construction projects; and the control of Civil Disturbance activity.

I shall now describe the individual appropriations contained within the fiscal year 1970 budget request. Military Personnel, Army will be discussed at the outset, followed by the Reserve Components appropriations, and then Operations and Maintenance, Army. The capital appropriations, to include a brief mention of the construction accounts, will conclude the appropriation description. The financial plan for this budget request will be covered in the latter portion of my statement.

MILITARY PERSONNEL, ARMY

The fiscal year 1970 budget request of $8 billion 552 million for Military Personnel, Army is $177 million higher than the revised fiscal year 1969 program of $8 billion 375 million.

Funding requirements reflect the average active duty military personnel strength in fiscal year 1970 of 1,517,219. This represents a net increase of 4,944 from the 1,512,275 revised fiscal year 1969 average strength.

The number of active duty military personnel to be financed by this appropriation request is indicated in the following table:

ACTIVE DUTY MILITARY PERSONNEL

	End Year FY 1968	Average FY 1969	End Year FY 1969	Average FY 1970	End Year FY 1970
Officers	165,569	168,963	172,680	169,148	171,342
Enlisted	1,401,702	1,339,845	1,357,745	1,344,429	1,333,600
Cadets	2,443	3,467	3,350	3,642	3,643
Total	1,569,714	1,512,275	1,533,775	1,517,219	1,508,585

RESERVE COMPONENTS

The Reserve Components appropriations both personnel and operating accounts, will be described at this time. In order to provide a basis for comparison of th funding level of the Army Reserve and the Army National Guard, included within this presentation will be Budget Program 2600 of the Operation and Maintenance, Army appropriation, which is the operating account for the Army Reserve. The construction accounts of the Reserve Components will be discussed during my remarks involving construction in the latter part of my statement.

The following table summarizes the Reserve Components budget request:

RESERVE COMPONENTS

(In Millions of Dollars)	FY 1969	FY 197
Reserve Personnel, Army	287.2	311.0
(ROTC)	(33.8)	(33.1)
National Guard Personnel, Army	320.9	363.5
Budget Program 2600, OMA	105.8	130.7
(ROTC)	(15.8)	(18.2)
Operation and Maintenance, Army National Guard	276.2	306.0
TOTAL	990.1	1,111.2
Army National Guard	(597.1)	(669.5)
Army Reserve	(343.4)	(390.4)
ROTC	(49.6)	(51.3)

The request for fiscal year 1970 represents an increase of $121.1 million fro the revised fiscal year 1969 level. Of significance is the approximately $50 million additional funding requirement for support of the Reserve Enlisted Program (REP). The fiscal year 1970 program projects an additional REP input of 46,662 into initial training above the 69,290 revised fiscal year 1969 level.

The fiscal year 1970 end-strength for the Reserve Components is 665,252 personnel. This represents an increase of 23,531 over the revised fiscal year 1969 end-strength of 641,721.

The fiscal year 1970 Reserve Components program reflects the return to reserve status of those units mobilized in May 1968. Also included in fiscal year 1970 end-strength is the authorized overstrength for the increased Negro participation in the Reserve Components program.

At this point, I shall discuss the individual Reserve Components appropriations covering, first, the personnel appropriations, and then, the operating accounts.

RESERVE PERSONNEL, ARMY

The fiscal year 1970 appropriation request of $311 million for Reserve Personnel, Army is $23.8 million more than the $287.2 million required in revised fiscal year 1969. Of the fiscal year 1970 estimate, $277.9 million is for the Army Reserve program and $33.1 million for the Army Reserve Officers Training Corps (ROTC) program.

The number of reserve personnel in paid drill status to be financed with these funds are reflected in the following tables:

RESERVE PERSONNEL, ARMY - PAID DRILL TRAINING

	End Year FY 1968	Average FY 1969	End Year FY 1969	Average FY 1970	End Year FY 1970
Officers	32,201	32,951	33,700	34,073	34,700
Enlisted	212,038	221,344	220,421	222,191	226,520
Total	244,239	254,295	254,121	256,264	261,220

In addition to the paid drill personnel strength, another 48,000 reservists, paid for active duty training only, are supported by the fiscal year 1970 appropriation request.

The request for support of the Army ROTC program is $0.7 million less than the revised fiscal year 1969 estimate. The fiscal year 1970 request supports an opening enrollment of 150,400 cadets in the Senior Division ROTC program, of which 36,900 are advanced course students. The advanced camp of the Senior Division enrollment is programed at 18,000. The Senior Division program is expected to produce approximately 17,523 commissioned graduates at end fiscal year 1970. Funds for the Junior Division ROTC program will support an enrollment of 123,000 students in fiscal year 1970.

NATIONAL GUARD PERSONNEL, ARMY

The fiscal year 1970 appropriation request of $363.5 million in National Guard Personnel, Army is $42.6 million more than the revised fiscal year 1969 estimate.

The National Guard personnel supported by this appropriation request are members of 3,008 various units.

The number of National Guard personnel in paid drill status to be financed by this appropriation is shown in the following table:

NATIONAL GUARD PERSONNEL, ARMY - PAID DRILL TRAINING

	End Year FY 1968	Average FY 1969	End Year FY 1969	Average FY 1970	End Year FY 1970
Officers	31,938	32,357	32,200	32,817	33,000
Enlisted	357,244	355,960	355,400	362,474	371,032
Total	389,182	388,317	387,600	395,291	404,032

BUDGET PROGRAM 2600, ARMY RESERVE AND ROTC

(OPERATION AND MAINTENANCE, ARMY)

The fiscal year 1970 budget program request of $130.7 million in Budget Program 2600 of the Operation and Maintenance, Army appropriation is $24.9 million more than the $105.8 million required in revised fiscal year 1969. Of the fiscal year 1970 estimate, $112.5 million is for the Army Reserve program and $18.2 million for the ROTC program.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

The fiscal year 1970 appropriation request of $306 million in Operation and Maintenance, Army National Guard is $29.8 million above the revised fiscal year 1969 level of $276.2 million. In accordance with the National Guard Technician Act of 1968, the 24,614 Army National Guard Technicians supported by our fiscal year 1970 program receive the personnel benefits related to their conversion to federal employee status. Of this technician force, 4,771 are located on-site at air defense facilities.

OPERATION AND MAINTENANCE, ARMY

The fiscal year 1970 budget request of $7 billion 504 million in New Obligational Authority for Operation and Maintenance, Army is a decrease of approximately $482 million from the revised fiscal year 1969 level of $7 billion 986 million.

Primarily, this net decrease is due to a reduction in Southeast Asia support and reflects the completion of the U.S. forces buildup in Vietnam. Based upon assumptions involving the forecasted levels of combat intensity, projected consumption requirements have been reduced. Additionally, a drawdown of useable supplies currently in Southeast Asia is forecasted to materialize in order to reduce our overall Southeast Asia support requirements. No flexibility exists, however, to provide support for increased requirements which may occur as the result of a higher intensity of combat activity than was assumed in the budget projections.

The support of the accelerated buildup and modernization of the RVNAF forces represents an increase of approximately $49 million from our revised fiscal year 1969 level.

In non-Southeast Asia activities supported by this appropriation, an increase of approximately $43 million is requested to provide for additional requirements which include the education of dependents overseas, medicare program and the cost of maintaining the NATO international military headquarters.

PROCUREMENT OF MISSILES AND EQUIPMENT, ARMY

The fiscal year 1970 Procurement of Missiles and Equipment, Army program of $5 billion 559 million, including a request for New Obligational Authority of $5 billion 69 million, is a net decrease of $1 billion 226 million from the revised fiscal year 1969 program of $6 billion 785 million.

Based upon the assumed level of combat activity projected for fiscal year 1970, consumption and attrition requirements were significantly reduced. The principal decrease involves an approximate $1.2 billion reduction in Southeast Asia ground ammunition consumption.

Aircraft procurement within the fiscal year 1970 program calls for 1,014 aircraft, a reduction of 479 aircraft from the revised fiscal year 1969 program of 1,493 aircraft.

SAFEGUARD requirements funded by this appropriation for fiscal year 1970 increase approximately $30 million from the revised fiscal year 1969 level.

RESEARCH, DEVELOPMENT, TEST AND EVALUATION, ARMY

The fiscal year 1970 Research, Development, Test and Evaluation, Army budget plan provides for funds in the amount of $1 billion 849 million, as compared to

the revised fiscal year 1969 program of $1 billion 628 million. This budget request is based upon requirements involving approximately 600 separately identifiable projects grouped into general categories of research, aircraft, missiles, ordnance and others.

The net increase of $221 million in the fiscal year 1970 RDTEA program includes an increase of approximately $90 million over the revised fiscal year 1969 level for the SAFEGUARD program. National programs, to include SAFEGUARD, satellite communications and missile range support, comprise approximately 42 per cent of the Army research and development budget.

This appropriation request is based upon the operational requirements of the Army and it does provide funds to support our highest priority projects. It is an austere budget which contains the minimum increase necessary to enable the Army to regain the research and development momentum essential to ensure accomplishment of directed national programs and projects applicable to solutions of known or anticipated military requirements.

CONSTRUCTION

Although this Committee does not hear Military Construction appropriation requests, I mentioned earlier in my statement that these requirements would be covered briefly, in order to provide the complete picture of the Army's fiscal year 1970 budget request.

The net amount of construction program contained in the fiscal year 1970 budget is $521.4 million, a net decrease of $50.7 million from the revised fiscal year 1969 level of $572.1 million. Reduced SAFEGUARD construction requirements, amounting to a decrease between fiscal years 1969 and 1970 of approximately $86 million, is the principal item in the construction program.

MILITARY CONSTRUCTION, ARMY

The fiscal year 1970 Military Construction, Army program of $496.4 million, including a request for $395.6 million in New Obligational Authority, is a net decrease of $57.3 million from the revised fiscal year 1969 program of $553.7 million. However, the facilities other than SAFEGUARD, the fiscal year 1970 estimate is actually an increase of approximately $29 million from the fiscal year 1969 budget.

MILITARY CONSTRUCTION, RESERVE COMPONENTS

The remainder of the fiscal year 1970 construction program includes a request for both direct program and New Obligational Authority of $25 million for the Reserve Components appropriations. Of this amount, $15 million is required for construction involving the Army National Guard; the remainder represents Army Reserve projects.

The overall increase of $6.6 million in the Reserve Components construction program, as compared to the revised fiscal year 1969 program level, is attributable primarily to an increase of approximately $5 million in armory construction projects for the Army National Guard.

ARMY FINANCIAL PLAN

The Army Financial Plan, to include a summary of outlays by appropriation, is shown on the following table:

ARMY FINANCIAL PLAN

(In Millions of Dollars)

APPROPRIATION	1969 TOA	1969 NOA	1969 Outlays	1970 TOA	1970 NOA	1970 Outlays
MPA	8,375.0	8,375.0	8,460.7	8,551.7	8,551.7	8,477.4
RPA	287.2	287.2	270.8	311.0	311.0	288.2
NGPA	320.9	320.9	315.9	363.5	363.5	342.2
OMA	7,986.0	7,986.0	8,029.9	7,504.5	7,504.5	7,525.2
OMARNG	276.2	276.2	269.7	306.0	306.0	300.2
PEMA	6,784.9	5,671.5	6,116.7	5,559.1	5,069.1	5,861.4
RDTEA	1,627.6	1,560.1	1,520.8	1,849.5	1,849.5	1,683.4
Subtotal	25,657.8	24,477.0	24,984.5	24,445.3	23,955.3	24,478.2
MCA	553.7	548.1	450.3	496.4	395.6	422.2
MCAR	8.9	3.0	1.5	10.0	10.0	6.4
MCARNG	9.5	2.7	8.4	15.0	15.0	8.2
Subtotal	572.1	553.8	460.2	521.4	420.6	437.2
TOTAL	26,229.9	25,030.8	25,444.7	24,966.7	24,375.9	24,915.4
Revolving & Management Funds			-410.2			-238.2
TOTAL			25,034.5			24,677.2

ARMY FINANCIAL PLAN

The Army direct budget plan--total program less reimbursables--for FY 1970 will be financed as shown in this table:

TOA FINANCING

(In Millions of Dollars)	Entire Budget	Less Construction
New Obligational Authority	24,375.9	23,955.3
Prior Year Funds, Unprogramed	174.8	90.0
Anticipated Recoupments from Prior Years	266.0	250.0
Anticipated Transfer from Defense Stock Fund	50.0	50.0
Reimbursable Orders Not Requiring Replacement	100.0	100.0
Total Obligational Authority	24,966.7	24,445.3

CONCLUSION

In summary, the fiscal year 1970 Army Budget will support our essential needs in Southeast Asia, provided the assumptions involving combat consumption and attrition, plus the planned utilization of certain long supplies, materialize. No flexibility exists, however, for supporting an increase in the tempo of combat operations in Vietnam beyond that contemplated by the budget projections. Should the level of combat accelerate beyond that projected by this budget request, a fiscal year 1970 Southeast Asia Supplemental appropriation would be required for such incremental support.

Additionally, Army plans are currently being developed which will provide for the adequate redistribution of materiel resources in Southeast Asia between certain United States Army forces withdrawing from Vietnam, following an acceptable conclusion to the conflict, and the modernization requirements of the Republic of Vietnam Armed Forces.

The support provided to the remainder of Army forces by the fiscal year 1970 Budget request is at the minimum essential level. This budget, however, does provide the necessary funds to support approved program levels.

Mr. Chairman, this concludes my statement.

MONDAY, OCTOBER 13, 1969.

DEPARTMENT OF THE NAVY

WITNESSES

HON. JOHN H. CHAFEE, SECRETARY OF THE NAVY
ADM. THOMAS H. MOORER, U.S. NAVY, CHIEF OF NAVAL OPERATIONS
GEN. LEONARD F. CHAPMAN, JR., U.S. MARINE CORPS, COMMANDANT, MARINE CORPS
REAR ADM. W. D. GADDIS, U.S. NAVY, DIRECTOR OF BUDGET AND REPORTS, OFFICE OF THE NAVY COMPTROLLER
BRIG. GEN. E. H. SIMMONS, U.S. MARINE CORPS, DEPUTY FISCAL DIRECTOR, MARINE CORPS

INTRODUCTION

Mr. MAHON. The subcommittee will be in order.

Mr. Secretary, we are pleased to have you here for your first appearance before this subcommittee of the Appropriations Committee. We wish you every success in the work which you are undertaking as Secretary of the Navy. We realize that the Defense Department is a very complex organization, which has an image which is not particularly acceptable to a lot of people these days. Most of us, I think, continue to have confidence in the military and civilian leaders of our country in matters involving the issues of war and peace.

BIOGRAPHICAL SKETCH OF THE SECRETARY

I would like you to place in the record a biographical sketch, which is customarily done by witnesses upon their first appearance.

(The sketch follows:)

HON. JOHN H. CHAFEE, SECRETARY OF THE NAVY

John Hubbard Chafee was born in Providence, R.I., on October 22, 1922, and is a graduate of Deerfield Academy, Deerfield, Mass. Following graduation from Yale University in 1947, he entered Harvard Law School and was graduated in 1950 in the top quarter of his class.

His education was interrupted by his enlistment at the age of 19 in the U.S. Marine Corps as a private in February 1942. The following August he was in combat with the original invasion forces on Guadalcanal. Ordered to the United States in November 1943, he entered Officer Candidate School and was commissioned a second lieutenant, U.S. Marine Corps Reserve, in June of 1944.

Lieutenant Chafee departed for Guam in January 1945, and served with the 6th Marine Division in the battle for Okinawa in April 1945. Four months later he was ordered to Tsing Tao, China, where he served until his release from active duty in December 1945.

With the outbreak of the Korean war, he was recalled to active duty in March 1951, as a captain and served as a rifle company commander with the 1st Marine Division in Korea. Following his tour of duty in Korea, he served in the Marine Corps legal office at Pearl Harbor, Hawaii, until his release from active duty in June 1953. His active service with the Marine Corps totals nearly 6 years during two wars.

After returning to Rhode Island, he commenced the practice of law in Providence and also became active in both civic and political affairs. In 1956 he was elected to the Rhode Island General Assembly as a member of the House of Representatives from the third district and, following reelection in 1958 and 1960, he became the Republican candidate for Governor of Rhode Island in 1962. He was elected to that office, and served three terms as Governor, being

reelected in both 1964 and 1966. He was appointed by President Nixon to be Secretary of the Navy and took office as Secretary on January 31, 1969.

He has received honorary degree from Brown University, Providence College, and the University of Rhode Island. He is on the Committee to Visit the John Fitzgerald Kennedy School of Government at Harvard University.

Mr. Chafee is married to the former Virginia Coates of Bayville, N.Y. They have five children: Zechariah, Lincoln, John, Georgia, and Quentin. The Chafee family currently resides in Warwick, R.I.

Mr. MAHON. We have had many months of hearings. We are not here this morning to rehash the Navy's budget or to explore issues which have been fully and amply explored in previous hearings this year. This is the 10th month of the year and Congress met in January, the first month of the year. We need to be moving toward the time when the Department of Defense will know what funds it will have available for the fiscal year 1970, which is slipping away rapidly.

I think all of you understand that we do not have an authorization bill for many of the major items having requested and therefore cannot bring the Defense appropriations bill before the House.

Admiral Moorer, we are pleased to have you before us again. We look forward to hearing your testimony and the testimony of others on the subjects which will be before us today.

Do you have any preliminary statement you would like to make, Mr. Secretary? If so, we would be pleased to hear from you.

Secretary CHAFEE. No, sir. We have the prepared statement. We will proceed in any manner you see fit.

PREPARED STATEMENTS

Mr. MAHON. I believe it would be best for us to proceed without your reading the statements. They have been available to us now and we have had the opportunity to read them in detail or scan them, depending upon the availability of time. Your formal statements will be inserted in the record at the appropriate place.

(The statements follow:)

STATEMENT OF THE SECRETARY OF THE NAVY

Mr. Chairman, Gentlemen:

I appreciate and welcome this opportunity to report to your committee on the posture of the Department of the Navy. With me are Admiral T.H. Moorer, the Chief of Naval Operations, and General L.F. Chapman, Jr., the Commandant of the Marine Corps.

I propose to review, in broad terms, the more significant Navy and Marine Corps programs. I will specifically address FY 70 budgetary implications and their effect on our present and future posture. Admiral Moorer and General Chapman will address operational aspects of our Navy and Marine Corps team.

I was privileged to visit Southeast Asia in May. During these first-hand observations of operations in South Vietnam and of Seventh Fleet units, I was greatly impressed with the dedication, professional skill, and enthusiasm of our land, sea, and air forces. Our Navy continues to honor our commitment to the peoples of Southeast Asia with 80,000 personnel in afloat and other units in support of operations in South Vietnam as well as the 107,000 Navy and Marine Corps personnel who are ashore in South Vietnam. Elsewhere, our Navy is charged with maintaining the freedom of the seas while providing rapidly deployable forces to deter aggression.

The Secretary of Defense will appear before you shortly. He will address many of the political, economic, and military considerations affecting the United States. We are guided by these factors in developing programs to provide deterrence or to counter the formidable threat to our continued free use of the seas. Appreciation of the implications of the Soviet Union's dynamic maritime expansion is fundamental to an understanding of this threat.

The Soviets are alert to the political and psychological potential of seapower and employ it as a tool to increase their world-wide influence. In terms of merchant and fishing fleets, Soviet ship construction and acquisition continue to outstrip our efforts by sizeable margins. The Soviet flag is seen increasingly on the high seas and in harbors throughout the world. New guided missile cruisers, frigates, helicopter carriers, amphibious ships, escorts, and patrol craft continue to join the Red Navy. The complementing and modernized auxiliary fleet has enhanced Soviet capability to project sustained naval power further than ever before.

Of even greater importance, the Soviets are modernizing their submarine force, the world's largest. Following a period of large-scale shipyard expansion, new classes of ballistic missile submarines and nuclear attack boats are becoming operational. More of these new types have been launched than foreseen a year ago.

As to Soviet projection of naval power, the prompt use of its expanding naval capability is exemplified by the fact that Soviet warships were calling at Persian Gulf ports within weeks after the British announcement of their withdrawal from east of Suez by 1971. Deployments to the Indian Ocean/Persian Gulf area have been varied widely in scope from a single missile destroyer and tanker of the Pacific Fleet to surface combatants, submarines, and auxiliaries from all four Soviet fleets. These cruises include many "show the flag" visits on the littoral of the Indian Ocean/Persian Gulf. In the past five years, Soviet out-of-home-area submarine

deployments have increased. A large portion of this increase represents the deployment of cruise-missile-firing submarines, probably developed for employment against our fast carrier task forces. In the Mediterranean, we have witnessed intense Soviet naval activity. Of particular interest to our Sixth Fleet and NATO have been the operations of new ships such as the helo carrier MOSKVA, the shadowing of Sixth Fleet units by Russian-made bombers as well as Soviet surface ships, and Soviet access to certain Arab naval and air bases.

These naval excursions and the recent one to the Caribbean, coupled with a growing emphasis on amphibious forces and training, indicate Soviet appreciation of the importance of naval power. The capability to project military power anywhere on the seas or the littoral areas of the world is an important national security aspect of a nation's military posture. Soviet recognition of this fact produces a situation for which we must be prepared.

It is quite clear that the Soviet Navy presents a serious and growing threat to our continued supremacy on the seas. Thus, a modern and balanced naval force to counter the threat is essential for both our national security and foreign policy objectives. I desire to review our present programs and outline our plans for FY 70 to achieve the required capabilities in furtherance of these objectives.

STRATEGIC FORCES

In November 1960, the GEORGE WASHINGTON left port for the first POLARIS operational patrol. Since then, the Navy's Fleet Ballistic Missile submarines have provided a significant contribution to our nation's strategic deterrent force. This force is now at the programmed strength of 41 FBM submarines, each capable of launching 16 POLARIS missiles.

Our SSBN force now spreads over the North Atlantic, the Mediterranean, and the Pacific, providing continuous coverage of assigned targets. To date, these submarines have completed over 700 successful patrols, with an outstanding record of responsiveness. We are justifiably proud of this and it is a tribute to those who have produced and to those who have been operating and maintaining these submarines and missiles.

We have been actively pursuing new developments which will maintain our assured destruction capability. Of course, it takes time to bring such new developments in the complex field of nuclear weaponry to fruition. Therefore, we must continue our efforts to ensure that we anticipate Soviet technological advances and avoid the loss of our deterrent effectiveness.

Such a new development is the Navy's POSEIDON missile, designed to maintain the effectiveness of our sea-based strategic weapons. The POSEIDON weapon system will be ready to continue the sea-based deterrent strength that has been so important to our security in the sixties. The POSEIDON missile is larger than the POLARIS missile. Its Multiple Independently-Targetable Reentry Vehicle (MIRV) capability permits delivery of warheads to many separate targets. Our current program calls for deployment of POSEIDON missiles in 31 of 41 SSBNs. The ten oldest SSBNs will retain the A-3 missile.

In FY 69, funding for two of six requested POSEIDON conversions was approved. Two others had been authorized in FY 68. The action of Congress

in slowing the rate of conversion from POLARIS to POSEIDON was intended to reduce the commitment to the newer weapons system prior to the time its successful development is assured. Eight of the flight tests in the POSEIDON development program have satisfactorily attained test objectives. To date the POSEIDON test program is much more successful than that of the POLARIS A-3, which failed six times before its first successful flight test. I believe the remaining missile flights and subsystem tests will demonstrate convincingly that the POSEIDON weapon system is progressing through development at a pace that justifies our recommended conversion program. The FY 70 budget request includes funds for the conversion of six SSBNs to follow the four already authorized and funded. The JAMES MADISON, first of the SSBNs being converted, is scheduled to redeploy with its POSEIDON missiles in early 1971.

In the strategic command and control area, we are continuing our efforts to ensure survivable communication facilities to relay essential messages to our sea-based forces under all postulated conditions of enemy attack. Our present facilities are VLF transmitting sites which are strategically located and continuously available to relay messages, including attack orders to our SSBNs at sea. Several projects are being prosecuted to improve current operational systems as well as develop promising new systems and techniques. The most promising are SANGUINE and TACAMO. Construction of a SANGUINE test facility was completed this past August. TACAMO is an operational airborne VLF system capable of relaying command and control messages from operational commanders to submerged SSBNs in the event fixed shore-based transmitters are destroyed. In addition, we are considering the concept of Ship Mobile VLF which would provide a more survivable sea-based VLF transmission system.

If the Soviets were to attempt to counter our sea-based submarine strategic systems, they might well mount an extensive ASW effort against our SSBNs. In preparation for such Soviet efforts, we are examining a longer-range submarine launched missile system. This system is being planned for introduction in the late seventies and is called the Undersea Long Range Missile System (ULMS). The ULMS submarine would each be armed with a large number of ballistic missiles. Increased at-sea availability would be achieved through new techniques to reduce time required for upkeep and overhaul.

PERSONNEL

The heaviest investment we have made and are making in the naval service--and I am sure in the Armed Services--is our personnel. In a way, this is most gratifying because I am learning at first hand in the travels I have begun around to Navy and Marine Corps units and installations that these personnel are doing a magnificent job. We have intelligent, dedicated young people who are a couple of steps ahead of their World War II and Korean War counterparts. The serious personnel shortages in the Atlantic Fleet bottomed out last December, and they recovered numbers-wise by 1 July 1969. The experienced petty officers are doing an outstanding job in bringing the youngsters along. In Vietnam, our sailors and Marines are upholding the finest traditions of courage, ingenuity, and spirit. Through August of this year, 36,712 Marines and 13,052 sailors have volunteered to remain on for additional time in-country because they believe in what they are doing.

Our readiness is keyed directly to personnel and the level of experience maintained in our units. We are still having difficulty in retaining the desired career force which is necessary to ensure that

manpower quality will keep pace with the rapid growth in technology. Low retention rates of officers, primarily among our lieutenants with four to six years' service, have created shortages of experienced middle grade officers. In addition, Navy enlisted retention at the first reenlistment point has declined over the past three years from 24 percent to about 16 percent. Measures being taken to reverse these trends include not only approved or requested material benefits, but also the close attention to intangibles of career motivation, stressing personal leadership and energetic management from top commanders down through the lower supervisory levels.

The large expenditure reductions necessitated by the revised FY 70 budget and the attendant ship inactivations and release of personnel will have a further serious effect on personnel readiness. Of the men released to achieve an end strength reduction of 72,000 by July 1970, 90 percent will come directly from the fleets. Thus, we can expect personnel turbulence of sizeable magnitude despite energetic measures we have instituted to alleviate it. Not only will we experience an overall drop in experience level, but also we are aware of the adverse effects such turbulence will have on the career motivation of our people.

We are concerned about serious deficiencies in personnel support facilities in general, and bachelor housing in particular. The program submitted to Congress this year will continue the progress attained in FY 69. Even so, the remaining deficiency will still be significant, and continuing substantial investments will be required.

SCN APPROPRIATION DEFICIT

One of the significant features of our reconsideration of the FY 1970 budget involves the funding of deficiencies which have materialized in the "Shipbuilding and Conversion, Navy" appropriation. I reported the rapid growth in those deficiencies to the Secretary of the Defense during our review of the budget in February.

In my appearance before the Senate and House Armed Services Committees and the Senate Defense Appropriations Subcommittee, I presented the situation as it existed at that time. I announced my intent to devote personal attention to this problem, towards eliminating the causes that might lead to further increases, and to determine as accurately as possible the true extent of existing deficits. It was and is my intent to keep the Congress informed concerning this matter. Therefore, my report to this Committee is based on more recent analysis of the SCN appropriation deficit than that which was given to the other Committees. It will be communicated to them as soon as possible.

Subsequent to the Navy's submission for the FY 1970 budget, we began receiving increasing numbers of claims under shipbuilding contracts awarded under prior year programs. These are a result of cost increases and escalations substantially in excess of those for which Navy had budgeted. Inflationary pressures have combined with the normal burdens which the shipbuilding industry bears with long-term contracts and slow material turnover to subject the industry to a particularly severe economic squeeze. In addition, Mr. Chairman, in the Navy's desire to incorporate in our ships the most advanced weapons system resulting from our Research and Development programs, the Navy has been optimistic in projecting deliveries of government furnished equipment. The attendant delays and associated engineering changes have contributed to these cost overruns.

At the time the budget was examined by the new administration, the total deficit in the shipbuilding program computed on a cost-to-completion basis for all ships approved and funded was estimated at $600 to $700 million. During the intervening months, we have continued to review and refine our cost estimates. Our current evaluation is that the deficit has grown and is now in the $800 to $850 million range. This increase is the result of receipt of claims against earlier years' programs that are for amounts greater than the Navy anticipated. They have not been evaluated or negotiated. There is also, a potential problem that could be as much as $350 million more. Further analysis could reduce this estimate.

To meet this currently estimated deficiency, certain ship cancellations have already been effected in prior year programs. These total almost $200 million and include primarily one destroyer escort, one submarine tender, and one destroyer tender. Accordingly, we now have a deficiency of $600 to $650 million remaining to be liquidated. This includes restoration costs of USS GUITARRO. Program reductions of $167 million from the initial FY 70 budget were made. These reductions included two guided missile frigate conversions, advance funding for the FY 71 minesweepers, a portion of the advance funding for the FY 71 frigate conversion, and two P-3C ORION aircraft. These budget reductions provided the source for that $167 million line item in the revised budget to further reduce the deficit. Also, prior year approved programs in the amount of $104 million, consisting primarily of a replenishment support ship of a program value of $84 million, are being deferred for reprogramming as required to meet requirements for FY 70.

This leaves an estimated uncovered $350 million deficit of which $100 million is the FY 69 recoupment objective which the Navy has not been able to meet. We believe this amount can await consideration as part of later budget review when more definitive information becomes available.

Cancellation of these ships does not come easily--and many of you gentlemen are even more aware than I how hard you and the Navy fought for these programs and how badly new ships are needed in the fleet. But we must put this appropriation on a sound footing before we can proceed to plan for the type of long-range shipbuilding program required to maintain our sea-based superiority.

Admiral Moorer and I both recognize that this is a problem area which requires more than merely meeting the current deficit. Our contracting procedures, our management at all levels, our fiscal controls and liaison with the building yards, both public and private, must be revised and strengthened. For the more complex ships, we are substituting fixed price incentive or other type contracts as appropriate in place of firm fixed price type contracts. At the headquarters level, we have instituted a project management procedure by ship type which will lodge cost and change control in one responsible individual. We plan to increase emphasis on performance specification, as well as to establish more realistic programming of government-furnished equipment to reduce delay and disruption costs. A task force, which was convened last fall to examine pricing and cost control policies has pointed out additional ways to strengthen our program; these are staffed and implemented as resources permit.

Even with the corrective actions taken to resolve the current deficit, it will take time before all the Navy's shipbuilding financial problems are resolved. As we have probed more deeply into this problem, our figures in the various categories of claims, cost increase, and change orders have become firmer. Our current deficiency of 600 to 650 million dollars represents our best assessment of the known problem. The potential problem, which might be as much as $350 million is not a determined amount at this

time and it cannot be made so. There are many variables in this long fulfillment appropriation such as: escalation in labor and material above the projected statement figures, claims from contractors, and characteristic changes to meet technical advances, which fluctuate in magnitude and firmness.

I assure you that we will continue to give this problem our closest personal attention to ensure that all necessary actions are taken to strengthen the management of the shipbuilding program and to control the cost of Navy ships. The Congress will be kept advised of our progress and true status of this situation.

PROCUREMENT OF SHIPS/SCN BUDGET

For ship construction and conversion, the budget we are requesting this year totals $2.8 billion. This level of funding is substantially higher than the $1.2 billion approved by Congress last year and also higher than the approximately $2.0 billion average over the last ten years. This year's program requests your approval to construct 16 ships and to modernize an additional 17 as compared to our FY 69 program of six new ships and 16 modernized ones. I am convinced that the continued effectiveness of our Navy will require in the future annual amounts in excess of $3.0 billion for ship construction and conversion over the period of the next decade. The $2.8 billion for this year is a major step toward that level.

There are a number of reasons for our increased SCN requirement, the majority of which are well-known to the members of this committee and to others in the Congress. However, let me review a few of the more important ones.

First, one of my principal concerns is the increasing age of the ships in our active fleet. Currently 58 percent of our ships are over 20 years old, the average age of all ships being 18 years. While chronological age is not the only determinant of value, it nonetheless is a good general indication of the worth of a ship to the fleet. Moreover, during the last decade, there have been significant advances in the technology and in the complexity of war at sea. The ships which you authorized during the last few years incorporate this technology, and each new ship which enters the fleet today has a significantly greater capability than its predecessor. Such progress is essential to the continued effectiveness of our Navy against a threat which is also typified by technological advances.

Secondly, our ships have become more costly, not only because of the increasing complexity of warfare, but also because of the general increase in cost of labor and materials. For example, a 2100 ton destroyer built during World War II cost $8.5 million. The postwar class of Forrest Sherman destroyers built in the early 1950s cost, on the average, $26 million. The average cost of the DD 963 class is expected to be considerably greater.

As we look to the future, we are not seeking new ships on a "one-for-one" basis in all cases. For example, we have new designs such as the LHA, approved by you last year, which combine the capabilities of four amphibious ship types with significant advantages over the mix in both operational flexibility and procurement cost. Other ships, such as the DX and the DXGN, with greater endurance, improved weapons, and increased availability, will allow some reduction in total destroyer force levels.

One other aspect of SCN merits our attention--the shipbuilding industry in this country. Although the industry has invested some $400 million in the last decade in new or improved facilities, there are plans

to double this expenditure rate if a major shipbuilding program becomes a reality. I would like to stress the next statement of which I'm sure, Mr. Chairman, you are well aware. What is needed is that assurance of continuity of program so that the necessary investments can be undertaken with a reasonable expectation that they can be amortized over a continuing building program These increased investments will provide needed modernization and promote greater efficiency that shouldlead to ship construction costs lower than they would be otherwise.

In addition, with your approval and encouragement, we have started on an extensive public-shipyard modernization program. These shipyards are vital to fleet readiness, since they represent capabilities essential to wartime requirements and peacetime repair and modernization of ships.

I urge your support of all aspects of this most important ship construction and conversion program.

CVAN PROGRAM

Last June, the keel was laid for our second nuclear-powered attack carrier, NIMITZ (CVAN-68). She is scheduled to join the fleet in 1972 as the first of a new class of nuclear-powered attack carrier which will employ a two-reactor propulsion plant with fuel for 13 years' operation in the initial cores. This program, consisting of three ships, was initiated in FY-67.

The three new ships of the NIMITZ class will replace the last of the aging World War II ESSEX class ships still serving as attack carriers. In order to acquire these carriers at least cost, all three ships are to be of the same design and procured from a single shipbuilder. To continue this building program, we are requesting authorization and the remaining funds in FY 70 for the second ship. In 1977, when the last of these new carriers has been delivered, the attack carrier force will consist of four nuclear-powered carriers plus the eight FORRESTAL class and three MIDWAY class.

DESTROYER FORCES

During the past year, we have continued to move forward with plans for our new construction program to develop and produce a large new family of destroyers and frigates. These consist of three new 30-knot ship classes, standardized with each other to the maximum extent possible: the DX (now designated DD 963 class), DXG, and DXGN. All have a strong ASW capability, with the DX optimized for this mission. The DD 963 will also have a gunfire support capability to fill the broad requirements of the mission. Two industry teams remain in competitive Contract Definition of the DD 963 based on their proposals submitted on 3 April for design, development, and production. Last year, Congress approved DX procurement for FY 70, providing $25 million to initiate the program. The total number to be procured will depend upon the results of Contract Definition and decisions in later years. Five DD 963s are included in the FY 70 budget, with long lead time funds for eight more.

As you will recall, last year it was decided to delay the Contract Definition of the conventionally-powered DXG until the results of DX Contract Definition were in hand so as to ensure maximum standardization between the two ships. Accordingly, we plan to start development of the DXG after the DD 963 contract award.

In July 1968, a contract was awarded to Newport News Shipbuilding and Drydock Company for construction of DLGNs 36 and 37. The Ninetieth Congress provided long lead funds for two nuclear frigates and indicated that the Navy should review the decision to shift from the DLGN 36 class to DXGNs in the FY 70 program. Three separate efforts were undertaken in response to this guidance. First, a thorough examination and evaluation of characteristics, performance requirements, and costs were made. Second, production and schedule risks of major subsystems in the selected DXGN design were assessed. Finally, those studies which formed the analytical base for determining the required numbers of missile systems and configurations of missile ships, particularly the Major Fleet Escort Study, were reexamined. As a result of these efforts, the Navy is confident the DXGN represents the most advanced nuclear frigate design to meet the fleet's requirements. This is a ship of great capability, with modern fire control systems and two missile launchers.

The budget reflects full funding for one DXGN. Only one ship is included for full funding since it is possible to preserve the original schedule for fleet delivery of all four DXGNs in the approved program by contracting for nuclear components for two additional DXGNs in FY 70. As you know, $52 million of advance procurement funds for the first two DXGNs were made available in FY 69. Accordingly, we are requesting $196 million to complete the funding of the first DXGN in this year's budget and $68 million for the advance funding requirements for nuclear components for the third and fourth DXGNs and ordnance items for the second and third DXGNs.

We are continuing the anti-air warfare modernization program for our DLG 6 and 16 class guided missile frigates. The revised budget includes modernization of one of these ships in FY 70, plus long lead time funds for four ships to be modernized in FY 71. This program provides for significant increases to the missile capability of these ships by installation of the Navy Tactical Data System and associated weapon direction equipments, improvements to the missile radars and fire control computers, and the installation of an improved long-range air search radar. Upon completion of this program, the 19 frigates in these classes will have a standardized anti-air warfare configuration encompassing improvements in range, reaction time, reliability, and availability.

AMPHIBIOUS ASSAULT FORCES

A contract was awarded to Litton Industries on 1 May for procurement of the general purpose Amphibious Assault Ship (LHA).

For FY 69, Congress provided funds for one LHA and long lead time funds for three more. For FY 70, we are requesting two LHAs and plan to request additional LHAs in the FY 71-73 period. The first of these ships, which will form the nucleus of our future fast amphibious assault forces, is scheduled for delivery in FY 73.

FLEET ANTI-SUBMARINE WARFARE

The primary Soviet offensive force at sea is its large modern submarine force consisting of about 350 submarines, over one-sixth of which are now nuclear-powered. This force can contest our control of the seas by presenting a three-dimensional threat consisting of strategic ballistic missile attacks, stand-off attacks against our naval forces with cruise missiles, and attacks on allied lines of communication with torpedoes and through mine laying.

Recently, there have been significant developments which indicate the emergence of even greater Soviet naval strength and operating capability.

Our own attack submarine program has properly received much attention over the past years. Although our approved force level is 105 submarines, at the end of FY 69 our force totaled only 101 due to the loss of the SCORPION, late delivery of the NARWAHL, and the inactivation of the TRITON and other actions resulting from the Revenue and Expenditure Control Act. We will regain the 105 force level figure by the end of FY 71, consisting of increasing numbers of SSNs as they replace our diesel submarines. Originally there were three SSN 688 submarines in the FY 70 program along with advance procurement funds for four more in FY 71. We now find that the delivery schedule for the FY 70 buy will be delayed somewhat with two SSN 688s fully funded along with advance procurement funds for five more in FY 71. This new submarine class will emphasize high speed with minimal self and radiated noise. It will have sensors superior to any in existence today, and a highly capable weapon system. It is our intent to build the best submarine that state-of-the-art technology permits. The SSN 688 has space for growth in electronics and weapons while maintaining superiority over the threat. In addition, fabrication has begun on the turbine electric drive submarine (TEDS). We are also working on a new advanced design submarine for the late 1970s which will have even greater performance.

ASW air forces are divided into two major systems--carrier based ASW aircraft and long-range, land-based patrol aircraft. These two complementary systems supply the elements of rapid response, broad ocean coverage, flexibility, and force concentration. The future of airborne ASW system is bright, with P-3C production on schedule. The first fleet P-3C has been accepted. Additional P-3C land-based ASW aircraft are being requested in FY 70.

An engineering contract for the S-3A, formerly the VSX, a replacement aircraft for the aging carrier-based S-2, was awarded to Lockheed on 1 August. The S-3A and P-3C will use DIFAR, the LOFAR system now in production. This is one of the key sensors in obtaining the effectiveness we seek in all ASW aircraft. A DIFAR production contract was awarded in April 1968, with fleet introduction of these buoys scheduled to begin late this year.

In ASW weapon development, the torpedo MK 48 continues to receive priority attention due to its critical importance to the overall capability of our submarine force. The production configuration of the MK 48 is essentially firm, and preproduction tests began last November. The torpedo MK 46 is the primary ASW weapon for our surface ships and aircraft. The additional procurements requested in FY 70 will bring us significantly closer to our inventory objective.

We continue to find that our ASW-configured surface ships are indispensable all-weather systems for antisubmarine protection of vital forces at sea. In spite of the expected wartime effectiveness of our other ASW forces, requirements for destroyers will remain high.

FLEET ANTI-AIR WARFARE

In an effort to counter our surface forces, the Soviet Union is developing the capabilities of the terminal-homing antiship missile which may be launched from aircraft, surface units, surfaced submarines, or land sites, at short or long ranges. Thus, fleet anti-air warfare embraces defense

against missiles in flight as well as aircraft. The wide scope and gravity of this threat have led to a requirement for the utmost responsiveness and coordination among defense systems and the centralized management of all aspects of defense against the missile. Antiship missile defense effort has been assigned a place of high priority alongside our ASW efforts.

The components of the fleet air defense that are available to counter this threat are manned interceptors, area surface-to-air missiles, point defense weapons (guns and short-range missiles), and electronic warfare systems. The Navy's first line of defense against the cruise missile, aside from our attack submarines which can interdict enemy submarines at forward barriers, is naval aviation. Carrier-based airborne early warning aircraft operate to detect and warn of impending attack by surface craft, aircraft, or missiles. With adequate warning that enemy warships, patrol boats, or surfaced submarines are in the vicinity, our aircraft could attack and effectively counter them with air-to-surface weapons. A number of weapons are available for this purpose, including bombs, rockets, and WALLEYE.

Our ships must employ both electronic warfare and surface-to-air missile systems to detect and destroy antiship missiles and launch vehicles that may have eluded outer defenses. Recent improvements in electronic warfare systems have been responsive to increases in sophistication of the threat. We have found it necessary not only to develop sophisticated electronic systems, but also to improve operational doctrine.

As evident from the above, our capability to defend against an antiship missile attack continues to concern us, but we are moving forward with programs directed toward significant long-term improvements.

PROCUREMENT OF AIRCRAFT

Our FY 70 fighter, attack, and helicopter procurement programs generally continue the current policy of procuring the quantities of aircraft required to replace losses from combat action and operational accidents. This year we are requesting funds to procure replacement aircraft, to incorporate necessary improvements in operating aircraft, and to provide for sufficient spare parts to support properly the existing inventory. The specific procurement program for each aircraft model will be discussed later.

Turning to the aircraft rework program, the number of Navy aircraft tied up in this "pipeline" has been a matter of concern. In the FY 65-69 period, the Navy aircraft overhaul workload has increased significantly due to aircraft modification requirements and the increased complexity of damage repair and overhaul for modern aircraft.

Existing aircraft rework plants were predominantly constructed and expanded during World War II, with some structures dating back prior to 1920. The facilities were insufficient to meet 1965 workloads and are not adequate now. In addition, we have not procured sufficient quantities of modern equipment to replace worn-out equipment or to outfit new facilities, all of which would substantially reduce aircraft rework and cost. In FY 70 we are requesting $24.3 million in the Military Construction appropriation for modernization of these facilities and $17.2 million in the Other Procurement, Navy appropriation for industrial plant equipment. A long-range modernization and expansion program of rework facilities is in the last stages of development. We expect this modernization program to result in cost savings that will amortize our investments in a relatively few years.

F-14 PROGRAM

As a result of the cancellation of the F-111B, we are proceeding with development of the F-14A aircraft. For FY 69, Congress appropriated $130 million to finance engineering development. Responding to a Request for Proposal, five contractors submitted designs and firm prices in October 1968. In December 1968, the competitors were reduced to two. On 3 February, Grumman Aircraft was awarded the engineering development contract.

The F-14A will be a tandem-seat, variable-sweep fighter. It will provide fleet air defense with its planned PHOENIX missile system and is expected to be superior to Soviet fighters. This missile control system will also permit the F-14A to employ SPARROW and SIDEWINDER missiles, guns, and numerous air-to-ground weapons. Our request this year for $175 million in R&D and $275 million in PAMN is based on a schedule for initial operational introduction in mid-1970s. The missile systems interface into the F-14A continues as planned. Test firings during the past three years have resulted in an impressive number of successes for this most promising missile.

We are planning follow-on versions of the F-14 which will incorporate advanced technology engines and more capable and lighter avionics. When the new lighter-weight, higher thrust engines become available, they will be installed in the same aircraft which will then be designated the F-14B. At a later date, the new avionics suit will be incorporated and the aircraft will be designated the F-14C.

The advanced technology engines, currently under joint Air Force/Navy development, will reduce the F-14 takeoff gross weight and increase its thrust. These engines, coupled with the lighter-weight advanced avionics, will give the F-14C an even greater fighter-versus-fighter capability.

To proceed with this important new engine program with the Air Force in an expeditious and efficient manner, $50 million in R&D is requested.

NAVY TACTICAL AIR FORCES

We are requesting authority to procure F-4J Phantom aircraft in FY 70. The F-4J, equipped with the AWG-10 fire control system and an improved version of the J-79 engine, is the latest Navy version of the F-4 and was first procured in FY 65. Its avionics include significant improvements in capabilities and reliability. The improved J-79 engine provides additional thrust, better specific fuel consumption, and increased reliability.

The HARRIER, a single-piloted, transonic, close support aircraft manufactured by Hawker-Siddley, Ltd. of Great Britain, has been in development for the past ten years. In January of this year, a team of three pilots from the Naval Air Test Center at Patuxent River conducted the final Navy Preliminary Evaluation of the HARRIER. The evaluation consisted of 23 flights and a total of 20 flight hours and on the whole was highly successful. It is a fully developed and operationally suitable aircraft and represents a low risk procurement program. Because of the wide range of tactical applications for this V/STOL aircraft, the President's budget has been modified to procure HARRIER aircraft in place of F-4Js for the Marine Corps. The procurement of F-4Js has therefore been reduced.

The budget includes funds for procurement of A-4M aircraft for the Marine Corps. This is the latest version of this proven aircraft and includes a more powerful engine and other improvements which will increase the combat capability of our Marine light attack squadrons.

The A-6A continues to be the mainstay of our night and inclement-weather attack capability in Southeast Asia. New systems are programmed to increase its versatility and search-and-kill capability. In addition, we are procuring a modified version, the KA-6, as the follow-on tanker to replace the aging KA-3s.

The A-7 Corsair II has compiled an impressive combat record over the past year and is rapidly becoming the workhorse of our carrier striking force. The follow on A-7E version made its first flight last November, and fleet deliveries are beginning now. The FY 70 budget contains funds for continued procurement of the A-7E to replace our older A-4 Skyhawks.

The RA-5C Vigilante multisensor tactical reconnaissance aircraft, in conjunction with its associated shipboard Integrated Operational Intelligence Center, has continued its outstanding performance in Vietnam. We are requesting your approval for further procurement of RA-5C in FY 70.

Over the past year, we have continued development of the EA-6B, an advanced tactical electronic warfare version of the A-6A. This program began in FY 65. Flight tests of prototype aircraft were successfully completed in April. Authority to procure these aircraft is requested in this year's budget. This will permit introduction of the EA-6B into the operating forces beginning in the early 1970s and will provide us with a fully tested, carrier-based, tactical electronic warfare system. The deferral of some EA-6Bs originally in the budget can be accomplished without causing a production scheduling or plant-loading problem.

MARINE CORPS AIR/GROUND TEAMS

The major effort of the Marine Corps continues to be devoted to Vietnam with about 70,000 Marines, or one-fourth of their total personnel, serving in-country. As you know, the performance of the Third Marine Amphibious Force in the I Corps has been achieved without mobilization of the Fourth Marine Expeditionary Force which remains intact as part of the Organized Reserve. The Second Marine Division/Wing Team on the east coast continues to meet deployments to Guantanamo Bay, the Caribbean, and the Mediterranean. In 1966, the Fifth Marine Division was activated on the west coast and one-third of that Division was deployed to Vietnam and remains in-country today. An additional one-third of the Division was deployed to Vietnam as an emergency force following the TET offensive of 1968 and last September returned to Hawaii and the west coast. For the past year, the deployed strength of the Fleet Marine Air Wings, in numbers of squadrons and aircraft, has been approximately one-half of the total strength of Marine Aviation.

The splendid combat performance of the Marine Corps air/ground team in Vietnam and the ability of the remaining air/ground teams to meet other requirements are eloquent tribute to their officers and men.

Early this year sufficient 175mm guns were introduced into Vietnam to replace the 155mm gun batteries in III MAF. These batteries have made the conversion and are operational. All remaining Marine Corps 155mm guns are to be replaced with the 175mm gun by mid-1971.

The Marine Corps is now employing the AH-1G armed helicopter in Vietnam to provide improved suppressive fire support for Marine Forces. The aircraft is basically the standard single-engine Army version of the Cobra. It will release UH-1E helicopters, now performing the armed helicopter task, for other vital combat support missions. The AH-1G is an interim aircraft for the Marine Corps and offsets UH-1E attrition until delivery of the improved twin-engine AH-1N Cobra.

The LVTPX-12, a new family of assault amphibian vehicles under development since 1964, is programmed to replace the current LVTP5-A1 which will have been in use over 15 years. Our program for procurement of these vehicles begins in FY 70.

The Marine Corps plans to initiate a four-year procurement of improved HAWK air defense guided missile systems commencing in FY 70 to replace the current basic HAWK system. The first Marine light anti-aircraft missile battalion equipped with the improved HAWK system will be operational in the early 1970s.

MOBILITY FORCES

Rapid deployment of combat forces to counter an enemy threat can deter aggression, or failing that, may result in a smaller force commitment, a shorter war, and fewer casualties. The Fast Deployment Logistic (FDL) ship provides the required capability of specialized military sealift for rapidly deploying and reinforcing our combatant ground forces. We are requesting three FDLs in FY 70 at a cost of $187 million.

About 97 percent of the cargoes for Vietnam continues to be delivered by ships. As of 1 September, the MSTS-controlled fleet consisted of a government-owned nucleus fleet of 153 vessels, 76 general-agency-agreement ships from the National Defense Reserve Fleet, and 215 vessels under charter from the U.S. commercial fleet. To maintain an appropriate balance of maritime resources for meeting national security requirements, we need to modernize the MSTS-controlled fleet composed of government-owned ships and ships under long-term charter from industry. In this connection, in FY 70 we plan to procure from industry, on a build-and-charter basis, ten multi-purpose cargo ships in an overall program of 30 ships for the MSTS-controlled fleet. New concepts are being developed for multipurpose cargo ships for meeting contingency requirements.

To meet wartime requirements, the Department of Defense and the Navy historically have looked to the U.S. Merchant Marine and the National Defense Reserve Fleet. The condition of both, however, continues to decline.

Basically, the problem is one of obsolescence of existing ships and of growing specialization, represented increasingly by the container concept in conversions as well as in new ships. In 1968, 108 ships reached an age of 25 years. The Maritime Administration advises that, in five more years, the U.S. Merchant Fleet will have only 357 ships under 25 years of age. Of even greater concern is the fact that the current replacement rate in the U.S. Merchant Fleet is only about 12 cargo ships annually. There are also other requirements on the Merchant Marine as a whole which pertain to other Departments. Our current requirement is for a 460-notional-merchant-ship fleet augmentation to meet peak contingency needs.

The Reserve Fleet, which in the mid-1950s numbered about 3000 merchant ships, will consist of only 196 ships in 1971 and about 170 by 1975. By 1975, most of the ships in the unsubsidized liner fleet will be retired, with no current replacement program. The same holds true for the tramp fleet. Although 172 Reserve Fleet ships were activated for Vietnam support, dependence on these ships in the next decade is questionable; some have already been scrapped. Therefore, a program for meeting defense requirements must be developed. Otherwise, I cannot look ahead with any confidence that the required lift capability will be available.

NAVAL AND MARINE CORPS RESERVE FORCES

In October 1968, pursuant to Public Law 90-168, the Secretary of the Navy made his first report to the Congress on the extent to which the Ready Reserves of the Navy and Marine Corps have satisfied their training and mobilization readiness requirements. This report discussed in detail the structure, organization, training, personnel, equipment, and facilities of both the Naval and Marine Corps Reserves. At this time, I will speak only to those aspects which are of current interest or which reflect recent changes in component readiness.

Last September, authority was received from the Congress to increase the size of the Navy's Selected Reserve by 3000 drill-pay spaces to a total strength of 129,000. Action is being taken to achieve this new goal.

We all have cause to be pleased at the response last year when six Naval Air Reserve squadrons and the two Reserve Mobile Construction Battalions were recalled to active duty. As you know, the Naval Air Reserve squadrons were released to inactive duty in October. The Reserve Mobile Construction Battalions, deployed to Vietnam since October 1968, returned to the United States in March and April, with release of personnel from active duty within 30 days of return.

The Naval Reserve has benefitted from the effect of reduction of active fleet ships in FY 69. These ships, 12 destroyer types and nine minesweepers, have entered the NRT group with more modern equipment than those ships they replaced in the NRT.

Similarly, the Naval Air Reserve has increased in ASW capability through the transfer of 106 aircraft of various types from the active forces into the Naval Air Reserve inventory. These ASW aircraft will contribute to increased readiness of both augmentation personnel and combat units. The attack and fighter aircraft, however, are old and limited in their capability to perform current combat missions.

In view of constantly changing parameters, and in order to ensure that the Naval Reserve is properly structured in all respects, a major review of the Naval Reserve Forces has been undertaken. This review will identify tasks in support of Navy missions which could be supported by recall of Reserve units or individual Reservists and develop methodology to determine active force/reserve force mix. In addition, it will examine mobilization concepts and procedures, current organization, manpower, enlistment programs, and training program structure.

The Organized Marine Corps Reserve provides a true combat reserve for the Marine Corps in the form of the Fourth Marine Expeditionary Force. Although not activated for the Southeast Asia conflict, the Fourth MEF is prepared for immediate mobilization. It can be deployed anywhere and anytime subsequent to M-plus-60 days. Personnel, training, and equipment readiness are at the highest peak in history, and we have great confidence in the ability of the Marine Corps Reserve to respond to any national emergency.

Despite the readiness of this reserve air/ground team, however, we are concerned about its aircraft inventory. The Marines, like the Naval Air Reserve, do not have all types of required aircraft and many of their assigned aircraft are obsolescent. When costs associated with support of Southeast Asia operations are reduced, these needs are more likely to be met.

RESEARCH AND DEVELOPMENT

By means of our Research and Development Program, we maintain the technological superiority which will enable our force to meet the challenges encountered both in the immediate future as well as over the long term. The technological problems facing our Navy are dynamic. As old needs are satisfied, new ones arise to offer us a continuing challenge--a challenge which our R&D program is designed to meet. The Assistant Secretary of the Navy for R&D has previously presented a detailed review of the Navy R&D programs.

OCEANOGRAPHY

Oceanography remains a subject of major Navy as well as national interest. We emphasize support of the operating forces, and our program continues to represent well over half of the total government oceanographic effort. We are carefully watching developments stemming from recommendations of the Marine Science Commission and Marine Resources Council to ensure the maintenance of an effective, mutually beneficial bridge between our efforts and those of other federal, state, and local agencies and the private sector.

PROJECT 703

In the past two months, reductions in personnel and inactivation of aircraft squadrons and over 100 ships have been announced. Although Fleet readiness will be affected, this will be offset to a degree by a modernized Fleet as new construction ships are delivered and modernized ships rejoin the Fleet after conversion. Modernization of our aircraft inventories is represented principally by our request for funds for the F-14A fighter; the S-3A, a replacement for the aging ASW carrier-based S-2 aircraft; and, for the Marine Corps, the HARRIER V/STOL close support aircraft. The highest priority is being placed on new modern design weapons systems, both ships and aircraft, and a balanced research and development program to support them.

The impact of personnel reductions was addressed earlier in the statement.

This completes my review of the Navy plans and programs for FY 70. Now I will briefly summarize our request for funds to support these plans and programs. This summary reflects the President's budget submitted to the Congress on 15 April and results in an overall reduction in the total obligation authority of $527 million from the budget of the previous administration.

APPROPRIATION SUMMARY

Submitted for your review and approval is the Navy/Marine budget of $23,881 million in total obligation authority (TOA), including $23,211 million new obligation authority (NOA). This compares to the $22,298 million TOA and $21,018 Million NOA appropriated or proposed for FY 69. By appropriation account, our request will support the following major items:

$6086 million for Military Pay Navy and Marine Corps--to support an average active duty personnel strength of 765,791 Navy and 316,771 Marine Corps.

$186 million for Reserve Pay Navy and Marine Corps--to support an average reserve strength of 129,000 Navy and 49,489 Marine Corps.

$2499 million for Procurement of Aircraft--to procure 440 aircraft consisting of 327 combat, 104 trainer, eight airlift, and one special purpose aircraft, along with aircraft modifications and spare parts support.

$851 million for Procurement of Missiles--to procure 3,561 missiles, along with missile modifications and spare parts support.

$5781 million for Operations and Maintenance, Navy and Marine Corps--to support an active fleet of 877 ships and a reserve training fleet of 79 ships, 7117 Navy and Marine Corps aircraft, and four active Marine Corps divisions. Of this total, $457 million will be for the Marine Corps.

$2782 million for Shipbuilding and Conversion, Navy--to construct 16 ships and convert 17 ships.

$2356 million for Other Procurement, Navy--to procure other items, largely ammunition, weapons, and support equipment.

$714 million for Procurement, Marine Corps--to procure other items, largely ammunition, communication, and electronic equipment.

$2211 million for RDT&E--to support development of new weapons systems and necessary research.

$414 million for Military Construction--to provide for construction of facilities ashore in support of the operating forces and reserve activities.

CONCLUSION

Mr. Chairman, in conclusion, we appreciate the counsel we have received from your Committee in the past and solicit your continued advice and support. In the interest of conserving your time, I have not addressed all of the Navy/Marine Corps programs in my prepared statement. Subject to your concurrence, I suggest that Admiral Moorer, and then General Chapman, present their statements. The three of us will then attempt to respond to whatever questions you or members of your committee may wish to direct to us.

STATEMENT OF THE CHIEF OF NAVAL OPERATIONS

Mr. Chairman and Members of the Committee. I am honored and pleased to appear before you in support of the Navy's FY 1970 budget. Although this is my second annual presentation to you, it is the first after a full year in which I have been privileged to serve as the Chief of Naval Operations.

My statement reports to you the posture of the Navy within the framework of increasing Soviet maritime and naval activities; our operations in Southeast Asia; our significant accomplishments this past year; and our key areas of concern.

NAVAL AND MARITIME ASPECTS OF INTERNATIONAL AFFAIRS

The Soviet Maritime Threat

Today we are confronted by a formidable and expanding threat to our supremacy at sea - not only on the high seas but also in our own back yard. We cannot afford to ignore the implications of this threat for the years ahead. Nevertheless, I am personally disturbed at the number of influential citizens who seemingly do not appreciate the implications of this Soviet move to sea with modern ships and modern equipment. It becomes a matter of special concern in the light of our traditional maritime orientation and, in fact, of our dependence on the freedom of the high seas.

The naval forces of the Soviet Union are today second in size only to those of the United States and include the world's largest submarine force. Of particular interest and concern is the consistent qualitative improvement in both submarines and surface ships.

Since January 1968, the Soviets have introduced new classes of submarines, one of which is remarkably similar to our ETHAN ALLEN class ballistic missile submarine. Some of these classes are nuclear powered. While the current Soviet submarine construction rate is impressive, it represents only some of their capacity for building nuclear submarines. This present construction rate, however, is still greater than our own full capacity. The continuing Soviet programs indicate their intent to maintain numerical superiority while striving for qualitative superiority as well.

Soviet efforts toward this end are not limited to their submarine force. In the same time period, they have commissioned new surface combatant ships, some of which represent entirely new designs in their naval arsenal. Notable among these new ships is the MOSKVA type helicopter ship. Created primarily for anti-submarine warfare, this class gives clear evidence of the Soviet concern over the capabilities of our submarines.

Providing support to deployed Soviet naval forces and to the national economy is the Soviet merchant marine which has risen from a position in 1958 of 12th in the world in total tonnage to 7th in

1968. During the same period the United States dropped from 4th to 5th. At this rate, the Soviet merchant marine could surpass that of the United States in less than five years. Over 50% of Soviet foreign trade is carried in Soviet bottoms. This represents 2/3 of their expressed 1980 goal which they are expected to achieve. In sharp contrast, only 5.6% of our foreign trade is currently carried in United States bottoms. Aggravating our own situation is the fact that we are forced to depend on foreign sources for some 66 commodities which are classified as strategic and critical, yet fully 95% of these imports must be carried in foreign bottoms.

The Soviets also operate a large fleet of intelligence collection and oceanographic research ships and the world's largest high seas fishing fleet. They are using all these assets to advance their national interests in the international arena. It is apparent that Soviet strategists appreciate the military, political and economic aspects of Seapower in all its ramifications.

During 1968 and 1969, the Soviets have deployed naval forces to the Indian Ocean, indicative of their interest in these waters and the bordering areas, and a deployment is continuing at the present time. As you know, this summer the Soviets deployed surface combatant ships and submraines into the Caribbean and the Gulf of Mexico and thence to West African waters and the port of Conakry, Guinea. These extended deployments, far from previously normal Soviet operating areas, illustrate the increasing Soviet capability and willingness to project their Seapower throughout the world as an instrument of foreign policy. The Soviets have also demonstrated their ability to support naval forces either on the high seas or from anchorage areas, without relying on advanced shore bases. Using these techniques, they first injected their Seapower into the unstable Middle East situation.

The Soviets' continuous and expanding presence in the Mediterranean is an obvious move to enhance their prestige and influence in that area. Thus, although the Soviet Mediterranean Squadron is inferior in total striking power and versatility to today's SIXTH Fleet, its presence has had a marked political impact on some Mediterranean coastal nations and it poses a threat to the southern flank of NATO. The Soviet intention to remain permanently in the Mediterranean is manifested by their increasing use of Arab ports for replenishment and repairs. It is also significant that in recent weeks there have been greater numbers of Soviet ships deployed out of area than ever before. We simply must not ignore this trend.

The Soviets obviously intend to capitalize on the sea as a means for extending Soviet influence. The Navy and the expanding merchant, fishing and oceanographic research fleets all have significant roles in this mission. The Russian merchant marine is not really vital in support of their home economy. Nevertheless, Soviet merchant ships call annually at some 800 different ports in approximately 100 countries, of which almost two-thirds can be classified as "developing nations." These visits provide useful opportunities for projecting Soviet influence upon people of such countries.

To sum up this threat, let me say that the Soviets are on the move so far as Seapower is concerned. They are aggressive, persistent, and competent. They back up words with deeds. Clearly, they recognize that to be a truly great world power they must be able to exercise a commanding and sustained presence in broad areas throughout the world -- which can be done only through the use of Seapower. With this background of Soviet intentions, our concern over whether we can afford to meet the threat must at the same time recognize that we cannot afford not to meet it.

Value of Sea Basing

While Seapower is a key to the achievement of Soviet world wide objectives, it is indispensable to the preservation of U.S. interests in the World. To a far greater extent than the Soviets, we must maintain our freedom of the seas in order to protect the United States from attack through the sea, to protect the ocean commerce upon which we depend, to sustain our allies, and to be able to project our military power by sea when needed. Also, I am convinced, in the light of foreseeable political, military and technological developments, that our nation must increasingly utilize sea-based forces for our own defense as well as to support our policy objectives abroad.

The mobility and concealment provided by sea-basing strategic nuclear forces makes them more survivable than fixed systems and forces an enemy to expend resources for defense which might otherwise be used to build offensive missiles of the type that could threaten our cities and military facilities in the United States. Sea-based strategic systems contribute greatly to deterrence because the high probability of survival of these systems substantially reduces the advantages of an enemy pre-emptive attack.

Sea-basing of tactical forces is becoming more important as overseas base rights and overflight privileges become less certain. Tactical forces such as attack carrier and amphibious striking groups operate freely in international waters, prepositioned when tension indicates, unencumbered by political entanglements often associated with base rights and overflight privileges, and, most importantly, can be used immediately and selectively to support our national policies. Furthermore, a sea-based tactical force does not require an initial construction phase and does not leave behind an expensive supporting complex of little further use to the United States.

OPERATIONS IN SOUTHEAST ASIA

Our operations in Southeast Asia continue to require the largest measure of support from our available resources. The bombing halt on the first of November 1968, although leading to a major shift in some of our naval operations has not reduced our readiness to resume bombing if ordered. Before the halt, we carried out extensive interdiction operations below the 19th parallel with the

MK-36 Destructor which was introduced into the combat theater in 1967. These destructors were laid in 1968 on land and waterway lines-of communications to restrict the flow of enemy men and material to the South.

During the year, our new aircraft and weapons have performed creditably. The A-7 attack aircraft, which was first deployed to Southeast Asia in late 1967, performed well in its attack role and is steadily replacing the older A-4's. At the end of 1968, seven A-7 squadrons had been assigned to the SEVENTH Fleet. Last fall, prior to the bombing halt, our attack carriers on Yankee Station conducted more single night and all-weather strikes with A-6 aircraft in the high threat area of North Vietnam than ever before. The EKA-3B electronic countermeasures aircraft now deployed in SEVENTH Fleet attack carriers gives us a much improved electronic warfare capability. This year's budget request includes funds for the improved EA-6B electronic countermeasures aircraft, long lead-time items for which were first funded by the Congress last year. These aircraft are urgently needed additions for our attack carrier wings worldwide.

Some of the new, Navy-developed weapons deployed during 1968 were:

STANDARD ARM - An air-launched, anti-radiation version of the Navy STANDARD missile, designed to counter radars that control enemy surface-to-air missiles and anti-aircraft guns.

SPARROW/DOGFIGHT - an improved version of our supersonic, all weather, air-to-air SPARROW missile.

HELO TRAP WEAPON - An air dropped, bomblike weapon to clear helicopter landing zones of obstructions and various booby traps.

In addition to these air launched weapons various ship launched weapons have been added to our ships in Southeast Asia. Among them is the 5"/38 ROCKET ASSISTED PROJECTILE (RAP) which increases greatly the range of shipboard guns.

In South Vietnam, assault operations by Mobile Riverine Forces have continually expanded in scope and area. In order to seek out the Viet Cong, the riverine assault craft and their embarked troops have ranged from the Gulf of Thailand to the infiltration routes west of Saigon. Many of these riverine assault craft were hastily converted from World War II landing craft but have proved to be rugged, dependable, and comparatively immune to small arms and automatic weapons. Our riverine operations have made many major canals in the Mekong Delta safe for use by the South Vietnamese.

The GAME WARDEN river patrol forces began extended patrols off the main waterways into the smaller rivers and canals of the Delta. In the I Corps Tactical Zone these forces are helping to keep open the vital river lines of communications.

In October 1968, Operation SEA LORDS was initiated in order to capitalize more fully on the inherent capabilities of Navy forces in the Mekong Delta. It integrates patrol, surveillance, and river assault units into small task groups to interdict Viet Cong infiltration routes from Cambodia into the Mekong Delta; to pacify and clear the Bassac river islands; to pacify major trans. delta and other canals; and to harrass the enemy and keep him off balance. The operation has been successful in penetrating areas which have not previously known a continuing government or U.S. presence.

Important steps were taken in 1968 to prepare the Vietnamese Navy to assume a larger role in the fighting. These include intensified training as well as planning for a sizeable expansion of the Vietnamese force structure and of the number of ships, boats, units, and shore facilities to be manned and operated by the South Vietnamese.

Vietnamese Navy crews commenced MARKET TIME surveillance operations on twenty fast Patrol Craft (SWIFT boats) and GAME WARDEN operations on twenty-three River Patrol Boats (PBR). In December 1968, our Mobile Riverine Force commended training the first group of Vietnamese crews who, in February of this year, began operations in the first 25 craft of two River Assault Squadrons to be turned over to the Vietnamese Navy this year. By the end of September 109 craft had been turned over to the Vietnamese Navy.

As the Vietnamese Navy is modernized and assumes a greater role in the fighting, reductions in numbers of U.S. Navy personnel engaged in combat will be possible.

A particular highlight of the naval operations in Southeast Asia is the Navy logistic support within the I Corps Tactical Zone. This support was a critical factor north of the main base at Danang from which most of the ammunition, supplies, and fuel for the U.S. forces in the area were delivered by the Navy. Despite both the weather and the enemy, our logistic forces delivered the supplies in quantities which would have been thought impossible a year earlier. From time to time, these resupply craft were ambushed, mined, and hit with rifle, rocket, and mortar fire, but they delivered the supplies where and when they were needed. With this support the Marines and Army troops in that area defeated determined North Vietnamese efforts to capture the northern two provinces of South Vietnam.

The Navy's logistic operations in the II, III, and IV Corps Zones were also notable. Mobile and fixed bases were operated along the coasts and up the waterways. They sustained their share of enemy attack but nevertheless kept the combat units repaired and in operation.

Early in 1968, on five days notice, the twelfth Naval Mobile Construction Battalion deployed to the Northern I Corps Tactical

Zone to support the stepped up fighting during the TET offensive with additional tactical construction.

In South Vietnam, Seabees amassed over 1.5 million mandays in support of a greatly increased troop population and virtually all of this was tactical support construction. The primary sources of material for these stepped-up construction operations were the Tactical Support Functional Components. The pre-engineered and pre-positioned components include bridges, bunkers, watch towers, living huts, and similar structures which are needed by combat troops early in any operation. The composition of these components is the result of lessons learned earlier in Southeast Asia and will continue to be a cornerstone of Seabee ability to give rapid response to a field commander.

The quality and scope of Navy medical support in Southeast Asia has been noteworthy. The compassion and heroism of Navy Hospital Corpsmen serving with our combat forces deserves the highest praise.

READINESS IN OTHER AREAS

Our operations in Southeast Asia have not been without cost in other areas. The priorities in personnel and equipment that we have necessarily assigned to support the forces in Vietnam have resulted in a reduction in the readiness of the Atlantic Fleet. This is primarily due to qualitative personnel shortages within the Atlantic Fleet caused by the need to augment our ships in the Pacific and to meet the fiscal reductions arising from the Revenue Expenditure Control Act of 1968.

Between January and July 1968 it was necessary to transfer about 4,200 skilled enlisted personnel from the Atlantic Fleet to the Pacific Fleet. To do this, we placed 40 Atlantic Fleet ships in a reduced operational status. Later, Public Law 90-364 made it necessary for the Navy to release about 25,000 enlisted reservists ahead of their normal release date. This, in turn, necessitated increasing the number of ships in a reduced operational status, reaching a peak of 55 in December 1968. An additional 53 ships were inactivated, stricken or placed in the Naval Reserve Training Program in order to conserve funds.

Although the Atlantic Fleet has recovered numerically from personnel shortages, a number of ships still must undergo intensive training in order to reach a satisfactory state of combat readiness.

The recently announced expenditure reductions will have a serious effect on personnel readiness and may require placing additional ships in reduced operational status. Twice within 12 months we have been faced with severe personnel turbulence caused by the dislocation of large numbers of our people and an overall drop in experience level in the fleet. Although we shall make every effort to minimize these effects, the turbulence can be

expected to continue until retention rates improve, force levels are stabilized, or commitments in Southeast Asia are reduced.

When hostilities end in Vietnam, we plan to readjust personnel and other assets between the fleets so as to provide a more balanced two-fleet capability.

The Atlantic Fleet has also been affected by the need to provide equipment to our forces in combat. Since our aircraft procurement programs have generally been replacing only operational attrition and combat losses in Southeast Asia, there are few new replacement aircraft for the Atlantic Fleet. Therefore, the combat-proved A-6 and A-7 attack aircraft were not deployed to the SIXTH Fleet until this past July. I believe we must resume substantial procurement of combat aircraft in order to reach a proper level of modernity and staying power of Naval aviation in the Atlantic Fleet.

WARSHIP CONSTRUCTION

In this past year, the Navy has started some important new programs and has made good progress in others.

As the Secretary has mentioned, the keel was laid in June 1968 for our second nuclear-powered attack carrier, USS NIMITZ (CVAN-68), which is scheduled to join the fleet in 1972. Our current attack carrier program calls for the construction of three of these two-reactor ships to replace the World War II ESSEX-class carriers which are still serving in the attack carrier role.

Additional operating experience during the past year has further confirmed the advantages of nuclear frigates. Their high reliability and performance make them well suited for both independent operations and attack carrier task group assignments.

In July 1968 a contract was awarded to Newport News Shipbuilding and Drydock Company to build two nuclear powered guided missile frigates, DLGN-36 and DLGN-37. These frigates, equipped with TARTAR "D" missile systems, will be delivered to the fleet in July 1972 and May 1973, respectively. They are important steps toward meeting the Navy's requirement for four nuclear powered frigates as escorts for each of our nuclear attack carriers and for independent missions.

The FY 1970 Budget includes funds for the first ship of a new class of nuclear frigates, currently designated DXGN, as well as advance funding for two more in an approved program of four of these ships. This new ship design will make more effective use of the installed weapons systems by providing earlier warning, reduced reaction time, and improved coordination and control.

In order to replace the large number of obsolescent destroyers still in the Fleet, we are proposing a destroyer construction program of substantial size. These ships will be conventionally powered and optimized for ASW and have been designated the DD-963

class. In July 1968 we signed contract definition contracts with Bath Iron Works, General Dynamics (Quincy), and Litton Industries for this new ship. This program is on schedule and we expect to award a development and production contract in November 1969.

Last year Congress expressed strong support for this program and appropriated $25M for advance procurement. These ships are urgently needed and we seek to capitalize on the fiscal and design advantages of series production.

The attack submarine program is now moving forward. The Electric Boat Division of General Dynamics Corporation has started preparatory work and material procurement for the construction of the turbine electric drive submarine. When this submarine is delivered, we expect it to be the quietest warship afloat.

In this year's budget we are requesting funds to start the first ships of a new class of high speed attack submarine for which Congress provided advance funding last year. Also included is advance funding for five more in FY 71. We have established a special management organization for this submarine to insure that it will be the best our technology can produce.

With an eye on increased operating depths for future submarines, the accomplishment of our newest research submarine, USS DOLPHIN, is noteworthy.

SCN APPROPRIATION DEFICIT

The deficit in our Shipbuilding and Conversion appropriation is a matter of great concern to me. Part of this problem stems from the fact that shipbuilding is primarily a construction rather than a production operation, conducted in an era of rapid technological change. This deficit arises from recent claims and other cost growth in our programs for several prior years.

Between January and May of last year we received a number of bid estimates for new ships that greatly exceed our expectations. You will recall that it was necessary to reprogram rather large amounts and to cancel 2 ocean escort ships and 5 ocean minesweepers in order to fund fully these new demands. On the basis of this market experience, the costs that we estimated for the FY 1970 budget reflect increases in unit prices.

The Secretary has outlined for you the ship cancellations we have had to make to meet our deficiency requirements but we both recognize that more most be done in order to complete prior year programs without further cancellations. We have taken and are continuing to take appropriate management actions. For example, we are:

Strengthening the status of the Ship Acquisition Project Manager by expanding his responsibility authority and accountability and requiring improvement of accounting and contracting controls;

Minimizing changes during construction through the exercise of positive change order control;

Shifting from detail design specifications to performance specifications for ships, where practicable;

Initiating the use of fixed price incentive contracts instead of firm fixed price contracts which our experience shows are less applicable to the complex ship construction process.

These and other management actions which have been or are being instituted should lead to more reliable end cost extimates for our future ships and more positive cost control during construction.

Except for the ocean escorts and the ASW destroyer conversion which have been canceled, the Navy still requires the other ships and aircraft enumerated by the Secretary. I can assure you that it was only with extreme reluctance that the Navy accepted delays in these urgently needed new support ships in order to meet pressing immediate needs of our current contractual obligations.

AIRCRAFT PROCUREMENT

The development of the F-14A fighter aircraft is on schedule. In February, after extensive source examination, Grumman Aircraft Corporation was awarded the contract.

It is important to recognize that all the aircraft in the F-14 series will use the same airframe. The F-14A will use an existing engine and we fully expect it to posses performance equal to the best Soviet fighters. The F-14B will incorporate an advanced technology engine with about 40% improvement in thrust and approximately 25% reduction in weight. The F-14C will use the same new technology engine and will introduce improved avionics to enhance greatly its performance as an air superiority fighter. Our budget request includes the necessary funds to meet the Initial Operating Capability date of May 1973 for the F-14A and to continue development of the advanced technology engine for the F-14B.

The PHOENIX missile for the F-14A continues to demonstrate predicted performance.

Another new aircraft program now getting underway is the carrier-based S-3A, formerly known as the VSX, which will replace the old S-2. The Lockheed Company has been selected as the contractor to enter engineering development. The present schedule calls for first flight of the S-3A in 1972 and fleet introduction in 1973. This program is required to keep pace with the rapidly expanding Soviet submarine threat.

ANTI-SHIP MISSILE DEFENSE

The importance placed by the Soviets upon surface-and air-launched missiles as weapons against surface ships is evident.

Anti-Ship Missile Defense has therefore been identified as a special program with a Program Coordinator on my staff and a project established within the Naval Material Command to integrate our effort and our resources.

Our intelligence activities have been intensified so as to reduce the chance of surprise employment of surface launched missiles against our ships and our fleet tactics are being carefully examined and updated to counter this threat.

USS SCORPION

The loss of USS SCORPION in the Atlantic in May 1968 was a tragedy. Because of the water depth at which her hulk was found, the rescue of SCORPION's personnel was never a possibility but her loss emphasizes the compelling need to pursue a Deep Submergence Program that will provide us with an effective operational capability for locating and rescuing survivors from any depths within the operating limits of our submarines.

Location of the SCORPION, 6 months after her loss in over 11,000 feet of water, was a momentous oceanographic accomplishment. It represented a major milestone toward achieving our goals in deep ocean search. We hope that the investigation recently completed by TRIESTE will aid in ascertaining the reasons for the loss of SCORPION.

PERSONNEL

As I mentioned earlier, there are some major problem areas which concern me and that require attention. Foremost among them, just as they were last year, are the recruitment and retention of personnel.

The Navy continues to get its fair share of the nation's intelligent young people who have high potential for training and service. Our success in recruiting these young men, however, varies directly with the intensity of the draft pressure. At present, it is not so much recruitment but rather retention of this talent that is of constant, serious concern and the problem exists among both officers and enlisted men.

The retention rate of junior nuclear submarine officers has declined to the point where, with resignations already received, it will be less than 40% by the end of fiscal year 1970. In order to obtain the needed numbers of officers to meet the rapid expansion in the nuclear propulsion program after 1961, we necessarily

trained many newly commissioned officers for submarine duty who are less career motivated than their predecessors. These officers are now just completing their service obligation in quantity and not enough of them are remaining in the service. To arrest the decline, legislation authorizing payment of a special continuation pay was enacted and was implemented in July. While a substantial number of the eligible junior officers have availed themselves of this special pay and have agreed to the attendant service obligation, it is still too early to say that the pressure has been relieved in this area. We shall take whatever other measures may be appropriate and necessary to increase retention. In order to augment their numbers in future years, we are increasing the input of officers into training.

We are also experiencing retention problems of an equally serious nature in other groups such as pilots and surface line officers. Among our enlisted personnel the first term reenlistment rate has declined from 23.7% at the end of FY 66 to 16.3 at the end of FY 1969.

One persistent problem which contributes to the Navy's retention difficulty is the rigorous and repetitive nature of sea duty which is characterized by excessively long work weeks and frequent deployments.

We have identified the areas in which improvements must be made if we are to increase retention. These include corrective measures that are material in nature, such as increased compensation, housing, a way to offset the negative influences of repetitive sea tours, and educational incentives. In addition, less tangible aspects of motivation must be improved. These are receiving our earnest attention. They include improving the personalized consideration of our people's individual needs, improving their career planning, and ensuring job satisfaction.

LONG RANGE SHIPBUILDING PROGRAM

I have already discussed the status of our current warship building program but the long range shipbuilding program is an area of great concern. This year's budget request does represent a substantial step forward toward acquiring the new ships we so badly need today. By the end of FY 70 the Navy will be composed of about 770 ships of which 47% will be at least 20 years old. In comparison, less than a quarter of 1% of the Soviet surface combatant ships and submarines are 20 years old or older. While there is no definite age at which a ship ceases to be useful, age does lead to increased maintenance costs and obsolescence in weaponry because of the lack of space, weight or stability reserve, or electric power to accommodate newer weapons needed to match real, new threats. On balance, the average age of the fleet should be under 15 years. We need to move toward a sustained building program to offset the growing Soviet maritime threat and the diminishing capabilities of our older ships.

Since new ships and improved weapons can provide greater capability per ship than heretofore, one for one replacements may not be necessary.

A credible, long range shipbuilding program which includes multi-year procurement of those ship types for which this is feasible and sound, is most desirable. By grouping our requirements into multi-year buys of the same ship types, rather than spreading individual ship buys over several years, economies of production will be possible. Commercial shipbuilders must have sufficient confidence in the implementation of the Navy's program to warrant investing toward improved techniques as well as recruiting and training the required labor force. Larger procurements with prospects of stable workloads encourage more private capital investments, more progressive shipbuilding methods, and achieve long term economies in training and logistic support of standardized ships constructed in series.

In addition to these multi-year procurements there will continue to be designs done in house, one or two ship procurements, conversions and single year buys of certain follow-on ships. We must recognize the needs of large and small shipyards and at the same time get every possible bit of fighting potential for each shipbuilding dollar we spend.

The Navy has been studying various long range shipbuilding programs to provide adequate replacement ships within reasonable budget levels. We are continuing to refine these plans in order to assure value and continuity to the annual programs we present.

In addition to our warship construction, I am also concerned with the condition of our resupply cargo ships. It is significant that our sealift tasks in support of the Vietnam war wherein we have lifted approximately 12 million measurement tons in the peak year of 1968 were conducted without requisitioning of ships. However, it strained our maritime resources in quantity and quality of ships and available manpower. Consistent with our military posture and commitments overseas, there is a need to strengthen and modernize our maritime resources. The Military Sea Transportation Service fleet is faced with the serious problem of ship obsolescence. A replacement program to modernize the fleet is indicated for the short range period. In recognition of this problem, the Secretary of Defense has authorized the Navy to proceed in FY 70 with a charter-and-build program for ten cargo ships toward a program objective of 30 ships for the MSTS controlled fleet. Detailed plans for implementation of this program are presently being developed. For the program to be effective, however, the Navy requires authority to charter for 10 years; otherwise financing would be expensive and very difficult. A draft of proposed legislation to authorize construction and contracting authority for 10 years to MSTS for the first 10 ships has been forwarded to the Congress.

SHIP MAINTENANCE

While we start construction toward a fully modern Navy, we must continue to maintain the ships we now have and the cost of their maintenance is increasing. The increasing age of already old ships, the complexity of our newer ships and the shortage of skilled shipboard personnel all contribute to the increased cost of ship maintenance. We are doing as complete a job as possible on the ships we do overhaul and handling the others through use of interim measures, thus limiting the number we are updating. The outlook for FY 70 is for some continuation of the gradual decline in the material condition of the fleet as a whole which has occurred over the past several years. The FY 70 increment of the Naval Shipyard Modernization Program is in our Budget request. This program is expected to improve our capacity to handle increasing numbers of modern ships and to increase the effectiveness of our shipyard labor force.

ANTI-SUBMARINE WARFARE

The growing and increasingly sophisticated Soviet submarine force continues to require the high priority that we accord to ASW. The Soviets' newest nuclear attack submarines are capable ships and will require improve countermeasures on our part if our vulnerability to Soviet submarines is not to be increased.

In addition to the new carrier based S-3A aircraft which I have already mentioned, our FY 70 request contemplates procurement of 23 P-3C aircraft. This new aircraft, introduced into the Fleet last month, takes advantage of a new airborne digital computer system called ANEW which integrates the improved navigational sensor, and armament system and thus will gain significantly higher detection and kill probabilities.

We are continuing to improve our surface ship sonars. Our latest and most powerful surface ship sonar, the SQS-26, is installed in destroyer types and is planned for two classes of ocean escorts as well as new destroyers and frigates. Improvement in our SQS-23 sonar will give it improved reliability and increased detection performance.

The DIFAR system is now in production and it is one of our most important ASW developments at this time. Its ability to detect submarines is enhanced by features which make a solution of the ASW problem, from detection to localization of the target, easier, more rapid, and more effective. Fleet introduction is scheduled for January 1970.

In ASW weapons development, the MK-48 torpedo fulfills an urgent requirement for a long range high-performance, conventional torpedo with a high kill capability against a high speed, deep diving nuclear submarine.

A dual purpose version of the MK-48 torpedo that will provide a required capability against ASW surface units, large combatant ships and merchant ships as well as against submarines is also being developed.

SEA-BASED STRATEGIC FORCES

The comparability of United States and Soviet Union technology must focus attention now and in the future on optimizing our strategic offensive and defensive force mix. The POSEIDON C-3 conversion program is an essential element of this mix.

The results of the POSEIDON Fleet Ballistic Missile development flight test program have been very gratifying.

These flight tests have added to our confidence in the capabilities of POSEIDON and to our confidence in the program for converting SSBNs from POLARIS to POSEIDON. We fully believe that POSEIDON will be as reliable as POLARIS. Work has already commenced on our first four POSEIDON conversions.

In addition to POSEIDON SSBNs, the Navy has analyzed a number of alternatives for rapid expansion of our sea-based strategic capability. One attractive proposal is a Ballistic Missile Ship (BMS) force armed with POSEIDON missiles. The Ballistic Missile Ship adds to the complexity of the Soviets' problem in that it cannot be pretargeted for pre-emptive attack and it is the least expensive of our strategic force options. By early completion of the BMS design we would reduce the lead time for the first ship.

In our advance development program, we are proceeding with the development of an advanced undersea strategic offensive system, the Undersea Long-Range Missile System (ULMS). This system could supplement our POLARIS and POSEIDON submarines.

Armed with long range missiles, these submarines could be on-target at all times at sea and even when in port in the United States. They would be less subject to Soviet advances in ASW. We are also studying a surface ship platform, the Ship Based Long Range Missile System (SLMS), to carry long-range missiles.

The Navy has completed preliminary feasibility studies of a Sea-Based Ballistic Missile Intercept System (SABMIS) which is a promising new prospect for strategic defense. Mounting ABM missiles, a SABMIS ship could be deployed in selected sea areas to intercept incoming ICBMs before they reach the United States.

RESEARCH AND DEVELOPMENT

The aggressive expansion of the Soviet Navy into new areas, their initiation of an advanced design shipbuilding program of several classes of nuclear submarines, helicopter ships, and high performance aircraft are conclusive evidence of a strong Soviet research and development program.

Our own program in the Navy is hard pressed to ensure maintaining proper balance between immediate needs and future requirements. The end of hostilities in Vietnam should permit us to put more of our money into future programs as the need for quick reaction improvements, needed in combat, are diminished.

CONCLUSION

Mr. Chairman, in conclusion I would like to point out that, by a series of budget actions commencing with implementation of the Revenue and Expenditure Control Act of 1968, the Navy's budget has been cut a total of about $4.5B in obligational authority and about $2B in expenditures. It has become necessary, therefore, to inactivate a total of 187 ships and 281 operating combat aircraft by 1 July 1970. Our personnel strength must be reduced by a total of about 77,600 officers and enlisted men and 33,300 civilians. These cuts have come at a time when the Soviet Union is rapidly building her maritime power and while we have an on-going war in Vietnam.

It is important to note that the number of fighter and attack aircraft for which procurement is included in the FY 70 Budget is the lowest since 1946. The FY 69 appropriation for shipbuilding and conversion was the lowest since 1955 and the U. S. Navy today has fewer active ships than were in the Fleet when the Vietnam war intensified in 1965.

In recent years, we have necessarily given priority to our combat requirements in Vietnam and have had to forego modernization as well as maintenance and overhaul of ships assigned to other areas. The age of many of our ships and aircraft is beyond that at which they can be further maintained economically. Many cannot accept the weapon systems that are needed in order to defeat sophisticated forces such as those that the Soviets are expected to deploy in the future and that they can provide to other countries. Our programs must consider these factors while at the same time building upon those assets we now possess which can serve effectively into the future.

For tomorrow's Navy, we seek ships, aircraft and equipment that will be as economical to develop and produce as our technology will provide and that will be designed for compatibility with the skill levels of the men who will operate and maintain them. We are endeavoring to insure that our programs strike a balance between the operating and maintenance costs of our forces for national security today, and the cost of development and procurement for tomorrow.

Mr. Chairman, I fully recognize the problem of national priorities which must be considered by this committee and the heavy pressures brought to bear by the various programs of National

concern. Nevertheless, I would like to take this opportunity to emphasize to you my concern over the trend in the maritime posture of the United States, particularly when viewed in the light of the rapid expansion of Soviet maritime strength.

Thank you, Mr. Chairman.

STATEMENT OF THE COMMANDANT, MARINE CORPS

I. INTRODUCTION

Mr. Chairman, members of the committee.

Last July, after the start of fiscal year 1970, I submitted to this committee a statement which reviewed the operations of the Marine Corps during the last fiscal year and reported on the current posture of the Marine Corps and its future requirements. My statement to you today will contain much of that information.

Additionally, I will amend that statement in certain areas to discuss with you the impact on the Marine Corps posture of recent force redeployments and cuts in personnel strength.

I have recently returned from my fourth trip to South Vietnam since becoming Commandant last year. These trips give me the opportunity to assess firsthand the progress we have made, to see what the Marines and other U.S. fighting men are doing and the problems they face, and to determine what we in Washington can do to help them. During the last year I have also visited every major Marine Corps command.

These trips have confirmed a fact already well-known—that we have a devoted, highly professional, and tremendously successful force in the Marine units in South Vietnam and the Western Pacific, and that we have a dedicated, responsive force in our uncommitted units here in the United States.

My report to you today will describe some of the concepts, operations, and accomplishments of our Marines during the last year as well as our plans and programs for the future.

II. OPERATIONS IN VIETNAM

The Marine Corps has consistently advocated the principle that the war in South Vietnam can be conclusively won only through convincing the South Vietnamese people in the villages and hamlets that their hope lies with freedom, not with communism. In all our combat operations, we have never lost sight of this basic objective. Today, while the search for a negotiated settlement to the war continues, this becomes even more important.

During the last year, the Marines in I Corps—together with other United States and free world forces—have actually fought two wars. We have increased our emphasis upon mobility to conduct large unit incursions into the enemy hinterlands and extensive cordon operations in the lowlands. At the same time, we have waged an unremitting, day and night campaign to protect pacification efforts and vital military areas and deny to the enemy access to the resources he desperately requires.

We have been successful. Our concept of employing heliborne Marine Forces and mobile fire support bases has kept the enemy constantly off stride. In fact, the latter part of 1968 and the early part of 1969 saw the enemy, by and large, pull back his major units unwilling—and to a large extent, unable—to risk further destruction at the hands of this maneuver and firepower.

Our counterguerrilla operations to drive enemy forces from populated areas or destroy them in place, and our efforts to root out the Vietcong infrastructure, have generated a new and lasting growth in the pacification campaign, a program now embracing measurable momentum in its acceptance by the Vietnamese people.

Marine Corps losses since July 1, 1968 include 3,383 marines killed and another 24,492 wounded. Enemy losses to Republic of South Vietnam, free world forces in I Corps during this period were 78,683, of which 25,106 were killed in combat against Marine units.

There has been a marked reduction, however, in the number of large scale combat operations during the last months. Since the start of 1969, marines have concluded 17 major operations of battalion size or larger, four of which are still in progress. Most of these operations are joint endeavors with U.S. Army forces or combined operations with RVNAF or Republic of Korea forces. During 1968, marines conducted 41 major operations, and 10 of these operations extended over a period of 3 months or longer.

In addition, more than 290,850 small unit operations (company, platoon, squad, and fire-team actions) have been conducted by marines in the period since July 1, 1968. These patrol and ambush operations are the heart of the counterguerrilla effort, providing a constant surveillance and interdiction screen against enemy infiltration and ferreting out the local guerrilla and supporting infrastructure.

The Special Landing Forces of the 7th Fleet, of which I will speak more later, have conducted seven amphibious landings in support of marine operations so far this year. This is in contrast to 13 landings in 1968. I would like to comment briefly on the capability of the Special Landing Force to respond to any situation because of its unique double mobility—by ship up and down the seacoast and by surface craft and helicopters inland. It has been our only force that the enemy has not had a fix on, and the enemy has to be concerned about where we might choose to use it. Furthermore, the battalions of the Special Landing Force, disengaged from combat ashore and refreshed afloat, have been more effective initially than battle-weary battalions.

The versatility of these forces has been demonstrated by the variety of missions assigned: Independent landing operations, landing operations in support of ground operations ashore, and as a rapidly established cordon around populated areas in support of our pacification effort.

Let me stress that all of this has been an air/ground effort, and Marine aviation units by their support of all Allied forces in I Corps have shouldered a tremendous burden.

During 1968, Marine fighter/attack aircraft flew more than 67,000 sorties in support of Free World Forces in the Republic of South Vietnam. The first 8 months of this year, Marine aircraft have flown 59,093 sorties.

Marine helicopter units have also distinguished themselves by lifting more than 1,100,000 troops and delivering over 129,000 tons of supplies in operations in 1968. So far this year, helicopter units have lifted 542,394 troops and 82,018 tons of supplies. Additionally, these units evacuated more than 79,000 casualties in 1968 and another 36,956 during the first 8 months of 1969. This last task has been a large contributing factor to the lowest mortality rate among casualties of all major wars in modern history.

The III Marine Amphibious Force, which we call III MAF, is also actively supporting the GVN revolutionary development program, and all U.S. military and civilian programs in I Corps are coordinated by III MAF CORDS—the acronym for civil operations and revolutionary development support.

Major psychological operations conducted in I Corps in support of the GVN Chieu Hoi program resulted in over 3,100 defections during 1968. As of August 30, the number of Hoi Chans—or ralliers—in I Corps totaled only eight less than the 1968 total. So far, defections during 1969 are about 22 percent ahead of the number for a comparable period during 1968.

One of the most successful means for providing continuous security to a Vietnamese hamlet or village has been the III MAF technique of combining a squad of U.S. Marines with a platoon of Vietnamese Popular Forces. Begun with just one such combined platoon in 1965, the program has been expanded to 112 platoons throughout all Marine tactical areas of I Corps.

The results of daily face-to-face contact between the combined action platoons and the local community have been reflected in the increased military intelligence provided by the local people and improved military ability of the Popular Forces.

To sum up Marine operations in Vietnam during the last year, the enemy has been hady hurt. He has suffered terrible casualties, and his ability to launch a major offensive from sanctuaries in Laos and through the DMZ has been impaired. His attempt to control the rich agricultural area of central I Corps has been thwarted, and he has now resorted to a war dominated by terrorism and guerrilla tactics with the insidious threat of mines, booby traps, sapper attacks, and hit-and-run mortar and rocket attacks.

Conversely, the GVN in I Corps has continued to gain strength through the pacification program and through improvement of the armed forces. Further, the all-important eradication of the VC infrastructure has continued steadily.

III. MISSION AND ORGANIZATION

The tasks in South Vietnam, however, are just part of the many missions assigned to the Marines all over the world. Despite the heavy impact of our Vietnam commitment on the rest of the Marine Corps, we have managed with certain personnel and logistic restrictions to maintain our readiness to meet other commitments which could arise. As part of the Navy/Marine Corps team, we never lose sight of the responsibilities inherent in our role as this Nation's force in readiness for the projection of seapower ashore or such other duties as our country may require.

The Marine Corps' combat readiness and its capability to execute its assigned missions are measures of the effectiveness of our current posture, and I shall

use those yardsticks in reporting the posture of our uncommitted forces to you today.

Congressional legislation established our primary mission: To prepare for and execute landing force operations as part of an amphibious task force.

This mission is broad. The United States must have the capability, in event of a major war, to seize advance bases for operating and staging areas and to gain beachheads to enable substantial follow-on forces to mount an offensive. This may require a forcible lodgement, or reentry of U.S. forces, from the sea and against opposition.

At the same time, the United States must be able to meet contingency situations or limited wars with varying degrees of force. Amphibious forces are essential for that flexibility and rapid response capability.

The principal elements of the Marine Corps consist of the Operating Forces, the supporting setablishment, the Marine Corps Reserve, and our headquarters. Because the Operating Forces and the reserves are the forces that fulfill Marine Corps responsibilities in support of our national policies, interests, and strategy throughout the world, my report to you is centered on those two elements.

Two Fleet Marine Forces are maintained for service with the U.S. fleets. These forces, or FMFs, are organized into air/ground teams with a wide variety of combat resources for successfully executing amphibious assault operations against an enemy shoreline by sea, by air, or a combination of these two. They are also prepared for such other operations as the President may direct. Our current operations in South Vietnam are an example of such directed tasks.

These FMFs are integral parts of our fleets, and their headquarters are located alongside Navy fleet headquarters—Fleet Marine Forces, Atlantic at Norfolk, and Fleet Marine Forces, Pacific in Hawaii.

IV. COMMITMENT OF FORCES

The Fleet Marine Forces, at present, include a total of four active Marine divisions and three active Marine aircraft wings, together with the combat support and combat service support units required to support the divisions and wings. We have an additional division/wing team—and supporting units—in the Marine Corps Reserve, which I will discuss later in this report.

Our active Fleet Marine Forces are currently deployed from Southeast Asia eastward to the Mediterranean Sea. The bulk of these forces, however, have been assigned to FMFPac; and since it is the commands and principal components in Southeast Asia and the Western Pacific which will be most affected by the redeployments and personnel reductions, I will discuss at this point the changes we have made and the changes which will be made in the deployment of these Marine Forces.

At present, we are in the process of a two-phase redeployment of a Marine division and elements of a Marine aircraft wing from the Republic of South Vietnam to Okinawa, Japan, and the United States. We are also deactivating another Marine division (less one regimental landing team), which will reduce Marine Corps strength by 20,300.

Our Western Pacific forces currently include those air and ground forces in South Vietnam as well as the Marine forces on Okinawa and Japan. In South Vietnam, our forces consisting of the 1st Marine Division, reinforced with one regimental landing team, the 1st Marine Aircraft Wing, and a composite of support units designated as a Force Logistics Command, are organized into the III MAF. The 3d Marine Division, which was formerly included in the III MAF, is now divided with units in South Vietnam, Okinawa, and the United States. As you know, one regimental landing team from the 3d Marine Division, a helicopter squadron, a fixed wing squadron, plus other small combat, combat support, and combat service support units were redeployed in July and August of this year to Okinawa and Japan.

Early in October, another regimental landing team from the 3d Marine Division began the return trip to Hawaii and the west coast; and when that movement is completed, the remaining regimental landing team will be redeployed from Vietnam. Selected air elements and supporting units will also be redeployed from South Vietnam.

The Marine forces stationed in WestPac will then consist of a division headquarters, two regimental landing teams, two aircraft groups and supporting elements.

Our remaining FMFPac forces will be distributed between Hawaii and the west coast. The 5th Marine Division (—), which has been stationed at Camp

Pendleton, Calif., will be deactivated. This division, and certain aviation and support units, were augmentation units temporarily formed to replace units deployed to Vietnam and to restore part of our national strategic reserve. As the redeployments from Vietnam I mentioned earlier take place, these temporary units—less one regimental landing team still in Vietnam—will be deactivated and their tasks reassigned to the returning units.

The remaining regimental landing team, the 26th Marines, has been under operational control of the III MAF in South Vietnam for the last 2 years.

Our west coast/Hawaii forces will be deployed as follows: In Hawaii we will have a Marine brigade consisting of one battalion landing team, one Marine aircraft group (Rein), and suporting forces. On the west coast we will have another Marine aircraft wing, at Cherry Point. The only exceptions are two Marine air craft wing (minus the reinforced group at Hawaii), and supporting forces.

Most of the major components of FMFLant are based in North Carolina—an east coast Marine division and force troops, Atlantic, at Camp Lejeune, and a Marine aircraft wing, at Chery Point. The only exceptions are two Marine air groups based at Beaufort, S.C. From these east coast units come the reinforced infantry battalion positioned in defense of the U.S. Naval Base at Guantanamo Bay, Cuba, a Marine air-ground team for duty in the Caribbean, and the battalion landing team afloat with the 6th Fleet in the Mediterranean.

The FMFLant units constitute the II Marine Expeditionary Force, or II MEF. It is committed to the support of a myriad of contingency plans.

These ground forces are logistically ready. They do have some personnel problems which would have to be resolved prior to significant commitment elsewhere. For example, many marines in these units have only a short time remaining on their obligated service, or have been back from South Vietnam for less than 2 years. However, if Congress passed legislation to involuntarily extend obligated service and if policies were changed governing length of tours in Vietnam and the time between such tours, the Marine Corps could deploy these air/ground teams rapidly and combat capable. It should be noted that the quality of the deployed units would be greatly enhanced by large numbers of combat veterans.

Our capability to provide smaller forces was demonstrated during the February 1968 Tet offensive when a regimental landing team from California and Hawaii was deployed to Danang within 48 hours of the decision for it to go. The relocation of regimental landing teams from Vietnam and their establishment in advance bases on Okinawa greatly enhance the Marine Corps' readiness to meet similar contingencies.

V. PERSONNEL

Today's Marine Corps is the second largest in our history. Since the summer of 1965, our strength has expanded from a force of 193,000 officers and men to more than 314,000. Currently we are authorized an end year strength of 294,200 for fiscal year 1970, a reduction of 20,300 from that previously authorized.

Supporting these officers, men, and women, are 23,400 civilian personnel employed by the Marine Corps who form a vital part of our Marine Corps team. This is a reduction of 2,870 from that previously authorized, resulting from expenditure reductions directed by the Department of Defense.

As mentioned previously, over half of our military strength is in the operating forces. The majority of these forces are deployed overseas, including more than 63,700 marines in South Vietnam, 17,200 elsewhere in the Western Pacific, and another 4,200 Marines in the Caribbean and the Mediterranean. Still others are assigned to ship detachments.

All told, more than one in every four marines are deployed overseas on unaccompanied tours.

During the first years of the Vietnam war, our major manpower effort was devoted to building up our total strength as rapidly as possible in order that we could deploy and sustain the large forces required in the Western Pacific. We managed to do this without involuntary recall of reservists and with limited use of the draft.

Today our major manpower efforts are aimed at sustaining that strength necessary to meet our commitments in the Western Pacific while still maintaining our uncommitted forces at adequate levels of readiness and attaining sufficient budget savings through strength reductions.

Our rotation policy, since the start of the Vietnam war, has been based on a 13-month tour in the Western Pacific. This tour, administered on a 395-day basis, commences on departure from CONUS and terminates on return to CONUS.

Marine Corps policy is to order a marine involuntarily to a second tour in Vietnam only after all other marines in his rank and specialty have been assigned an initial tour. And no marine is assigned involuntarily to a second unaccompanied tour in WestPac until he has completed an accompanied tour with dependents, or at least a 24-month assignment in a CONUS-based unit.

The dimensions of the rotation problem are, of course, reduced by voluntary extension in Vietnam and by those who volunteer for a second tour. Since the Vietnam war started, more than 36,400 marines have voluntarily extended their duty in Vietnam, and other 700 marines are currently serving voluntary second tours.

When the Marine Corps shifted from the problems of building up our strength to the problems of maintaining it, we altered our rate of recruit input. As our numbers of deployable marines dwindled, we found we needed a steady monthly input of recruits to sustain those forces committed in Vietnam. Although slightly reduced, our commitment to the Western Pacific is still the most significant factor in this problem. To insure sufficient number of deployable marines to meet this commitment our recruit input can be reduced only slightly.

To maintain this steady recruit input we have found it necessary to call on the Selective Service System from time to time during the poor recruiting months. We intend to continue this practice during fiscal year 1970. These inductees perform very well, both in training and in combat, just as their predecessors did in World War II and the Korean war. We do not, however, expect them to reenlist at the same rate as volunteers.

That leads to the overall problem of rentention. It is an area of real concern, especially in relation to retaining marines with those skills requiring long leadtime training.

We intend to continue intensive efforts toward improvement of both officer and enlisted retention programs. Increased emphasis has been placed on providing facilities, especially barracks and family housing, to improve the living conditions of the individual marine. Further, I directed this past year that a special carrier planning effort be undertaken throughout the Marine Corps to revitalize our entire retention program, and already we have seen that we can do much within the Marine Corps to achieve better results.

Another manpower problem which we have not faced in other years is the requirement to release large numbers of marines prior to the normal expiration of enlistments. Our large commitment to the Western Pacific is the driving force in this problem; and it is now compounded by the requirement to reduce total strength by 20,300. To insure sufficient numbers of deployable marines to meet our commitments, and still maintain an economical total force, we must artificially create vacancies in our enlisted structure by allowing certain Vietnam veterans to terminate their enlistments up to 12 months early. This program was initiated in July 1968 and will continue through fiscal year 1971 at least.

VI. LOGISTICS

Generally, the materiel readiness of our Active Forces is excellent. We are providing our Marine forces a higher degree of mobility, greater firepower, improved capabilities to locate the enemy under conditions of poor visibility and darkness, and logistic support which is more responsive than ever before in history. However, there are certain logistic areas that I feel are worthy of highlighting and I will confine my remarks to these areas.

Continuing the Marine Corps traditional regard for the individual marine, we are providing him with functionally better equipment and substantially better clothing which have proved, with few exceptions, to be excellent in terms of design and maximum utility. To provide him daylight deception, the new camouflage patterned, tropical lightweight utilities are presently being issued to our Marines in Vietnam.

The individual marine is being fed well, too. Marines are receiving the best subsistence support ever provided them in combat. About three in every four Marines in Vietnam get three hot meals daily. The fourth subsists on packaged operational rations supplemented by fresh fruits, juices, milk, and bread—and when tactical conditions permit, at least one hot meal each day.

The ground munitions situation is good. Production is stable and sufficient ammunition is available for present combat and training needs. In the last half of fiscal year 1968 we introduced the new improved conventional munitions.

We are requesting additional funds for tracked combat vehicles. The two most significant items in this request are the 175-millimeter self-propelled gun,

and the initial procurement of our new amphibian assault vehicle. The 175-millimeter gun is a replacement for the 155-millimeter self-propelled gun, which is 14 years old. The 175-millimeter gun gives us about 33,000 meters of range, an increase of 9,500 meters.

Additionally, we are requesting funds for artillery recovery vehicles and rebuilt tanks.

We are requesting other funds to commence a 4-year procurement of a new amphibian assault vehicle, the LVTPX-12. This new amphibian assault vehicle will replace vehicles which have been in use over 16 years.

The new vehicle has increased range, maneuverability, speed, armor protection, safety against fire and explosion, weapons firepower, and overall reliability. It is also less expensive to buy, operate, and maintain. The LVTPX-12 will have five configurations to provide personnel carriers, command, recovery, mine clearance, and fire support capabilities.

The present Hawk system will be replaced by an improved Hawk system. The improved system will provide better low-level aircraft detection, greater range and target speed handling capability, improved electronic countermeasures capability, greater lethality, and decreased reaction time.

While discussing logistics, I must highlight the outstanding support that is provided by Navy personnel and units that participate as an integral part of III MAF, or as in the case of Naval Support Activity, Danang, operate in direct support thereof. The well-being of the individual marine and the lowest mortality rate among casualties of all major wars in modern history is a monument to the professionalism and devotion to duty of the officers and corpsmen of the Medical Corps. The contribution of the Navy Chaplain Corps has been inestimable. The Seebees, continuing a long-time Navy-Marine Corps team effort, have provided the heavy construction necessary to build expeditionary airfields, lines of communication, port facilities and the essential cantonments.

The materiel readiness of Marine aviation has continued to improve during the past year. The OV-10A has been utilized in combat operations in South Vietnam for over a year and has proven to be a highly satisfactory observation aircraft.

Modifications to the CH-46 helicopter have proved to be satisfactory and are continuing without interference to operations. The CH-53 continues as the heavy lift workhorse in Vietnam.

As part of a continuing program to improve existing aircraft or procure other types, the AH-1G "Cobra" has been procured as a replacement for the UH-1E in the armed helicopter role and was introduced into the III MAF inventory in April.

To effect modernization of our light attack force structure, the Marine Corps will be equipped with an improved version of the A4 aircraft, the A4M. The proposed fiscal year 1970 budget includes funding for the first of a number required to support authorized force levels through 1980. We foresee no difficulty in maintaining our authorized force levels for the F-4, RF-4B, A-6A, and KC-130.

Delivery of EA-6A Marine Corps aircraft, funded in fiscal year 1968, commenced in December of 1968, 1 month ahead of schedule. The effectiveness of the EA-6A's we have been operating in Southeast Asia has placed these aircraft in great demand.

The Marine Corps has had a long-standing requirement for a tactical V/STOL aircraft. The vectored thrust Harrier, an aircraft comparable in many respects to the A-4, has progressed to the operational stage. Funds are requested in the fiscal year 1970 budget to buy 12 of these aircraft in order to fully explore the many operational and tactical possibilities inherent in this new weapons system.

VII. RESEARCH AND DEVELOPMENT

The Marine Corps' research and development program is designed to meet our statutory mission of developing the tactics, techniques, and equipment used by landing forces in amphibious operations. Our objective is to design and prepare the Marine Corps of the future to carry out this assigned mission as well as to meet the broad mandate of "such other functions as the President may direct."

We have insured optimum contact with the urgent developmental requirements of our forces in Southeast Asia by a program called special procedure for expediting equipment development—or SPEED—which provides quick reaction to short-term needs of the FMF. Our technical efforts are further welded to

the demands of the Vietnam conflict by air and ground liaison officers incountry from our Development Center at Quantico. The Navy is aiding our efforts by the direct assignment of Navy Laboratory representatives to the III MAF.

Last year I told you about the Marine Air/Ground Intelligence System, called MAGIS, which we are developing jointly with the Air Force. MAGIS will be employed at the MEF, Division, and Wing levels to provide the commander with the complete, accurate, and timely intelligence he so vitally needs.

MAGIS is typical of Marine Corps participation in joint service developmental efforts. We pursue unilateral development only when planned developments of the other services will not meet specific requirements for our concepts of amphibious landings and vertical assault.

In order to provide necessary improvement of tactical and logistical mobility, we have under development a marginal terrain vehicle (MTV) which will give us the capability to move marines and their equipment over practically any type of terrain condition including swamps, snow, muskeg.

As a result of participation in other developmental programs of the other services, the Marine Corps portion of the R. & D. budget has been and continues to be relatively small.

VIII. THE MARINE CORPS RESERVE

The Marine Corps Reserve is the combat-ready air/ground team which meets the Marine Corps' mobilization requirements. We have 49,000 reserves in the organized or drill pay reserve, organized into the 4th Marine Division/Wing Team. This air/ground team is entitled the 4th Marine Expeditionary Force, or IV MEF, trained, organized, and equipped as a reserve counterpart to the II MEF.

In addition, we also have more than 150,000 individual reservists available for service in the class III Ready and Standby Reserve pool, for a total of approximately 199,000 reserves to meet mobilization requirements.

Our organized units and individual reservists are trained to the greatest extent possible at regular bases and schools to insure maximum readiness for mobilization and deployment. In terms of training, organization, and preparations for mobilization, our ground reserve is at the highest state of readiness in its history.

Equipment for the 4th Marine Division and the units which support the division wing team is on hand or identified for priority procurement.

The status of the 4th Marine Aircraft Wing is a different story. The 4th MAW continues to have some equipment deficiencies in the capabilities, obsolescence and number of its jet aircraft and helicopters.

We are assigning UH–34s to the 4th Marine Aircraft Wing as they become available from the active wings, and CH–53 helicopters will be introduced into the reserves later.

Our plans for the future include refinement of the command structure of the IV MEF so that when the plans are implemented, our reserve MEF will be as similar to our regular forces as possible.

IX. MANAGEMENT

In order to capitalize on the capabilities of the computer to assist the Marine Corps in the procurement and management of resources, we have developed a concept of an Integrated Information System which we call the I²S.

Our system at HQMC will be interfaced with similar systems at the major field command headquarters of the Marine Corps and the Joint Chiefs of Staff World Wide Military Command and Control System. The I²S is designed to accept input into the system incrementally as new subsystems come on line. At the present time, major functional systems devoted to materiel management, personnel management and readiness evaluation are providing data to HQMC. Additional systems scheduled to become operational in this fiscal year will further assist in the management of supply, training and manpower. Other systems of long range nature will come on line over the next several years and will be devoted to command and control assistance to tactical commanders.

Increasing technological advances of the past years have required the Marine Corps to emphasize management in its education efforts, and electronic data processing indoctrination is provided for all officer ranks. We utilize the advanced management program at Harvard and several other schools to provide training in management instruction, computer science, and systems analysis.

X. CONCLUSION

This completes my statement to this committee, Mr. Chairman. I want to emphasize to you that the achievements which have been made in the past year by the Marine Corps have been realized through the sacrifices, complete dedication and great personal courage of the individual marine. I am proud to represent the Marine Corps before you, and I appreciate the opportunity for that representation.

I think that you will agree with me that the Marine Corps has upheld the great trust that this committee, the Congress of the United States, and the citizens of this Nation have placed with us. We take great pride in that trust and in our contributions to the defense of our country as part of the Navy/Marine Corps team.

And now, I will be pleased to attempt to answer any questions the committee may have.

REDUCED DEFENSE SPENDING

Mr. MAHON. As we all know, there is a great hue and cry in some quarters for a reduction in defense spending. A reduction in spending for the war, as well as a general reduction in defense spending. In my opinion, the overwhelming majority of the Members of Congress want this country to remain strong and superior to any other nation in the world from the standpoint of military might. I, for one, feel we are superior militarily to any nation in the world now and I propose to try to help keep this country in that position.

We are confronted with a budgetary situation.The President has said that he is going to hold spending levels this year at about $192.9 billion for all purposes. My general understanding is that as a part of the President's package, defense spending may be cut about $3 billion. Is that your understanding, Mr. Secretary?

Secretary CHAFEE. Yes, sir.

Mr. MAHON. Is that your understanding, Admiral Moorer?

Admiral MOORER. It is.

REDUCED SPENDING AND JEOPARDIZING SECURITY OF FORCES

Mr. MAHON. Defense spending is one thing and defense appropriations is another thing. We need to know where the Navy—and we are speaking today only of the Navy—feels that reductions can be made.

I say to you, as I said to the Army, and to the Air Force, in my opinion as a spokesman of this committee, that we are unwilling to make any reductions in defense programs and in defense spending which would jeopardize the security and welfare of our forces in Korea, in Vietnam, or in Southeast Asia generally.

We are unwilling to undertake in an appropriation bill to compel the President to sacrifice his flexibility in regard to war. We are not willing to make cuts which would compel the President to say, "Well, in view of the actions of Congress, I have no alternative left other than to take such and such a course in Vietnam."

We are not going to put the Commander in Chief and the President of the United States in any such untenable and unacceptable position.

Within this general framework we have got to decide what to do about the Navy request for funds. Much of your request for funds relates to long-range strength of the Navy; it relates to the Mediterranean, relates to matters far away from Southeast Asia. We know that there are many items in the bill which do not relate to the war

in Vietnam. We want to make some distinction between the types of programs involved. Wherever we can slow down and make reductions or postponements in the overall Navy posture, unrelated to Vietnam, is one thing. Where funds are requested in relation to operations in Vietnam, that is another thing. We do not want to, in any way, deny you the flexiblity and the strength that you need in Vietnam.

What is the Navy doing in Vietnam, Admiral Moorer, generally speaking?

Naval Operations in Vietnam

Admiral Moorer. Generally speaking, sir, we think of our activity in terms of in-country, and the fleet-supporting operations around the periphery.

Turning first to in-country, these operations consist of the support we give the Marines, organic to the Marine units such as the hospital corpsmen, the chaplains, and things of that kind.

We operate a very large scale supply activity in Danang which is responsible for providing the supplies for all of the troops in what is called the I Corps area. This requires in excess of 10,000 men, plus many civilians.

We have, of course, the anti-infiltration patrols down in the IV Corps, the riverine force, and the boat patrols which are quite active right now. These are the type of activities we are in the process of turning over to the Vietnamese.

We have the MSTS operation which carries about 98 percent of the supplies down there.

Mr. Mahon. Expand on this for the record so anyone can read and understand the Navy part today in the war in Vietnam.

We are not concerned with what you have done, but what you are doing now. We are concerned about how many Navy civilians and how many Navy uniformed men and women are involved in the war in Vietnam.

Admiral Moorer. We will divide that into the 7th Fleet, which conducts air strikes and gunfire support, anti-infiltration patrols, things of that kind, and the in-country operation which includes the support activities plus the river patrols, sir.

(The information requested follows:)

The Navy has played a key role in the events in Southeast Asia and continues to do so. Since World War II, units of the 7th Fleet have sustained an alert posture in the Western Pacific, and airplanes from the carriers *Constellation* and *Ticonderoga* provided the first U.S. tactical air support in Vietnam within 2 hours after the decision to commence air strikes.

The Navy has had several basic tasks which fall into the following broad categories:

Provide tactical air support to interdict North Vietnamese warmaking capability and overland resupply routes.

Provide air and surface naval units to prevent logistic support of Communist forces from the sea.

Control and pacification of the delta and areas accessible by riverine craft.

Conduct air and sea reconnaissance.

Vietnamization of the naval aspects of the war.

In-country military construction.

Management and protection for the surface logistic lines of communication for all services.

Close air and naval gunfire support for engaged troops ashore, independently, and in concert with Air Force and Marine tactical aircraft.

Maintenance of an amphibious landing capability.

Details of the Navy's operations in fulfilling these tasks are contained in the following paragraphs.

The Navy's participation in Southeast Asia operations has been predominately through the resources of the U.S. 7th Fleet. In addition to the attack carriers, these forces have comprised an impressive array of ships and aircraft. An average in-area ship and unit count taken any time during the last 2 years would show approximately five carriers, including three "on the line"; ——— destroyer type ships with ASW, antiaircraft and antimissile (AAW), sea surveillance, and gunfire support capabilities; two heavy cruisers and/or the battleship *New Jersey* with their large caliber guns, and one AAW cruiser. Additionally, on a daily basis, there have usually been on station about ——— submarines, ——— underway replenishment and mobile support ships, ——— amphibious ships, ——— mine warfare ships, over ——— Market Time/Game Warden, including mobile riverine, ships and small craft, plus ——— patrol and reconnaissance aircraft squadrons.

As of June 30, 1969, a total of nearly 80,000 Navy personnel were manning these 7th Fleet units or were involved in war-related operations in South Vietnam, and another 20,000 were directly supporting the war effort at other locations in the Western Pacific.

SCOPE OF NAVAL AIR OPERATIONS

The three-carrier task force at Yankee Station in the Tonkin Gulf, operates 24 hours a day, 7 days a week, capitalizing on the inherent versatility of a mobile base. Our sea-based air wings have been able, during the course of the war, to move quickly to optimum launch positions—north or south—in support of the war effort against a determined enemy. Last year, for instance, a CVA moved to a position abreast the DMZ in direct support of our troops at Khesanh. In quick response to major strike requirements in the Hanoi/Haiphong complex, carrier air wings from their mobile sea bases have launched from positions far to the north.

This balanced force has operated across a broad spectrum of air warfare missions, demonstrating an ability to fly up to ——— combat/combat support sorties per month. Through October 1968 Navy fighters consistently sought out and successfully engaged Communist fighters. Sophisticated electronic warfare aircraft, launched from carrier decks have the capability to jam enemy radars. Supersonic reconnaissance aircraft have photographed virtually every square foot of North Vietnam. Navy attack aircraft have been able to operate continuously day/night and in all weather against every type of target ranging from radar sites and thermal power plants to bridges and moving trucks. The modern computer controlled ordnance delivery systems now used in Navy attack aircraft have significantly improved accuracy of aerial bombing. The computerized radar control aircraft operating from carrier decks automatically provide surface and air target data-link information to ships of the task force as well as sophisticated airborne fighter intercept control.

Of major interest has been the ability of sea-based logistic support ships to resupply task force 77 at sea on a continuous basis—in fact, flight operations, launches and recoveries of high performance aircraft, often take place simultaneously with "alongside underway replenishment. High speed coupling/uncoupling of fuel lines, a technique developed by the U.S. Navy, is now routinely used by ships of the task force. A modern air wing, which consists of 100 aircraft on the newer aircraft carriers of the Navy, can expend up to 250–300 tons of ordnance per day while consuming over 100,000 gallons of jet fuel. The logistics problem is formidable but has been met routinely by the sea-based logistics support ships of the fleet.

During the course of the air war in Southeast Asia, the U.S. Navy has introduced a variety of new aircraft and weapons systems into combat. The F–4 Phantom, employing the Navy's Sparrow missile and sidewinder, was introduced into aerial combat in April 1965. The Sparrow became the primary all-weather missile and the sidewinder the primary "dogfight" clear air mass missile for both Navy and Air Force in Southeast Asia. Employing these two missiles, the "first line" U.S. fighter plane, the F–4, achieved an exchange ratio (kills/losses) of approximately ——— over Soviet-built MIG fighters in North Vietnam. Of the nearly ——— to air-to-air missiles fired by all U.S. tactical airplanes in combat, ——— or ——— percent were Sidewinder/Sparrows.

The A–6A Intruder first employed in Southeast Asia in July 1965, is the first effective all-weather tactical aircraft in aerial warfare history. This remarkable

weapons platform can navigate to, attack, and destroy important military targets in heavily defended areas under conditions of night and all weather.

The A–7 Corsair II visual attack aircraft made its debut aboard U.S.S. *Ranger* in December 1967 and has proved to be a highly effective asset with its long range and large bomb carrying capacity.

Among the new weapons, the Walleye is a remarkably successful television-guided bomb which has a hit rate over ——— in combat. ———.

The Shrike and Standard Arm are antiradiation missiles which home on enemy radars. They have been used successfully to suppress and destroy enemy missile and fire control radars in North Vietnam. In addition to these airborne weapons, ———.

NAVAL GUNFIRE IN VIETNAM

Gunfire from the cruisers, destroyers, amphibious ships, and battleship of the 7th Fleet has been employed in two distinct but related roles: (1) naval gunfire support (NGFS) of U.S. Marine Corps, U.S. Army, and other free world ground forces ashore; and (2) Operation Sea Dragon, interdiction by naval gunfire of the southward flow of war materials from North Vietnam.

The use of naval gunfire support (NGFS) commenced in South Vietnam on May 21, 1965. Its mission is to deliver naval gunfire against enemy targets in support of anti-sea-infiltration operations, amphibious operations, and U.S. and free world armed forces operations ashore. Approximately 2.4 million rounds of ammunition have been expended against such targets as troop concentrations, weapon sites, waterborne logistic traffic, storage and staging areas, infiltration points and lines of communication in each of the four corps tactical zones.

Operation Sea Dragon commenced October 25, 1966, and was terminated November 1, 1968. The mission of Sea Dragon was to destroy North Vietnamese vessels transporting supplies to the south, to interdict lines of communication, and to destroy or harass supply routes ashore. Sea Dragon forces expended over 250,000 rounds primarily against waterborne logistics craft, and secondarily against shore targets and in self-defense against NVN coastal defense batteries. Sea Dragon was designed to supplement and complement aerial strikes against the NVN logistic network.

The success of the Sea Dragon interdiction effort was borne out by major decreases in the number of waterborne logistics craft sighted after our gunfire ships patrolled the coastal waters of North Vietnam.

AMPHIBIOUS

The Navy's amphibious forces have played a vital role in countering the aggression against South Vietnam. In 1965, when the Vietcong and the Government of North Vietnam had escalated their campaign to major unit actions and were on the brink of victory, our amphibious forces landed marines at Danang, Hue, and Chu Lai. These first American combat units to enter the war reversed the tide in the critical northern quarter of South Vietnam by denying the major population centers to Communist forces and by establishing combat bases for counterattacks against enemy units in the countryside. As the Communists intensified their efforts and the American commitment grew apace, first one and then two Amphibious Ready Groups (ARG), (each tailored around the "vertical envelopment" capability of the LPH helicopter carriers and each embarking a special landing force (SLF) composed of a Marine battalion landing team and helicopter squadron), supported our troops and those of our allies from the DMZ to the Mekong Delta. From the Danang landing in 1965 through October 1969, 69 amphibious operations have been conducted, ranging from assaults against enemy strong points on the coast to deep helicopter-borne penetrations of the highlands. The versatile amphibious ready groups have served as mobile fire brigades, launching embarked marines against isolated enemy base areas, reinforcing embattled friendly forces in major engagements, and relieving weary shore-based units for needed rest.

This ability to range up and down the coast at will and insert a firepower package capable of handling "brush fire" contingencies provides the 7th fleet with a high degree of flexibility, and serves to keep the enemy off balance.

RIVERINE, COASTAL SURVEILLANCE AND INTERDICTION, SEA LORDS AND SEAL OPERATIONS

In 1964 the Commander Military Assistance Command, Vietnam requested the U.S. Navy to apply expertise to the problems of inland and coastal waterway

warfare in Vietnam. In response, the Navy established several task forces to meet this challenge. These are:

(*a*) Market Time forces which are responsible for preventing infiltration by the enemy from the sea. Their area of responsibility is the 1,200-mile coastline of the Republic of Vietnam. Their efforts are devoted to three separate patrols; inshore barrier, offshore patrol, and aircraft barrier. The coast is divided into nine offshore and 40 inshore patrol areas. The inshore patrols are manned by PCF's (swift boats), WPB's (Coast Guard patrol boats) and South Vietnamese Navy (VNN) craft. The offshore patrol is comprised of WHEC's (Coast Guard high endurance cutters), MSO/MSC's (minesweepers), LST's (tank landing ships) and PG's (patrol gunboats). Additionally, multiengined patrol aircraft patrol the coastal waters continually. The mission of the surface units involves stopping and searching all suspect waterway traffic. In conjunction with stop and search operations, Market Time boats are actively engaged in psychological warfare operations in all areas where they have ready access to the populace. Since initiation in March 1965, Market Time forces have detected and aborted ——— known major infiltration attempts. In addition, these forces have made a significant contribution to naval gunfire support.

(*b*) Game Warden forces, which are responsible for assisting the Republic of Vietnam to gain control of the national population and resources in the Mekong Delta, Rung Sat Special Zone, and the Cua Viet River and Perfume River in I Corps Tactical Zone. The operations essentially parallel the efforts of the Vietnamese National Police and Customs Service. Their operations include inland waterway patrol and interdiction. The three-man crew, 31-foot fiberglass PBR (river patrol boat) is the principal asset used to accomplish this mission. These boats are supported by Navy helicopter gunships (Seawolves) and OV–10 type aircraft (Bronco's). Their mission is to harass and interdict enemy operations to the greatest extent possible. Game Warden also carries out shallow minesweeping operations, primarily in the main Saigon shipping channels, in order to keep these vital lifelines open to merchant shipping.

(*c*) Under the initial plan, a Riverine Assault Task Force was also established. This task force was responsible for riverine troop assault on known or suspected enemy strongholds in the Rung Sat Special Zone and the Mekong Delta. This was a joint U.S. Navy and U.S. Army force. On August 25, 1969, after having turned over most of its assets to the Vietnamese Navy, the task force was dissolved and the remaining assets were combined with Game Warden forces for use in operation Sea Lords.

(*d*) Sea Lords (Southeast Asia Lake Ocean River Delta Strategy) which was conceived as a series of integrated operations designed to halt the flow of enemy troops and material into the delta from Cambodia. Each has a primary mission of interdicting enemy activities within an area where the enemy has traditionally maintained control. A secondary mission is to establish a friendly presence in the area to assist the GVN pacification program. Additionally, they are now transporting ARVN and U.S. Army troops on Riverine assault operations, and they perform waterborne guard post duties.

Significant results achieved through Sea Lords operations through October 23, 1969, include the capture of 712 tons of enemy material, and an enemy/friendly kill ratio of 12.4 :1.

(*e*) Sea air land (Seal) teams: Seal's have been engaged in the Vietnamese conflict since January 1962. The mission of the Seal team has been the conduct of naval warfare against the Vietcong. ——— separate detachments presently operate in the Mekong Delta and the Rung Sat Special Zone as reconnaissance patrols and intelligence gathering units in advance of major forces. Independently of other forces, they conduct raid and guard post actions against the Vietcong infrastructure and in support of Game Warden operations. ——— operates from Danang in training RVN forces for similar special operations. Seal teams from the Atlantic and Pacific Fleets are fully engaged in Vietnam and continue to operate with success in their specialized brand of operations.

NAVY'S ROLE IN VIETNAM CONSTRUCTION

In addition to providing naval mobile construction battalions (Seabees), the Navy is contract construction agent for all DOD forces in Vietnam.

As the DOD contract construction agent, the Naval Facilities Engineering Command's Officer in Charge of Construction, Republic of Vietnam (OICC-RVN) has been administering construction contracts in RVN since 1962 when work was started on airfields and communications facilities under the military assistance

program. When the buildup of U.S. Forces was accelerated in 1965, the OICC-RVN and a major cost-plus award fee construction combine were mobilized incountry to perform the heavy major construction works, airfields, ports, and logistic depots necessary to support the expected U.S. Forces. The contractor forces built up rapidly to a peak of 51,000 men and a monthly production rate which, at one time, exceeded $60 million. Over $1.5 billion worth of construction has been completed to date. Over 150,000 Vietnamese have received training and work experience in construction skills.

Naval and Marine Forces were supported by naval mobile construction forces which reached a peak number of 12 Seabee battalions (each of 720 highly skilled men). These forces erected tactical support facilities such as bunkers, bridges, and tactical airfields, and performed extensive cantonment and warehouse construction.

Coordination and cooperation between the Seabees and the contractor forces has been excellent.

In both the volume of construction accomplished and in the innovations employed, managerial as well as technical, the role of the Navy in Vietnam construction has been a major one.

NAVY LOGISTIC SUPPORT IN SOUTH VIETNAM

The Navy's logistic mission ashore in South Vietnam is performed by the naval support activities at Da Nang and Saigon.

The naval support activity, Da Nang, provides shore-based logistic support in I Corps Tactical Zone including the management of port operations. Military cargo through the ports and over the beaches in the I CTZ has totaled as high as 7 million measurement tons annually. Da Nang consistently satisfies 90 percent of the demands for material which are placed on them. We now have ——— naval personnel at NSA Da Nang.

The mission of providing or arranging logistic support for all U.S. Naval Forces and some 15 bases in the II, III, and IV Corps Tactical Zones is the responsibility of the naval support activity at Saigon. Supplies of all classes of materials, repairs and overhauls, base defense billeting and messing support are all provided directly at the scene of operations. We now have over ——— naval personal at NSA Saigon.

SEALIFT

Sealift, under the Commander, Military Sea Transportation Service (Comsts), has formed the lifeline to our operations in Southeast Asia; practically all military cargo (97 percent) and all of the bulk petroleum products have moved to Vietnam by sealift.

Since the outbreak of the Vietnam conflict, it has been necessary to increase the MSTS controlled fleet from a total of 94 ships in April 1965 to a high of 577 ships. The MSTS has served a vital role in organizing and controlling our available maritime resources to provide the sealift requirements for military operations in Vietnam.

CIVIC ACTION

In the area of civic action Navy units in South Vietnam have made a large contribution toward uplifting both morale and the standard of living of the Vietnamese. Seabees have constructed schools, hospitals, and homes plus contributing the know how to self-help projects which result in the Vietnamese acquiring the skills to perform by themselves. In addition, Navy medical teams provide medical and dental care for thousands of villagers each month.

VIETNAMESE NAVY IMPROVEMENT AND MODERNIZATION

The current improvement and modernization program for the Vietnamese Navy (VNN) is proceeding on schedule. Commander Naval Forces, Vietnam, is closely monitoring the program and is accelerating the schedule in areas where VNN progress has exceeded expectations. Combat craft are being provided first in the turnover program in order to rapidly increase VNN combat capability.

The success of the VNN modernization program depends largely on the proper training of VNN officers and enlisted men. Qualified junior officers and leading petty officers are in short supply. These shortages coupled with the time required for language training and the development of maintenance expertise are critical areas that could prove self-defeating if the turnover program is accelerated beyond the growing capability of the VNN.

The USN assets provided by the turnover program will furnish the VNN with the capability to assume the major portion of the naval air incountry with the exception of helicopter/fixed wing support for riverine combat units. The VNN is lacking in depth in maintenance capability. Also, the turnover program, as presently contemplated, does not provide for the support missions presently fulfilled by the U.S. Navy; such as naval gunfire support. CVA-based tactical air and VP land-based air patrols.

VNN force structure.—Force expansion is ahead of schedule in total numbers. The VNN has increased in size nearly 10,000 during the past year. All recruits are volunteers and reported to have a minimum of an eighth grade education. Training of potential candidates for NCO and officer status is less than desired due to the lack of quality and quantity of available student personnel. A proposed revision to the promotion system would offer some relief for the petty officer rank structure imbalance. Expansion of the warrant officer program and other corrective measures are being instituted to minimize the impact of the officer shortage.

Training.—In addition to our formal land-based training sites which are now taxed to the limit, the U.S. Navy is conducting an extensive training program for those VNN personnel who will ultimately be assigned to the boats and craft of the VNN.

Trainees are primarily new recruits who have received 5 weeks of weapons orientation from the ARVN and 3½ weeks naval orientation from the VNN. A Boat Orientation School trainee receives technical instruction in weaponry, engineering and operations, as well as operational training on the craft. Each trainee also receives some English language instruction. Upon completion of the Boat Operation School, the trainee is assigned directly to a USN craft for intensive on-the-job training. VNN personnel appear to be enthusiastic and eager to learn.

Operational status.—The mission of the VNN is to conduct aggressive naval operations in support of the RVNAF objective to defeat the VC/NVA forces, and to assist the GVN in expanding control throughout the Republic of Vietnam. Improvement in the operational capability of the VNN has resulted in increased participation in coastal surveillance and riverine warfare activities. ——— Since January 1969 over 242 U.S. ships and craft have been turned over to the VNN. An Amphibious Task Force Command was also established to effect control of the newly formed River Assault Interdiction Divisions. Vietnamization of the Navy is proceeding at a rate ahead of our earlier predictions. On the prognosis from current performance in these areas, ——— of the small craft in Vietnam and the bulk of incountry riverine operations will have been turned over by the end of June 1970.

NAVAL PERSONNEL INVOLVED IN VIETNAM OPERATIONS

Mr. MAHON. About how many people do you have in Vietnam?

Admiral MOORER. We had about 36,000 men in-country. This has been reduced to about 33,000 due to the recent withdrawals.

In the 7th Fleet we have also effected some significant reductions in terms of destroyers. We have reduced the number of attack aircraft carriers in West Pac as of July 1 from five to four and reduced some of the patrol activities.

Mr. MAHON. How many Navy personnel are involved outcountry but within a few hundred miles——

Admiral MOORER. About 79,000.

Mr. MAHON. Within a few hundred miles of Vietnam?

Admiral MOORER. Yes, sir; and in addition to that, of course, we have the Marines that General Chapman can speak of.

Mr. MAHON. Let us also have the information in regard to Marine personnel.

Admiral MOORER. I will prepare a table, sir.

(The information follows:)

NAVY PERSONNEL INVOLVED IN VIETNAM

	Military	Civilian
A. In-country	33,000	390
B. 7th Fleet:		
1. Afloat offshore; west of 115E in waters adjacent to Vietnam	———	.....
2. Afloat elsewhere but rotate into offshore area in relief support of above units:		
(a) Japan	———	.....
(b) Ryukyus	———	.....
(c) Philippines	———	.....
(d) Taiwan	———	.....
(e) Other waters	———	.....
Subtotal	———	.....
3. Ashore support:		
(a) Japan	———	.....
(b) Ryukyus	———	.....
(c) Philippines	———	.....
(d) Guam	———	.....
(e) Taiwan	———	.....
Subtotal	———	.....
Total, 7th Fleet	79,000	390
C. Navy total	112,000	390

MARINE CORPS PERSONNEL INVOLVED IN VIETNAM

The Marines currently in Vietnam are engaged in conducting operations against the NVA and residual elements of the Vietcong forces in addition to continuing our pacification program.

Disposition of major FMF tactical units in Vietnam is as follows:

Quang Nam Province (Danang):
- Headquarters III Marine Amphibious Force
- Force Logistics Command
- Headquarters 1st Marine Division
  - 1st Marine Regiment
  - 5th Marine Regiment
  - 7th Marine Regiment
  - 26th Marine Regiment
- Headquarters 1st Marine Aircraft Wing
  - Marine Aircraft Group 11
  - Marine Aircraft Group 16

Quang Tri (Dong Ha):
- Headquarters 3d Marine Division
  - 4th Marine Regiment

Thua Thien (Phu Bai):
- Marine Aircraft Group 36
- Provisional Marine Aircraft Group 39

Quang Tin/Quang Ngai (Chu Lai):
- Marine Aircraft Group 12
- Marine Aircraft Group 13

The Marine Corps is currently in the process of withdrawing 18,483 Marines from Vietnam.

The major units involved are the 3d Marine Division and elements of the 1st Marine Aircraft Wing, which are being redeployed as follows: ———

Redeployement commenced on September 18, 1969, and will be completed by ———.

Status of forces is as follows:

Current Forces	*Forces as of* ———
Vietnam ———	———
Okinawa ———	———
Japan ———	———

Reduction in Navy Funds

Mr. Mahon. We are saying that Secretary Laird's target probably—and this is all subject to some degree of flexibility, I am sure—for reducing spending is an overall amount of about $3 billion for the current fiscal year. What is the Navy portion of that reduction in spending that has been identified to date?

Secretary Chafee. Of spending—nearly $585 million.

Mr. Mahon. When you translate that into appropriations, what is identified as the reduction as of this date?

Secretary Chafee. $1,069 million.

Mr. Mahon. Now, can you produce for us a table showing where these reductions are proposed?

Admiral Moorer. Yes, sir; I have it right here, Mr. Chairman.

Mr. Mahon. Can you show us and will you show us where the reduction would be spelled out, and what such reduction would actually be in the various items of appropriations in the Navy, Admiral Gaddis?

Admiral Gaddis. Yes, sir. We have in the backup material for the committee the appropriation breakout of this amount.

Mr. Mahon. Very well.

Mr. Sikes. When will we have an opportunity to have some information on that?

Mr. Mahon. Yes, we will go into that after we have a broad presentation.

Effect of Reduction on Vietnam Operation

Now, can these reductions, Mr. Secretary, and Admiral Moorer, that are presently identified, be made without any significant, substantial, or dangerous impact on the war in Vietnam?

Secretary Chafee. Yes, sir; I am confident they can be.

Admiral Moorer. There will be reductions, though, sir, in terms of the volume of gunfire support as well as the tempo of air operations. But with the present military situation—and I emphasize the phrase "present military situation"—in Vietnam, I think these can be done without developing what you called a dangerous situation.

Mr. Mahon. We assume if the war should suddenly or gradually escalate and if the present tempo should be significantly changed, then this would change your overall approach to the cost and to the operations related to the war?

Admiral Moorer. I would hope so, yes, sir.

Mr. Mahon. But the point is, as of now, as best you know, the identified cuts would not dangerously or seriously have an impact on the war in Vietnam?

Admiral Moorer. That is correct, as the war is going today, sir.

Identification of Reductions

Mr. Mahon. You have identified over $500 million with respect to the war, but I believe you indicated, Mr. Secretary, that your target was $1 billion in spending. Not a billion dollars-plus in appropriations, but spending. Where do we get the rest of the money? Where are you as of now with respect to further reductions?

Secretary CHAFEE. So far we have identified the $585 million, and the rest just has to be identified in the future.

Mr. MAHON. You have had quite a little time to work on it. Have you come to some conclusion?

Secretary CHAFEE. Well, they will be in support areas. I am being perfectly candid when I say the ships haven't been identified.

Mr. MAHON. Why are you making the cuts which have been identified and why are you proposing cuts which have not yet been identified?

Secretary CHAFEE. Excuse me, sir? Why have we not made the cuts——

Mr. MAHON. Why are you making the cuts which have been identified and why are you proposing cuts which have not yet been identified?

Secretary CHAFEE. We are proposing the cuts that have not been identified because of the overall reductions that are being imposed by the Defense Department on the various services, as you originally outlined.

Mr. MAHON. Is this being done solely on a budgetary basis or is it being done on the basis of tightening up the operation of the military establishment, saving some money and promoting efficiency and so forth?

Secretary CHAFEE. I think it is a combination of both. I think the thrust is coming from the overall ceiling that has been placed on governmental expenditures, the increase in certain accounts that are not controllable, and the resulting need to reduce the accounts that are controllable—among which are the Defense Department. It is hoped these reductions will result in greater efficiency, but I think Mr. Laird has publicly acknowledged that in taking these reductions there will be, unquestionably, reductions in capability as well.

EFFECT OF REDUCED VIETNAM OPERATIONS

Mr. MAHON. But these reductions are not associated with prosecution of the war in Vietnam?

Secretary CHAFEE. No, sir. As Admiral Moorer mentioned, we are reducing some ships that have been serving there—for instance, the gunfire support ships—so in that instance they have been involved in the prosecution of the war in Vietnam, but with the war continuing as it has been, we don't consider this represents a risky reduction.

Mr. ANDREWS. The North Vietnamese are suggesting that you pull out of South Vietnam and the administration is operating on the hope that there will be a deescalation of the war in the future.

Secretary CHAFEE. Not only in the future, sir, but I think there has been to date—in the tempo of operations.

Mr. ANDREWS. Let me put it this way then: Deescalation will continue, but if operations increase you will have to get back in high gear in a hurry to meet your commitment. Is that the size of it?

Secretary CHAFEE. That may well be. It may turn out that the forces that are presently there, including the Vietnamese, couldn't be able to handle it; but our belief is that this giving of increased responsibility to the Vietnamese has worked successfully to date. We are very optimistic the way things have been proceeding to date.

Now, I think this is always a fragile thing. How fast you can push it has to be carefully watched.

Admiral MOORER. With the exception of the 36,000 men, which is the maximum number we reached in the so-called in-country operation, the Navy has not had what one might call a discreet force that was focused solely on Vietnam. In other words, our ships rotate and even those from the Atlantic Fleet come over to Southeast Asia. Therefore, the reductions that we have made have, in effect, reduced the overall worldwide capability of the Navy.

Mr. MAHON. We agree that reductions made in forces does have an impact on the worldwide effectiveness of the Navy. We understand that.

DETAILS OF REDUCTION

We want to know what figures to place opposite the various items in the bill. We have gotten to that point. We are not interested at this time in going into a lot of philosophical discussion, so let's begin right now in any way you desire to proceed and tell us what this $580 million-plus cut in spending, and $1 billion-plus cut in appropriations actually means. Will you please proceed in any way you desire, Mr. Secretary?

Secretary CHAFEE. We have reduced 99 ships——

Mr. MAHON. If you want the budget officer to do any of this work for you, let him do it.

Secretary CHAFEE. I will give a general rundown and then, if the committee wants more specifics, we have it here; 99 ships and 162 aircraft have resulted in—I will talk about expenditures now, if I may—an expenditure saving of $138.8 million.

Mr. MAHON. You will place also in the record in connection with this discussion the impact on appropriations?

Secretary CHAFEE. That is $169.2 million in appropriations. Operations, $57 million in expenditures and $68.9 million in appropriations.

The Marine Corps reduction in personnel, $23.2 million in expenditures and $42 million in appropriations. That was in the phase I redeployment. In the phase II redeployment, $76.3 million in expenditures and $102.1 in appropriations.

Research and development, $121.5 million in expenditures and $221 million in appropriations.

In the procurement of aircraft and missiles—primarily aircraft in this instance—$2.8 million in expenditures and $18 million in appropriations.

In ship procurement, $2.3 million in expenditures and $63 million in appropriations.

In other procurement, $106.2 million in expenditures and $303 million in appropriations.

In procurement, Marine Corps, $15.5 million in expenditures and $30.7 million in appropriations.

Now, that is the general view, sir.

NEED FOR SPECIFIC INFORMATION

Mr. MAHON. Now, here is our problem: We have often reduced the defense budget. Last year we reduced the defense appropriation by about $5 billion, I believe. We did it with some consultation with the

executive branch. We thought under all the circumstances these reductions could safely be made and in my judgment nothing has happened to indicate that we were in error in the actions which we took.

Now, in my judgment the 1970 defense budget, despite all the attacks being made on the Department of Defense, is now a tighter budget than was the 1969 budget.

We in the legislative branch are not in the driver's seat from the standpoint of defense operations. Under our system of government, the executive branch must manage and administer the programs.

However, you are going to have to make cuts. Now, if you live up to this expenditure reduction of $1 billion, I think you may make cuts that are rather drastic and which may impact rather seriously on certain programs. Cuts which I doubt the Committee on Appropriations and a majority of the Members of the Congress would want to see made.

I am probably sounding like a hawk and a spender and all that, but sound as I may, I think I am confronting the facts of life as they are.

Now, you have given us dollars but we need these dollars translated into programs so we will understand. Cuts in aircraft, cuts in ships. Just what does this all mean?

There is no doubt but what the Navy and the Department of Defense, if you are conscientious, and I think you are, can do a better job in picking out places where postponements or eliminations can be made.

It troubles me that we haven't the full picture of what you propose to do. I don't think it would be practical for us to blindly—it wouldn't be entirely blindly because we have had months of hearings—for us to make sharp reductions in certain fields in which we haven't had the best judgment of the Navy.

As you know, and as most members of the committee know—I am doing most of the testifying this morning, but I can't help that—Congress approved an expenditure limitation based on the President's budget.

The President said he wanted so much money and we said "All right, we will approve your spending limitation as set forth in your budget."

But we also said, "If you wish to raise it and if Congress raises it, then the spending figure would go up."

The President has complete flexibility and the Congress has complete flexibility to provide funds in addition to the budget of President Nixon, which was submitted on April 15.

What we need is more information on what the Navy plans to do in arriving at the reductions which have been placed upon it as a result of the congressional limitation on expenditures.

EFFECT OF 2-YEAR REDUCTION ON NAVAL OPERATION

Admiral MOORER. Mr. Chairman, I do not want to leave the impression with the committee that the cuts we are experiencing do not affect the combat capability of the Navy.

Mr. MAHON. You are talking about worldwide now, particularly?

Admiral MOORER. Yes, sir.

I would like to point out that since 1965 when the tempo of operations increased, when we made the landings there and commenced

air operations, since that time the overall force level of the Navy was increased very little. In other words, we have conducted the Vietnam war, except for some augmentations, with the force levels that we had when we started.

Now, as a result of a series of budget actions commencing with the Revenue and Expenditures Control Act of 1968, then the review of the Johnson budget that was made by the new administration last spring and finally the cut that we must make in order to reach the billion dollar expenditure reduction, we find that the Navy has had to cut its obligational authority by $4.5 billion; its expenditures by $2 billion. These budget actions have made it necessary to inactivate 187 ships by July 1, 1970, which are in addition to ships that were previously scheduled for inactivation.

At the same time we plan to have brought in only 81 new ones and to have returned 17 conversions to active service. Taking into account the other scheduled inactivations, there will be a net reduction of 182 ships. We shall have to inactivate 281 operating aircraft, and our personnel strength during this 1-year period will be reduced by a total of about 77,600 officers and enlisted men and 33,000 civilians.

(It has been subsequently determined that 60 of the 281 combat aircraft associated with squadron inactivations, can be reassigned to the Reserves and to other less demanding noncombat activities involving considerably lower flight utilization. Thus the total number of aircraft actually expected to leave the inventory by July 1, 1970 as a result of these budget actions will be 221.)

Now, when we were requested to make recommendations as to how we would effect these expenditure reductions, Secretary Chafee and I have tried to achieve two things: One, we have tried to retain sufficient forces and sufficient operating funds to carry out, in a minimum way, the commitments of today and, two, we have supported our new programs because we must look to the future. Consequently, the reductions we made beginning about this time last year have focused on those two goals.

Mr. MAHON. I think the record ought to be perfectly clear that in talking about a $4 billion cut in appropriations and a resultant reduction of a lesser amount in expenditures, you were talking about fiscal years 1969 and 1970?

Admiral MOORER. That is correct; yes, sir, but the action has taken place in about 12 months, sir; from last year about this time until now.

Mr. MAHON. But not on a fiscal year basis?

Admiral MOORER. No, sir. I was just talking about the most recent cuts.

Now, assuming that we would meet the billion dollar expenditure cut for 1970 and inactivate the ships that were required to give us the funds, we would then find ourselves on July 1, 1970, with a smaller Navy by some 90 ships than we had when the tempo in Vietnam began to increase.

Mr. MAHON. Of course, but you would have a more effective Navy and a more modern Navy.

Admiral MOORER. Yes, sir; but most of the time during the Vietnam war the expenditures were focused on the war and not on modernization. For instance, last year we had the lowest SCN budget that we have had since 1955. This year we are buying fewer fighter and attack

aircraft than at any time since 1946. So this is why we are trying to concentrate on new programs, to try to regain this loss of modernization that took place during the last few years.

Mr. MAHON. That is all well and good. So what? What effect does that have? Are you arguing against the cuts that have been imposed by the administration, or what?

Admiral MOORER. I am saying I am disturbed by the trend during the past year, so far as the Navy is concerned, in light of the Soviet buildup, as well as the war, and I think that the cuts that we are talking about just about take us down to rock bottom and it does entail more risks.

Now, incident to these cuts, for instance, we have reduced some patrols in the Western Pacific. As I said before, we have reduced the number of ships available for gunfire support and things of that kind. We have, however, maintained a capability to keep the 6th Fleet at its current level in light of the intense Soviet activity in the Mediterranean.

Mr. SIKES. May I ask a question there?

TYPES OF REDUCTIONS TO BE MADE

Mr. SIKES. What you have given us in the way of figures doesn't quite tell the story that I would like to know.

Can you tell us more about the direction that reductions are taking in the Navy? Are you going to reduce the number of shore establishments? Are you going to reduce the fleet operating facilities? Are you going to do without modernization? Are you going to sacrifice current activities in order to achieve modernization? Can you orient your answer to tell us what tomorrow's Navy is going to look like in the general area that I have outlined?

Admiral MOORER. First, Mr. Sikes, we are reviewing the entire base establishment as you would expect. This, of course, requires a more extensive analysis in order to come up with firm answers.

Generally speaking, the first year a base is closed very little cost reductions result, as you know. It is the out years that are affected by closing a base.

So far as the tradeoff between current capability and modernization for the future is concerned, we have tended to emphasize modernization for the future and that is why I said we have decided to leave funds generally in the budget for the new programs, sir.

Mr. SIKES. Are you cutting back on R. & D.? I noticed quite a lengthy article in the press this morning that there are some who feel we are substantially crippling research at primarily the college level because of R. & D. reductions by the Federal Government.

Are your R. & D. programs going to suffer?

Admiral MOORER. R. & D. programs will be reduced somewhat, sir, and we will not be able to do all of the R. & D. that we would like to do, but I think it will give us a sound program although an austere program.

This again, sir, is not settled by any means between the Navy and Defense as to exactly what the R. & D. program is going to be.

Mr. SIKES. Have you identified bases to be closed? I am not learning much.

Admiral MOORER. Yes, sir. Let me say this: We have earmarked bases to be studied for closure and for reduced operation, but this is something that can't be done hastily because it involves many things, as you know, and a reorientation of deployment and things of this kind.

Mr. SIKES. I would hope none of this will be done hastily because I have seen these peaks and valleys in defense expenditures before and the final result has always been an extremely costly and in the long run damaging procedure to the Military Establishment, and to our prestige abroad, so I am seriously concerned that we may be cutting too deeply or not in the right areas. I don't think there is the demand for defense cuts that the headlines would indicate and I know there is not the justification for them. We have to save money if we can and you are embarked on that program.

NEED TO REDUCE REQUEST FOR FUNDS FOR OVERTIME

One little side item: This is only a minor thing, but it has some impact. You have announced some reductions in civilian personnel and the Navy is requesting quite a bit of overtime in its civilian accounts. It would seem to me from the standpoint of efficiency as well as economy and cost reduction and taking into consideration the well-being of the individuals employed by the Navy and their families that you should eliminate a considerable amount of the overtime that you have requested. This would keep more people on the payrolls and diminish the impact of personnel reductions.

Have you given any thought to that? Overtime is a costly thing.

Admiral MOORER. That has been studied, of course, but one of the problems is the fact that we have a total overall ceiling in civilian personnel and consequently we don't always have the flexibility that you suggest.

Also, we have peaks of work, particularly in the shipyards and consequently the overtime is used primarily for certain periods when the work peaks up.

Secretary CHAFEE. First, in connection with the overtime, the budgeted figure for 1970 is less than 1969 and is actually down to the 1968 level.

REVIEW OF PROPOSED REDUCTION

Secondly, in connection with these reductions, I would just like to say something, if I might: The reason we cannot positively identify to the committee the further reductions beyond the $585 million—as has been mentioned, we suggested them to the Secretary of Defense and they haven't yet received his approval.

However, everything involves a risk. I don't think the military services ever get as much as they think they would like to have. The committee is far more experienced with that than am I, but I feel the reductions we have identified to date, although they as such do present some risks, they are not unacceptable risks. I am, therefore, prepared to support the reductions we have identified.

Mr. SIKES. If these reductions are all acceptable, why have they not been made earlier so we could have saved money sooner?

Secretary CHAFEE. Mr. Sikes, I cannot answer that, except by saying that this is my first time in the ring here. Second, the tempo of the war has declined. Obviously some of the reductions are associated

with that. For instance, the ones I mentioned that the Marines are achieving are directly attributable to withdrawal of marines from Vietnam; that is, combat pay, and all the pipeline personnel that are tied up in the war.

Mr. SIKES. This, I think, is fully understandable and is a logical procedure. Then are we going to shift our emphasis to modernization? You know and I know that there is a generation gap in modernization as far as American aircraft, and I presume American ships are concerned. The Soviets have not had the problem of the war and the necessity of war expenditures and they have been able to concentrate on modernization, where we have had to expend our resources in fighting a war.

Are we now at the point that we are going to be able to concentrate on modernization, or is that also going to be slowed down?

Secretary CHAFEE. No, sir; I think we are concentrating on modernization. We chose to take reductions in ships and personnel associated with those ships in order that we could preserve the funds we have put in modernization. I am speaking of the 1971 budget which we are working on. In this 1970 budget, as you know, we have about twice as much for ship construction as we had a year ago. I think that is a very favorable step for the Navy.

Mr. SIKES. Is that program being cut?

Secretary CHAFEE. No, sir; that is not. I think there is a very small dollar cut in the authorization.

Admiral MOORER. The FDL was dropped and the third submarine was added which amounted to a small dollar cut in the total authorization.

Mr. MAHON. FDL is not authorized?

Admiral MOORER. No, sir.

Secretary CHAFEE. We made no cuts ourselves.

(Discussion off the record.)

SOVIET FLEET MODERNIZATION PROGRAM

SURFACE FLEET

Mr. SIKES. Let me ask this question: Have you been able to ascertain specifically whether there has been a significant degree of modernization in the new Russian ships which have gone into the fleet, which shows developments that are significantly beyond the developments in our ships? Remember I said joining the fleet. I am not talking about research and development. I am talking about the ships that are being placed in inventory in Russia compared to the ships being placed in inventory in this country. Can you tell us something about the comparative degree of modernization?

Admiral MOORER. Yes, sir. Of course, they have placed in their surface ships a complete suit of missiles, that is, surface-to-air and surface-to-surface missiles. It is quite clear by looking at their superstructure that the ships are equipped with a full suit of electronics of all types, both radar for detection purposes as well as ECM equipment. ———.

Mr. SIKES. Are they as modern as anything we are building?

Admiral MOORER. Yes; I would think so.

Mr. SIKES. Are they more modern than ours?

Admiral MOORER. I would not think they were more modern. I think, relatively speaking, insofar as the older ships are concerned, they have made more rapid improvements than we have. I think you would expect to find that in a country that was coming from far behind. Another thing, Mr. Sikes, that they have emphasized in many of their combat ships is gas turbine propulsion, which gives them several advantages in terms of speed and acceleration which, as you know, we expect to incorporate in the new destroyer program we have before the committee.

Mr. SIKES. You say comparatively speaking their modernization program is more advanced than ours.

SUBMARINE PROGRAM

Admiral MOORER. I would say based on a comparison of recent years that they have accelerated their program with respect to surface ships more rapidly than we have. Also, as you know, they have a very ambitious submarine program.

Mr. SIKES. I would like for you to discuss that also in terms of modernization.

Admiral MOORER. Yes, sir. They have worked on several prototype submarines, attack cruise missile and ballistic missile firing. Of the ballistic missile variety, the latest is the Yankee class submarine which is a "Chinese" copy of the Polaris. They now have launched ——— of these submarines and have an extensive building program underway. We estimate that the missiles in these submarines have a range of about 1,300 miles. They have just commenced probing into the Atlantic. I predict that in 4 or 5 years we will have a substantial number in the Atlantic deployed against the United States, and also in the Pacific, somewhat like we deploy the Polaris submarine.

In addition to that they are building several other types of attack submarines which have some interesting features in terms of the weapons with which they are equipped. Also, we have learned of a ——— Bravo class submarine, as we call it. Although new, ———. It appears they are covering the entire spectrum with respect to submarine development. Their submarines, as you know, are fast, and they have all types. They have a large number. As of today about 20 percent, I believe, are nuclear, but this percentage will rise rapidly. They have submarines that fire ballistic missiles and cruise type missiles; the so-called attack type submarines which would be used against other submarines or surface ships. They have a very ambitious, a very progressive, and a very aggressive submarine program, sir.

CARRIERS

Mr. SIKES. The Russians still have not shown an interest in aircraft carriers other than some that handle helicopters. Does that indicate that we have been overemphasizing aircraft carriers in the U.S. Navy?

Admiral MOORER. Certainly not in my opinion, sir. A fleet is developed to serve the nation which sails the fleet. The Soviets have a different problem than we do. In the first place, they have a very significant geographic problem, in the sense that they have four fleets.

All four of them are more or less confined. The largest fleet is the so-called North Fleet which must come around North Cape to reach open water. They have a fleet in the Baltic which must come through the Danish Straits, a fleet in the Black Sea which must transit the Dardanelles and a fleet in the Western Pacific which must transit the Japanese Straits. So far, their activities overseas, their base structure, their location with respect to land mass and so on does not facilitate the use of aircraft carriers. As you know, in the recent past the three countries that have used aircraft carriers to good effect are the United States, the United Kingdom and Japan. All three of these countries had full access to open water. The fact that the Soviets do not have aircraft carriers has imposed on them a serious handicap, particularly in light of the overall buildup of their merchant marine as well as their Navy. Without carriers, they would be forced in the event of any kind of hostilities to keep their fleet underneath the umbrella of land-based air. Consequently, they do not have anything like the flexibility of movement worldwide that we have in the U.S. Navy.

Reduction in Navy Funds

Effect of reduced draft calls on military personnel request

Mr. Sikes. It was recently announced that the November and December draft call has been canceled. Of the 50,000 young men to be called during those 2 months, 2,400 were to be for the Marine Corps. What will be the savings to the budget in 1970 as a result of not inducting these men?

General Chapman. The Marine Corps is scheduled to receive its approved inductee quota for November and December which actually amounts to a total of 2,500. These are 1,000 in November and 1,500 in December. There was a reduction in the inductees scheduled for September and October and the monetary savings from this is incorporated in the total savings in the revised personnel plan which includes redeployments and unit deactivations. Therefore, there is no monetary effect attributable to draft call changes in the military personnel, Marine Corps appropriation.

Mr. Sikes. Since the Navy is cutting back on end-strength can we assume that the items in the budget that reflect an increase over 1969 can be reduced to at least the 1969 level? Specifically I refer to such allowances as special pay, allowances for quarters, reenlistment bonuses and change of station travel.

Admiral Gaddis. The cutback in Navy end-strength in fiscal year 1970 will not necessarily result in a reduction in fund requirements for all line items of this budget, regardless of whether increases over fiscal year 1969 are involved. Those items which are directly related to strength, such as quarters allowances and some special pay, will not require the funding requested. Even so, selectivity will be required. For example, requirements for the nuclear submarine officer continuation pay program, authorized by Public Law 91-20, will not change. The reenlistment bonus program, a prime career/skill retention incentive, is expanding and must be maintained at the budgeted level to enhance the retention of "quality" personnel required to man the Navy. Permanent change of station funding requirements will in-

crease substantially over the budget estimate even with the overall strength reduction. This is because personnel redistribution resulting from the deactivation of operational units and base closures, as well as the large increase in planned separations, will require additional moves over the budgeted levels.

Mr. SIKES. Would not reductions in these allowances also be appropriate for the Marine Corps?

General SIMMONS. The assessment that the fiscal year 1970 budget estimate could be reduced to the fiscal year 1969 level cannot be made. Our strength reduction will cause increased costs in areas such as separation payments and change of station travel. We foresee increased costs in basic pay rates and BAQ for the career ranks due to longevity and dependency ratio increases. We also believe that our reenlistment bonus costs will rise due to the increase in the number of personnel eligible, especially in the E–4 ranks. Additionally there are increased costs connected with the pay raise which was effective July 1, 1969. However, reductions will be realized in certain areas such as Special Pay, Family Separation Allowance, Death Gratuities, and Servicemen's Group Life Insurance.

Mr. SIKES. Would you provide for the record the number of Navy and Marine Corps personnel assigned to OSD and JCS by year for the last 5 fiscal years?

(The information follows:)

NAVY

Assignment and fiscal year	Officer	Enlisted
Number of Navy personnel assigned to OSD:		
1965	130	57
1966	154	57
1967	181	62
1968	177	64
1969	178	66
Number of Navy personnel assigned to JCS:		
1965	209	149
1966	214	153
1967	221	159
1968	228	159
1969	240	185

Note: Figures represent the personnel on board as of June 30 of fiscal year.

MARINE CORPS

[The Marine Corps had the following number of military personnel assigned to OSD and JCS for the past 5 fiscal years]

	OSD	JCS
June 30, 1965	33	51
June 30, 1966	35	54
June 30, 1967	38	62
June 30, 1968	41	65
June 30, 1969	49	67

REDUCTIONS IN HEADQUARTERS STAFFS

Mr. SIKES. What plans do the Navy and Marine Corps have for reducing its headquarters staffs in the Washington metropolitan area?

Secretary CHAFEE. As we are making these reductions in the fleets, we are requiring all the shore establishments, including the one right here, to make reductions, too. Right here in the headquarters in connection with this current budget reduction that we are going through now, the civilian personnel will be reduced by 529.

Mr. SIKES. Why don't you provide the details for the record?
Secretary CHAFEE. Yes, sir.
(The information follows:)

Civilian personnel reductions for fiscal year 1970 in Navy and Marine Corps headquarters staffs located in the Washington metropolitan area are as follows:

Secretariat and staff offices	4
Chief of Naval Operations	472
Commandant, U.S. Marine Corps	53
Total	529

In fiscal year 1970, no Navy military billet reductions to headquarters staffs in the Washington area are presently planned. However, 64 military billets are being cut from other Navy activities in this area.

In fiscal year 1971, an additional 147 Navy military billets in the Washington area have been earmarked for reduction. Of these, 100 are assigned to headquarters staffs.

As a part of Project 703, a reduction of 20,300 in military end strength is being effected. This is related to redeployments from Vietnam, and deactivation of structure temporarily authorized for the war. This reduction does not involve military billets in the Washington area.

In addition, Project 703 includes a reduction in total civilian employment of about 4 percent. However, the reduction at Headquarters Marine Corps is 4.3 percent, which amounts to 53 civilians. A review of military and civilian manpower is now underway. Further reductions may be anticipated as a result of the current review of manpower requirements.

Mr. SIKES. By the same token, what plans do the Navy and Marine Corps have for reducing the headquarters and command staffs in the field? Tell me generally whether you are making significant reductions and provide the details in numbers for the record.

Secretary CHAFEE. I do not know whether I can say significant, but we are making everybody reduce, and we are very conscious of the headquarters. In other words, we do not want to have just the ships' personnel reduced and not the people on shore, so the pressure is on to make everybody reduce.

(Clerk's note: Subsequent to the hearing the following additional statement was submitted by Secretary Chafee for the record:)

In fiscal year 1970 staffs in the field are being reduced by 828 Navy military billets. This figure includes 133 billets associated with the 10 percent overseas reduction program and, while specific reductions under this program are not yet firm, the 133 figure is expected to hold or increase, but not reduce. In fiscal year 1971, additional staff military reductions in the field are expected to amount to approximately 520 billets.

The Marine Corps will reduce its end-strength by 20,300 in connection with implementation of project 703. The headquarters and command staff reduction associated with project 703 will total 1057 Marines. This total consists of 676 from Headquarters, 5th Marine Division at Camp Pendleton, Calif.; 293 from Headquarters, 9th Marine Amphibious Brigade in Okinawa; 70 from Headquarters, III MAF in South Vietnam; and, 18 from the staff of COMUSMACV in South Vietnam.

ALLOCATION OF CIVILIAN PERSONNEL REDUCTION

Mr. SIKES. Let me ask you this question. Through the years the training structure has been increasing, and through the years personnel have been gaining in seniority so that from the standpoint of the civilian personnel in the Navy and other services, you have largely a rather senior organization and a highly paid organization, with more and more people at the supervisory level. When layoffs come, it is

the people at the bottom, the low-paid people who were last employed, who generally are first off. So the effect is to leave you with a lot of chiefs who are highly paid and not too many Indians who do a great deal of the work and who are comparatively low-paid. Can you do anything about that situation or is it just inherent in the system?

Secretary CHAFEE. I think it is inherent in the system. However, I think there is one change that has taken place, and that is—I am sure you have heard this before, but I think it is a valid statement—that the equipment is getting so much more complex than it previously was that you have to have a higher paid person or certainly a more highly trained person to care for it. I do not think that this answers every situation.

Mr. SIKES. It does not because you have promoted a lot of people in desk jobs and supervisory jobs where they do not do anything but push papers.

Secretary CHAFEE. We hope they do more than that.

Mr. SIKES. Of course, they do more than that, but it is the supervisory payroll which is keeping civilian personnel costs so high.

Secretary CHAFEE. I think that is true. In our systems command these people are dealing with extremely complicated and responsible positions, involving sums of vast magnitude. For instance, to overhaul one of our major ships now is going to cost over $60 million. That is just for an overhaul. This has been planned for over a year and a half, and somebody who is being paid a considerable sum is supervising this in advance. He is not out there making the repairs, but he is planning the repairs. If he is successful, and we think he will be, the end result will be a substantial saving of money.

Mr. SIKES. Doesn't this picture encourage the use of contract operations as an escape from this system of built-in high prices or high costs?

Secretary CHAFEE. I am not sure I understand your question.

Mr. SIKES. Isn't there a temptation to turn to contract-type operation in order to get away from the problem of excess overhead as a result of longtime senior employee lists?

Secretary CHAFEE. I do not think that has been a driving factor with us. Maybe Admiral Moorer could touch on that, but in my experience it has not been a factor.

Admiral MOORER. I do not think so either, sir. As you know, the Navy, with the shipyards and the Naval Aircraft Rework Facilities (NARF's), operate a very large industrial complex. We do not have a direct relation between the so-called blue collar workers and the others, because the blue collar workers are more or less measured in terms of man-hours, whereas the supervision has to go on anyway. There is another thing associated with this, I think, and that is today, records are kept in such precise fashion and we are queried from all directions about so many details, that in itself takes quite a few people to handle. But I think in the cuts that have been made what you say is true. Most of the cuts will be in the lower levels. For instance, the number of aircraft to be overhauled or the number of ships to be overhauled will be reduced. With respect to officers themselves, we control that through the Selection Board process. When the Secretary of the Navy advises the Selection Board to select a certain percentage of the officers that are eligible, we control the supervisory levels at each

range by that process, so we will not get top heavy as we did at the end of World War II. As you recall, we had a large captains' hump which we had to eliminate at some discomfort. We now are making certain that does not happen again.

Mr. SIKES. Back to the civilian employee problems, the system tends toward greater overhead because of simple factors like the one you have just discussed—lay-off of the newer and lower paid employees, accumulation of seniority, and accumulation of in-grade and step increases on the civil service rolls. Have you given thought, or are you making efforts to overcome that problem of a built-in increase in overhead?

Admiral GADDIS. Could I add something here, Mr. Secretary?

Secretary CHAFEE. Go ahead.

Admiral GADDIS. On the question of the civilian grade structure, sir, we are doing everything possible to maintain the average grade of our civilian level during this reduction in force operation. As a matter of fact, we have been reasonably successful in this regard. This requires taking a proportionate reduction of overhead personnel every time you take a reduction in line blue collar personnel. We have laid these reductions on in exactly this fashion. This is why the Secretary made the statement that each supervisory level takes its share of the across-the-board cuts in civilian personnel. Obviously you cannot be 100 percent perfect. I would offer also, sir, if the bill passes allowing retirement on high 3 rather than high 5, that this would be an assist in gleaning a few of the older employees that have achieved this statutory position and help us in separation.

INCREASE IN ABSENTEE RATE IN MESSHALLS

Mr. SIKES. The committee has been advised that there has been a significant increase in the absentee rate in Marine Corps messhalls. For the record, tell us, first, to what you attribute this increase. I trust the food is still good in the Marine messes. Then for the record, has this change been taken into consideration in developing budget reductions?

(The information follows:)

Ample quantities of high-quality foods continue to be served in Marine Corps messes.

There has been an increase in absenteeism at Marine Corps messhalls during the last 6 months of fiscal year 1969 as compared with the first 6 months of fiscal year 1969. This increase is as follows for both CONUS feeding and overseas feeding:

	Absentee percentage	Rations claimed (entitlements)	Rations fed (actual)
Conus:			
1st half fiscal year 1969	21.8	17,643,337	13,807,918
2d half fiscal year 1969	28.8	18,633,059	13,261,343
Overseas:			
1st half fiscal year 1969	3.6	18,594,920	17,920,649
2d half fiscal year 1969	5.6	17,888,164	16,890,361

The above changes have been reflected in fiscal year 1970 budget estimate reductions.

As the proportion of personnel committed to Vietnam decreases and a corresponding increase is reflected in Okinawa, Hawaii, and CONUS, the number

of troops taking advantage of the opportunity to eat at snack bars and off-base restaurants can be expected to increase. This situation is being continuously monitored through our inspection procedures and reports from field commanders.

NAVY SOCIAL PROJECTS

Mr. SIKES. Mr. Secretary, in 1970 the services are requesting almost $39 million for programs such as Project Referral, Project 100,000, Project Value, and Project Transition. For the record, will reductions be made in these programs by the Navy and the Marine Corps?

(The information follows:)

NAVY

The Navy O. & M. N. budget does not identify any funding specifically for Project Referral, Project 100,000 or Project Value, but administrative, recruiting and training funds indirectly support these programs. There are no plans to reduce our current level of support for these projects. With regard to Project Transition, the fiscal year 1970 budget figure of $1 million is designed to carry on this program at the level it reached during the buildup in fiscal year 1969. The increased separations resulting from the cutback in Navy strength will continue to require funding at least at the budgeted level for Project Transition. Personnel reductions, in themselves, do not allow a corresponding reduction in funds for this program.

MARINE CORPS

Project Referral, Project 100,000, Project Value and Project Transition are Department of Defense directed programs.

The Project Referral program will become operational in 1970. No funds were requested in 1970 for this program.

There is no direct cost in Marine Corps appropriations for Project 100,000, but approximately $60,000 in 1969 and 1970 is indirectly attributable to automatic data processing costs. These costs are directly related to reporting and recording required data on each Project 100,000 trainee.

At the present time five individuals are employed at Headquarters Marine Corps under the Project Value program. Salaries of employees utilized under the program are paid by the United Planning Organization. No funds were requested by the Marine Corps in support of this program.

The Marine Corps requested $1.035 million in fiscal year 1970 for the Project Transition program. This amount has been programed to support the transition program within the continental limits of the United States. Accordingly, no reduction in funding for this program is contemplated during fiscal year 1970. The funding requirement could increase, however, if DOD directs the Marine Corps to expand the program outside the continental limits of the United States.

Mr. SIKES. Mr. Lipscomb, do you have any questions on military personnel or any general questions at this point?

Mr. LIPSCOMB. No, Mr. Chairman.

Mr. SIKES. Mr. Andrews.

MORALE OF MARINE TROOPS IN VIETNAM

Mr. ANDREWS. General, you have recently been to Vietnam. What is the morale of your Marine troops in Vietnam?

(Discussion off the record.)

General CHAPMAN. I have every reason to believe the morale is excellent, Mr. Andrews. With the exception of a few draftees, all marines are volunteers, and all know when they volunteer they are going to Vietnam. They do. We train them carefully and thoroughly. I think their performance both air and ground, is a clear indication that their morale is high. Another indication is the number who extend their tours in Vietnam, something on the order of about 36,400 to date, about a battalion a month. The number who are volunteering for second tours

is significant. The fact that some 14,000 career marines have been ordered back for their second tour involuntarily and have gone with good heart I think is a clear indication of morale. With respect to garrison duties, the decision to withdraw the 3rd Marine Division and a considerable portion of the 1st Marine Air Wing is, I think, a significant sign that the Marines will probably not be involved in so-called garrison duties. The 3rd Marine Division, two-thirds of it, is returning to Okinawa to resume the posture of readiness that it occupied when Vietnam started. The other third is coming back to Camp Pendleton.

Mr. ANDREWS. I am glad to hear that. That is all, Mr. Chairman.

"BROWN WATER" NAVY

Mr. SIKES. Are there further general questions at this point?

The Navy has recently turned over the "Brown Water" Navy, or a considerable part of it, to the South Vietnamese Navy. Explain what you mean by "Brown Water" Navy? Then tell us how many ships this involves and what budget reductions will result from this action.

Secretary CHAFEE. Yes, sir. The term "Brown Water" Navy is a term used to refer to those patrol boats that are operating up in the rivers, primarily south of Saigon in the Mekong Delta. It consists of rather swift patrol boats and larger armored boats. It is the landing craft that conduct the landings on the shores of the river there in conjunction with the Army formerly and now with the ARVN forces. The total number of boats is in excess of 400, and to date 229 have been turned over to the South Vietnamese Navy.

Mr. SIKES. And the savings; that is, for the fiscal 1970 budget. You can provide that for the record.

Secretary CHAFEE. Yes. I am not sure there would be any savings except as our personnel are withdrawn.

Admiral MOORER. That is right. The only savings that would flow from that would be withdrawal of our own personnel. Of course, some of them remain behind to teach maintenance. The logistics problem is more difficult than the operational with respect to this turnover.

Secretary CHAFEE. I would not look for any significant amount of savings to date.

(The information requested follows:)

The savings for the fiscal 1970 budget would not be significant, since the U.S. Navy is responsible for support of these boats under the military assistance service funded program after their turnover to the Vietnamese Navy. Some savings might accrue from the withdrawal of our personnel.

INACTIVATION OF SHIPS AND AIRCRAFT

Mr. SIKES. You are mothballing a number of ships that are currently operating, are you not?

Secretary CHAFEE. Yes, sir.

Mr. SIKES. What is that number?

Secretary CHAFEE. That number is in excess of 80.

Admiral GADDIS. There are 99 to date, sir, and there are a few more to come.

Secretary CHAFEE. Yes, but some of those 99 are being stricken. The term was "mothballing."

Admiral GADDIS. Yes, excuse me.

Mr. SIKES. Clear that up for the record so the record will show exactly what you are doing in the deactivation of ships.

Secretary CHAFEE. Yes, sir.

Mr. SIKES. Tell us what savings you anticipate as a result of that action.

Secretary CHAFEE. We have that here.

Mr. SIKES. Would you give it to us now then?

Secretary CHAFEE. First let me get back to your other question. Ninety-nine ships have been deactivated. Of that number 80 have been mothballed and 19 stricken—that is, scrapped. As for the savings, we have savings of $169 million.

That expenditure is $138 million. That does include the deactivation of some aircraft.

Mr. SIKES. Yes, I am going to get to that. You are deactivating how many aircraft?

Mr. CHAFEE. We are deactivating 162, sir.

Mr. SIKES. What will be the disposition of those? How many will be mothballed and how many will be stricken?

Admiral MOORER. A large number of those will go to the reserves, sir. Some will be distributed to the other operating squadrons that require replacements. There will be a redistribution of those. Of course, any left over from that action would be placed in reserve.

Mr. SIKES. For the record, show us what savings there will be realized in all aspects of the deactivation of aircraft, whether in flying hours program or wherever it is?

(The information follows:)

Cost recoveries below the budget request associated with deactivation of 162 aircraft will be realized in the areas of personnel pay, flight operations costs, reworks, overhaul and miscellaneous support. Estimated cost recovery is as follows:

	Dollars in millions
MILPERS personnel	8.3
O&MN flight operations	6.1
O&MN reworks, overhauls, and miscellaneous support	6.7
Total	21.1

OTHER OPERATIONAL REDUCTIONS

Mr. SIKES. Does the Navy expect to reduce its request for automatic data processing operations?

Secretary CHAFEE. I do not know, sir.

Mr. SIKES. Provide an answer for the record.

(The information follows:)

NAVY

There is a reduction in the Navy request for automatic data processing operations of $8.5 million.

MARINE CORPS

Discontinuance of automatic data processing for deactivated Marine units in fiscal year 1970 will result in a small saving ($58 thousand).

Mr. SIKES. Will there be a cutback in the request for communications facilities or operations?

Admiral GADDIS. We have under discussion with Defense at this time, sir, an item which would reduce our operating communications by about $4 million, but it is not firm yet.

"BROWN WATER" NAVY

Mr. SIKES. Mr. Davis has a question.

Mr. DAVIS. Yes. Mr. Secretary, before we leave this point of turnover to the Vietnamese, as I understand it some 200 craft of various kinds have been turned over out of a contemplated overall turnover of about twice that number, is that about right?

Secretary CHAFEE. Yes, sir.

Mr. DAVIS. When we are talking about the turnovers, we are talking primarily about PT boat types, and let us say the Coast Guard patrol types and things of this kind. Is that what we are talking about?

Secretary CHAFEE. "PT" would be glorifying it a little bit. They are smaller, less sophisticated, not as fast patrol boats of about 31 feet in length and with a crew of five or six, and a couple of machine-guns.

Mr. DAVIS. Are these something that we have developed primarily as a part of the Vietnam operation and specifically for this purpose?

Admiral MOORER. That is correct, sir.

Admiral GADDIS. They have been converted from amphibious type craft, personnel craft, and so forth, into gunboats, landing craft for river operations, escorts, and so forth for shallow draft operations, sir.

Mr. DAVIS. This is the same type of vessel that is contemplated in the remaining 200 or so.

Admiral MOORER. That is correct. There would be two DE's for deep water outside the rivers, but by and large the 400 which should be turned over by June 1970, would be of this general type. There are about five or six different types—assault craft, fast patrol boats, and river patrol boats and things of this kind. Some are designed simply to patrol the river, others are designed to take troops in land them from the river to the shore.

Secretary CHAFEE. With the exception of the two DE's, and I think there are two Coast Guard patrol ships, they are all quite small. The maximum crew I would say is 10 on the biggest one of the riverboats.

Mr. DAVIS. As far as what you might term as salt water vessels, the two DE's constitute the total that we have or contemplate turning over to them?

Admiral MOORER. Yes, sir. These are the so-called blue water or deep-water ships. Two DE's, plus two Coast Guard patrol craft. But they are oceangoing ships.

Mr. DAVIS. When we speak of the South Vietnamese Navy, this is about what we are talking about as far as what you refer to as blue water. Do they have anything in the way of an independent navy of their own other than what we give them?

Admiral MOORER. No, sir. Most of their navy is composed of river-craft. They have what they call powered junks. They actually have

more ships than we do, but they are all these various types of patrol craft that operate in the rivers and estuaries. I think there are about 9,000 miles of canals and rivers and estuaries throughout the area. With the U.S. Navy we have been doing most of the anti-infiltration patrols along the coastline of Vietnam, sir.

Mr. SIKES. They have done an extraordinarily good job. There has been a very large and a very difficult undertaking because of the very volume of water and the number of miles of area that infiltrators could use to bring in supplies for the Communists. I think the U.S. Navy and the South Vietnamese forces have done a very good job cutting off those supply lines.

PILOT TRAINING

Mr. SIKES. Let us get briefly on pilot training.

Are you cutting back on pilot training? We have had a buildup for a number of years in pilot training. You told us you were way short of pilots. Now there are some indications that we are passing the peak or soon to pass the peak and start downhill; is that right?

Secretary CHAFEE. I have the figures here on that, sir. In 1969 fiscal year, we budgeted for 2,552. In the current year, under the budget as proposed, it would be 2,860; but under the reductions that were suggested, it would be 2,510. In other words, it would be down 42 from fiscal 1969.

Mr. SIKES. What will be the fiscal 1971 figure?

Admiral GADDIS. About the same level, sir. We do not have an accurate figure on that.

Mr. SIKES. How long do you anticipate you will need to continue this approximate level of pilot training?

Admiral MOORER. This level would go on into the mid-1975 period and maybe beyond.

Secretary CHAFEE. As an indication, in fiscal 1968 we trained 2,334; so as planned in 1970, following the reduction it would be nearly 200 in excess of that.

HELICOPTER PILOT TRAINING

Mr. SIKES. Is the Navy and Marine Corps going to continue the fixed wing training of helicopter pilots?

Admiral MOORER. Yes, sir.

Secretary CHAFEE. Yes, sir.

Mr. SIKES. We have argued with the Navy and the Air Force before about this and still have not obtained a satisfactory answer. The question which naturally arises is since the Army does not make a practice of giving helicopter pilots training in fixed wing aircraft, why is it necessary that the Navy, Marine Corps and Air Force do so? There is this tremendous added cost. We have had the answer before, but you may tell us again if there are any changes in your thinking?

Admiral MOORER. I do not have any changes in my thinking. Perhaps General Chapman might want to add to that because he has most of the helicopter pilots.

General CHAPMAN. I can give a more complete answer for the record.

(Clerk's note: General Chapman submitted the following statement for the record:)

Use of fixed wing aircraft to train helicopter pilots is an effective means of teaching airmanship, navigation, instrument flying and developing overall air judgment. The T-28 fixed wing trainer, for example, is available from current assets whereas additional helicopters would have to be procured if an all helicopter program were adopted. Moreover, it is not the intent to give helicopter student pilots fixed wing time solely that they might later fly fixed wing aircraft.

Title 10, United States Code, requires flight students of all services to have a minimum of 200 hours to be designated a "military pilot." If the fixed wing portion of the syllabus were removed, approximately the same amount of helicopter time would have to be substituted. This would require additional helicopter assets to provide this time.

Although the Marine Corps does not receive immediate, direct utilization benefits from the fixed wing training of those helicopter pilots who do not receive fixed wing assignment or from those who do not remain after their first term of obligated service, the benefits of the fixed wing training, the assignment flexibility and career development implications, and the avoidance of the initial investment costs of procuring training helicopters are sufficient to justify the present method of using fixed wing aircraft for basic flying training for helicopter student pilots.

Mr. SIKES. It costs thousands of dollars for this type of training.

General CHAPMAN. The fixed-wing training is an essential element.

Admiral MOORER. Also it is interesting to note that because our pilots have had dual training it will make it possible for the Marine pilots to readily adjust to the Harrier.

Mr. SIKES. We do not have any Harriers yet.

Admiral MOORER. No, sir. To have a fully trained, fully fledged pilot, it certainly enhances his skill to have that much training. The training is small in relation to the cost of procuring and operating the equipment that he is exposed to.

Mr. SIKES. Then after you have given him fixed-wing training, if he changes to fixed-wing aircraft, he still has to go through a refresher course or transitional courses, does he not? It seems this is an expensive way to have a dual capability of pilots and it would be a practical thing to have pilots who are trained for helicopters and let them fly helicopters and have pilots trained for fixed-wing and let them fly fixed-wing. Surely you have enough of a requirement for both so it is not necessary to have everybody trained for both jobs.

Admiral MOORER. It is just a matter of opinion how far you want to go.

Mr. SIKES. If you look at places to save money, it appears this is one of them.

Admiral MOORER. I will look at it again, Mr. Sikes.

NUMBER OF FIXED-WING AND HELICOPTER PILOTS

Mr. DAVIS. At this point, Mr. Chairman, if I may interrupt, could we have for the record the number of fixed-wing and helicopter pilots in the Marine Corps, and then as a corollary to that the number in training in both of those categories.

Then if we could have similar figures for the Navy, we can get this all together at this point.

(The information follows:)

This table depicts the number of fixed wing and helicopter pilots in the Navy and in the Marine Corps and the numbers in training in both of these categories, respectively.

NAVY

	Pilots	In training
Fixed wing	11,714	3,162
Helicopter	1,814	460
MARINE CORPS		
Fixed wing	2,017	581
Helicopter	2,324	627

Admiral MOORER. As you know, sir, the Army and Air Force train some of the Marine pilots.

General CHAPMAN. That is right.

Mr. DAVIS. I want the figures that are either by or for the Marine Corps.

General CHAPMAN. Yes, sir. Many of the Marine helicopter pilots are now being trained by the Army.

Mr. SIKES. After they have received their fixed-wing training by the Navy, that still is an additional cost.

General CHAPMAN. No, sir. The Marine pilots that are trained by the Army go directly to Army helicopter training upon commissioning. They do not go to the Navy air training.

OVERHAUL AND REPAIR FACILITIES

Mr. SIKES. Some years ago there was a very general study of the question of in-house operation of overhaul and repair facilities versus contract operations, and it was decided, wisely I am certain, that it was better to retain the capability—the very significant capability—for in-house operations. I am advised that this matter is again under study. I do not think the facts have changed. I think the importance of retaining an in-house capability is not as great now as it was then. Could you tell us something about the current study, and when it is expected to come to fruition, so that a decision can be made, or is it in fact under serious study at this time?

Secretary CHAFEE. Mr. Sikes, that is not under the Navy's jurisdiction. The Navy's position is that we, as you do, approve the way we are conducting matters now. It is my understanding that OSD has underway such a study, but I could not report as to the status of that study.

Admiral MOORER. What we are trying to do is improve the capability of the NARF so we can reduce the cost of the overhaul. Our budget includes several items focused on that end.

Mr. SIKES. Are those items still in the budget?

Secretary CHAFEE. Yes, sir.

RACIAL TENSION IN THE MARINE CORPS

Mr. SIKES. General, there have been a number of comments in the press recently regarding your message on the use of the "Black Panther" salute and the "Afro" style haircut in the Marine Corps. Will you share with the committee your views on these matters?

General CHAPMAN. On September 2, 1969, in a message to all Marines, I pointed out the Marine Corps' approach to combating current racial tensions.

It is now and has long been our policy that discrimination in any form is not tolerated and that a fighting organization such as ours must have a solid foundation of firm, impartial discipline. I reemphasized these policies and that we will apply the traditional methods of leadership to get at the causes of the problem and solve it.

In my message, I directed seven specific actions be taken to come to grips with the problem. They are enumerated in the text of my message, a copy of which is enclosed for the record.

Only two of these seven actions I directed received the attention of most of the news media, and for the most part they were either editorially misinterpreted or were misinterpreted by some readers.

I was alleged to have changed our regulations to permit the Afro/natural hair style. What I did do was to point out that the style was authorized provided it complied with existing regulations. No more; no less.

I was alleged to have authorized the Black Power salute. What I did do was to point out that individual signs between groups or individuals would be discouraged as a matter of policy, but that they were not grounds for disciplinary action unless they were executed during official ceremonies or in a manner suggesting direct defiance of duly constituted authority.

I hope this clears the air on what I did and did not direct. One thing is certain. The validity and effectiveness of what I have done is not to be measured by what has been said in the press. Rather, it depends on the ultimate results throughout the Marine Corps—results that will become fully apparent only after an elapse of time.

I will insert a copy of my message for the record.

(The message follows:)

NAVAL COMMUNICATIONS SYSTEM

(Released by L. F. Chapman, Jr.)

From: CMC.
To: ALMAR 022300Z/65 (September 1969) UNCLAS.

MCBUL 5350. Racial relations and instances of racial violence within the Marine Corps.

A. SECNAVINST 5350.6A.
B. PAR 5390 MARCORMAN.
C. PAR 1244 U.S. NAV REGS.
D. PAR 1701 MARCORMAN.
E. MCO P1020.34B PAR 1101.

1. During the past several months there have been instances among marines of violence and other unacceptable actions which apparently stem from racial differences. Such problems are almost unheard of among marines in combat. It is when marines move to other areas or return to the United States that these differences arise. And it is there where acts of violence between marines are occurring, acts which cannot be tolerated, and must stop.

2. I do not believe that the recent events are typical. In fact, literally thousands of Marines have quietly made the adjustment from combat, and capably served stern and demanding tours of duty, in a national atmosphere where expressions of appreciation for their services are hard to find. It is evident, however, that despite our substantial progress toward racial parity, difficulties of a significant nature do exist in our corps.

3. It is now and has long been our policy in the Marine Corps that discrimination in any form is not tolerated. It has similarly been our policy that a fighting

organization such as ours must have a solid foundation of firm, impartial discipline. It is in the context of these two basic policies that we must take measures to dispel the racial problems that currently exist.

4. We may argue that the underlying causes of our racial difficulties parallel those of the Nation at large, but the fact remains that they are real, and they can adversely affect the military effectiveness of our Corps. We must seek in every manner possible to improve understanding among all Marines, stressing the concept that we are a band of comrades in arms, a loyal fraternity with a traditional esprit that spans an era of nearly 200 years. The truly integrated spirit that pervades on the battlefield, must pervade in the barracks and on liberty as well. The causes of friction, rather than the symptoms, must be identified by all commanders, frankly and openly discussed, and eliminated where possible. Positive and overt efforts to eradicate every trace of discrimination, whether intentional or not, must be continued. Actions or influences that tend to arouse antagonism between fellow Marines must be combatted. Every Marine must understand that the Marine Corps does guarantee equal rights, equal opportunity, and equal protection, without regard to race, and will continue to do so. We take care of our own, continuing to recognize, as the foundation of our Corps, the importance, integrity, and dignity of the individual Marine.

5. Equally vital, each Marine must understand why the Marine Corps has always demanded the highest standards in military appearance, military courtesy, and proficiency, and why we will continue to do so. These high standards breed pride, and pride, in turn, builds the kind of discipline that is essential to battlefield success with minimum casualties. These qualities have always been the hallmark of Marines and no relaxation in our proven high standards will be condoned. For example, uniforms will be worn correctly with no nonregulation items in evidence; haircuts will conform to regulations, no more, no less; proper military salutes will be rendered on appropriate occasions; the highest quality of professionalism must be exhibited in every assignment; breaches of good order and discipline will be dealt with fairly, expeditiously, and firmly. This is especially true for those Marines who instigate or execute violence against their fellow Marines.

6. It is the responsibility of the officers and staff NCO's to provide the leadership and set the example for those junior to them, particularly for the combat veterans who have had little experience in other duties. We must demonstrate that leadership responsibilities demand after-hours availability and supervision. I cannot improve upon the expression of principles of leadership and the relations between officers, staff NCO's and men as they are written in the Marine Corps manual. If these were conscientiously carried out, many of our problems would disappear.

7. Some complaints about discrimination I have heard appear to be valid, but many are based on rumor or misapprehension. Nevertheless, some marines believe them to be true. Most are concerned with promotions, military justice, duty assignments, and request mast. It is essential that all commanders learn of these erroneous beliefs and systematically and continuously inform their men of the facts. Commanders and staff NCO's must communicate with their men, and see that they get the straight word, so that trust in the corps can be restored in those who doubt.

8. To come to grips with the problem of racial friction, the following actions will be immediately undertaken:

A. The contents of this ALMAR will at once be read and explained to all marines, except to those in combat, by immediate commanding officers personally.

B. All officers and NCO's will review the complete contents of the Department of the Navy's Manual on equal opportunity and treatment of military personnel (reference A applies).

C. All officers and staff NCO's will read, carefully absorb, and practice the contents of that section of the Marine Corps Manual dealing with military leadership (reference B applies).

D. Every commanding officer will receive his request mast procedures to insure that all marines understand clearly their right to air their grievances without hindrance or prejudice. I emphasize that no harassment, either real or implied, will be permitted to occur at any level between the individual requesting mast and the commander with whom he is requesting mast. Individuals may request mast with any commanding officer/commanding general in their chain of command at their base or location. I want to insure that channels of communications between every marine and his commanding officer are open,

that every marine understands that they are open, and that legitimate grievances will receive sympathetic consideration and rapid response.

E. Commanders will permit the Afro/natural haircut providing it conforms with current Marine Corps regulations (reference E applies).

F. No actions, signs, symbols, gestures, and words which are contrary to tradition will be permitted during formations or when rendering military courtesies to colors, the national anthem, or individuals. Individual signs between groups or individuals will be accepted for what they are—gestures of recognition and unity; in this connection, it is Marine Corps policy that, while such actions are to be discouraged, they are nevertheless expressions of individual belief and are not, in themselves, prohibited. However, they are grounds for disciplinary action if executed during official ceremonies or in a manner suggesting direct defiance of duly constituted authority.

G. Each commander will review his promotion procedures to verify their fairness and emphasis on merit and potential, and will correct any errors that may have been made in the past, in accordance with current regulations.

H. Commanding generals and commanding officers will immediately, conscientiously, and persistently execute the general and specific provisions of this ALMAR, and report progress to me from time to time through the chain of command.

9. This ALMAR is applicable to the Marine Corps Reserve.

10. This bulletin is canceled March 31, 1970.

Mr. SIKES. Mr. Secretary, as an ex-marine would you like to comment?

Secretary CHAFEE. I have nothing further to add to the Commandant's remarks. I think that he has answered well and fully for the Marine Corps.

BUILD-FOR-CHARTER AGREEMENT

MODERNIZATION OF U.S. MERCHANT FLEET

Mr. SIKES. Now the problem of the construction of the merchant marine fleet.

Mr. Secretary, in your statement, both you and Admiral Moorer referred briefly to the Navy modernization of the U.S. merchant fleet under the so-called build-for-charter contracts. Will you outline this for the committee?

Secretary CHAFEE. Yes, sir. If I could read this, I think it sets it forth pretty well.

We have this program of 10 multipurpose ships and nine small tankers, and the idea is that private industry would construct these ships in return for the guarantee of a long-term contract from the Navy. The Navy would not make the capital investment, but the long-term contract would be there. So that is one way we are attempting to solve this problem, although admittedly these ships are not going to solve the entire problem.

Mr. SIKES. Mr. Secretary, do you or Admiral Moorer want to add anything to the desirability of this program as compared to current programs?

Admiral MOORER. I think it is highly desirable to modernize the MSTS fleet, sir. I think the ships we are using in the Vietnam war are, one might say, on their last legs. Consequently 5 years from now we would not be able to conduct an operation of that size with the ships we have today. I think it is essential that we modernize the ships that are available to MSTS.

MULTIPURPOSE CARGO SHIPS

Mr. SIKES. Mr. Secretary, you mentioned that new concepts are being developed for multipurpose cargo ships for meeting contingency requirements.

What new concepts do you have in mind?

Secretary CHAFEE. I think these ships themselves represent a new concept. The multipurpose ships (MPS) dry cargo ship will be readily convertible to container, roll on/roll off (RO/RO), break bulk operation or any combination of these modes. As you well know, one of our problems has been that most of the modern ships that are being built are container ships which are not readily adaptable to DOD needs. I think we have to change our techniques to accommodate to these ships. The ships are not going to change to accommodate to us, because that is what is needed now in private industry.

Mr. SIKES. You anticipate, then, that military cargo is going to be containerized?

Secretary CHAFEE. To a far greater extent than it is now. I must say that today it is containerized to a great degree, as you know, from seeing those containers out there in the Far East.

Admiral MOORER. Mr. Sikes, generally speaking, in terms of these new concepts, we are looking at increased speed, automated handling of the cargo, and quick turnaround. As you know, during the Vietnam war, we had ships that laid to out there for some length of time. The modernization will achieve these three results.

STOCKPILE OF MOVABLE DOCKS

Mr. SIKES. That is very important because we had an extremely costly problem at that time, much of it due to lack of port facilities. What are you going to do to overcome that? Are you going to stockpile some of the movable docks?

Admiral MOORER. Yes, sir, that would be the solution to that problem.

Mr. SIKES. Is that in your program to stockpile these movable docks?

Admiral MOORER. It is in our studies, sir. We have not included any funds in the budget yet but this is the way I think we should go.

Mr. SIKES. If it is only in a study category, do you have any assurance that the movable docks will not have been disposed of and lost to the Navy by the time the study is completed?

Admiral MOORER. Yes, sir, we will take care of that.

Mr. SIKES. Would you expand on your answer for the record just how you intend to cope with this problem? I think some additional information for the record to spell out the new concept would be useful, Mr. Secretary.

(The information follows:)

Navy-owned assets of DeLong piers consist of one pier located in Danang. It is planned to recover the pier when no longer needed by Naval Support Activity, Danang. Movable or portable piers/docks have been the subject of Navy study efforts to determine the best method of discharging containerships to environments where facilities are damaged, inadequate, or not existing. These Navy studies have evaluated heavy lift helicopters, special gantry crane ships, barges, and portable ports as a means of utilizing non-selfsustaining commercial containerships. There has been no final decision on which method is best and the study efforts are continuing.

COST OF BUILD-FOR-CHARTER SHIPS

Mr. SIKES. I note, Mr. Secretary, in fiscal 1970 the Navy intends to contract for 10 of these multipurpose cargo ships under the build-for-charter contracts. How long do the contracts run?

Admiral GADDIS. The initial period will be 10 years with options for extensions that won't exceed 10 years.

Mr. SIKES. Spell out how they will operate.

Secretary CHAFEE. The option is the contract, sir?

Mr. SIKES. The options to extend?

Secretary CHAFEE. Yes, sir.

Mr. SIKES. I would like to have details. I would like to have some comparison for the record of cost, and the reasons why you feel this is a good program.

Secretary CHAFEE. Yes, sir.

(The information follows:)

The cost for acquisition of nine diesel tankers under bareboat charter hire agreement is estimated at $218,402,179 based on level debt service over 20 years. This cost consists of the bareboat charter contractor's investment in the tankers after reducing the ship construction costs by the equity sold to other investors, plus interest on the funds required to finance the owner's investment, plus a fixed fee to the owner to cover overhead and profit. Although the costs to MSTS would amount to $218,402,179, the costs should be discounted over the period of payment in order to arrive at a fair comparison with costs of having the ships constructed by the Navy with direct appropriations. The cost to MSTS discounted at 10 percent for 20 years would amount to $115,428,372.

The costs to the U.S. Government of having the ships constructed by the Navy with direct appropriations are estimated at $118,143,790, with shipyard construction cost. This amount is not discounted since the expenditures for Navy construction would not be deferred.

The cost for acquisition and operation of 10 multipurpose dry cargo ships under a bareboat charter and hire agreement is estimated at $425,465,160 based on level debt service over 20 years. This cost to MSTS discounted at 10 percent for 20 years would amount to $283,964,350.

The costs to the U.S. Government of having the ships constructed and operated by the Navy with direct appropriations are estimated at $288,545,890.

In addition to being slightly cost favorable over a long-term basis, acquisition of these tankers and multipurpose cargo ships by a charter hire arrangement eliminates the high initial investment of appropriated funds.

LEGISLATION TO EXTEND CONTRACTING AUTHORITY

Mr. SIKES. Admiral Moorer, you state a draft of proposed legislation to authorize construction and contracting authority for 10 years to MSTS for the first 10 ships has been forwarded to the Congress. Is it necessary that the authorization be completed before you can proceed with the program?

Admiral MOORER. I would think so, yes, sir, as to the authorization. However, the draft legislation is presently with the Bureau of the Budget en route to Congress.

Mr. SIKES. You do require authorization?

Admiral GADDIS. We require approval of the Congress to proceed in this fashion, sir.

Mr. SIKES. I am not sure I understand. Do you have to have a specific line item in an authorization bill, or does it require the approval of the committees as they program under special authorization which already exists? How will you acquire the authority that you need?

Admiral GADDIS. We require approval authority in the bill for 10 years' charter contract similar to that in Public Law 575, 83d Congress,

which authorized MSTS to enter into 10-year charter contracts for acquisition of a specific number of tankers.

Mr. SIKES. Let us be sure the record is clear on this, and we are not confusing the committee when it attempts to mark up the bill.

Mr. Garrity, will you help bring out the facts in this matter?

Mr. GARRITY. Do you have to have specific legislation before you begin construction of these ships?

Admiral GADDIS. This would require a general provision.

(Clerk's note: The following clarifying statement was submitted for the record:)

A separate bill has been introduced to allow 10 years leasing authority in this case. No additional authorization is considered necessary so long as appropriated funds are used only for lease of these vessels, and the appropriate committees indicate approval possibly by inclusion in the general provisions or by notation in the committee report.

Mr. GARRITY. You are not clear when you say general provisions. General provisions in what—in the Appropriation Act or in the Authorization Act, or do you need some specific act?

Admiral GADDIS. There is a specific act, sir, that has been submitted to authorize the 10-year period of lease. Then I would presume, subject to correction by the committee, that approval in the general provisions of the appropriation act or notations in the committee report would suffice.

Mr. GARRITY. Are you saying that if this committee puts some sort of a general provision authorizing you to go ahead with this 10-year program, that would be sufficient legislation?

Admiral GADDIS. Presuming the bill to authorize the 10-year lease had been approved by both Houses of Congress.

Mr. SIKES. Is a 10-year leasing authorization all you need and not specific legislation to acquire these ships? You need a general authorization for 10-year leasing. Is that what you are saying?

Admiral MOORER. That is right.

(Clerk's note: Subsequent to the hearing Admiral Moorer's answer was changed to read as follows:)

Admiral MOORER. That would be acceptable. However, the present proposal is for 10-year charter authority, specifically for 10 MPS dry cargo and nine tankers.

Admiral GADDIS. This is what I understand.

Mr. SIKES. It is not necessary for these 10 ships?

Admiral GADDIS. No, sir; it is necessary.

Admiral MOORER. We had authorization for 5 years, but the companies that were interested in going ahead with this arrangement of the nine tankers would not accept it on that basis due to inability to obtain financing. I expect they will take it on a 10-year basis.

Mr. SIKES. They probably could not afford to go on a 5-year basis.

Admiral MOORER. Yes, sir.

Mr. SIKES. That is fully understandable. Then specific legislation is not required for the 10 ships. What you need is the authorization to lease for 10 years.

Admiral MOORER. Yes, sir; but only for this 19-ship program.

(Discussion off the record.)

FUNDS IN 1970 BUDGET

Mr. SIKES. What is the total amount of fiscal 1970 Department of Defense budget for the 10-year construction program and in what appropriation request? Can you give me that information?

Admiral MOORER. There would not be any funds in the 1970 budget.

Admiral GADDIS. There are no funds in the budget for this purpose.

Mr. SIKES. None in the fiscal 1970 budget.

Admiral GADDIS. No, sir.

Mr. SIKES. Then show us for the record in what year programs you would require funds and what the amounts would be.

Admiral GADDIS. No appropriated funds would be required, sir. The Military Sea Transportation Service is an industrially funded operation. The funds, then, would come from the customer dollars, not only Navy but other services supported by the Military Sea Transportation Service, sir.

Mr. SIKES. I know that but O. & M. money generally would be available for this purpose.

Admiral GADDIS. Yes, sir. On the basis of shipping requirements.

(The information follows:)

In response to Mr. Sikes' request to show for the record in what year program funds would be required and what the amounts would be, the answer is that there would be no effect on the appropriated funds of the shipper services.

The controlled fleet has reached a stage of obsolescence in which the ships are no longer economical to operate and the ships' characteristics are so outdated as to be incompatible with requirements for the transport of modern military equipment. The charter-for-building program is designed to meet qualitatively the vital need represented by the present controlled fleet—and to modernize and replace it. Under the private charter-for-building alternative, the entire twenty-year life cycle cost, inclusive of construction cost, would be funded by the shipper services through MSTS billings for cargo lifted. As currently planned these ships will be built with commercial capital.

The ships built under this method are intended to replace other ships in the MSTS controlled fleet. MSTS lifts cargo on ships controlled by MSTS—government-owned ships; commercial time chartered ships; and proposed charter-for-building ships—and additionally by utilizing commercial berth lines space for tonnage to be lifted in excess of the capability of the controlled ships. Since the charter-for-building ships would provide greater capability for equal or less cost than the ships they would replace, the cost to the shipper services (Army, Navy, Air Force, Marine Corps) O&M appropriations would not be affected because of this change in capability.

ADDITIONAL INFORMATION ON PROGRAM

Mr. MAHON. I am going to read into the record some additional questions in order to clarify this whole program. Be sure to make it crystal clear just what the situation is.

Admiral GADDIS. We would be most pleased to lay this on the record, yes, sir.

Mr. MAHON. Mr. Secretary, you state that this 10-ship program is a part of an overall program of 30 ships for the MSTS-controlled fleet. Is this program a substitute for the 30-ship FDL program which was originally proposed in the Navy's fiscal year 1968 budget request and which was denied by the Congress?

Was this program formulated as a means for modernization, of commercial shipyards?

(The information follows:)

The 30 general purpose dry cargo ship program is not a substitute for the FDL program. It is a program to modernize the MSTS-controlled fleet, which presently contains many overage cargo ships. Further, the program was not specifically formulated as a means to modernize commercial shipyards, but should contribute thereto.

Mr. MAHON. Admiral, you mention that for this build-for-charter program to be effective the Navy requires authority to charter for 10

years; otherwise financing would be expensive and very difficult. How expensive will this program be?

How much will it cost to build the first 10 ships and also what will be the cost of the 30 ship program?

How much would it cost the Navy to build the first 10 ships, also the 30 ships in the total program?

Will the same contractor build all 30 ships or how is it to be divided?

(The information follows:)

The total 20-year life cycle cost for 10 multipurpose ships is estimated at $751,282,316 or $283,946,350 when discounted at 10 percent. It is expected that costs of follow-on ship increments would not decrease because of the rising costs of labor and material. Based on present estimates, the total 30 ship program life cycle cost would be about $2,250,000,000 (undiscounted).

Contractual arrangements cannot be predetermined and would depend on decisions that would have to be made incident to the competitive bidding procedures.

Mr. MAHON. Mr. Secretary, you state that the Navy's current requirement is a 460 merchant ship fleet augmentation to meet peak contingency needs. Do your remarks imply that the Navy, under the operations of the MSTS on a build-for-charter contract basis, ultimately intends to build a new merchant fleet for the United States of 460 ships?

(The information follows:)

Based upon the sealift transportation requirements implicit in our contingency planning, DOD has estimated a requirement of 460 notional (15,000 measurement tons, 15 knot speed) dry cargo ships to meet two simultaneous major contingencies, one each in Europe and in Asia, in the mid-1970's over and above those available in our own sealift forces. Starting in fiscal year 1970, we plan to obtain from industry on a build-and-charter basis, 10 multipurpose cargo ships as partial replacements for the MSTS-controlled fleet.

Further analysis of contingency and peacetime requirements is necessary in order to determine if MSTS should ultimately enter into additional build-and-charter contracts.

Mr. MAHON. We discussed these build-for-charter contracts during the hearings on the Navy's operation and maintenance request. Are these 10 ships in addition to the nine that were contracted for under this type arangement in February of this year?

We were advised during those hearings that the nine-ship contract was terminated because the Central Gulf Steamship Corp., could not borrow adequate funds to construct these ships. Has this contract been readvertised?

(The information follows:)

These 10 multipurpose dry-cargo ships and nine tankers constitute the entire build-and-charter program which is presently being requested by the DOD through draft legislation for 10-year charter contracting authority. The contract for nine tankers were terminated due to the industry's inability to obtain financing. This contract has not been readvertised.

Mr. MAHON. What is the status of the tanker construction program?

Although terminated, the contract for the construction of the nine tankers under these build-for-charter agreements was for 8 years. As I understand it, the first 3 years was for construction and the last 5 years was for charter operations. What I would like to know is, if you can have 8 years build-for-charter contracts, why cannot you have 10-year contracts?

(The information follows:)

The nine-tanker construction program in combination with the 10 multipurpose dry-cargo ships is being held in abeyance pending enactment of 10-year charter contracting authority for these 10 ships.

It has been the practice of MSTS ever since its creation, for the past two decades, to enter into bare-boat charters for a period which was keyed to the planning cycle officially established within the Department of Defense for operational and fiscal purposes. This planning cycle is expressed in the 5-year defense plan. The previous MSTS request for proposal (RFP) for the charter of nine 25,000 DWT tankers to be constructed over a 3-year period contemplated the use of these tankers for an initial period of 5 years. Thus, the initial obligation of the Government is for a maximum period of 8 years, which embraces both the construction period and the bare-boat-charter period. This 8-year period is keyed to the force structure established in the 5-year defense plan. This plan provides for the basic requirements of the force structure for an 8-year period as well as the establishment of a financial plan over a 5-year period. It is the projected requirement under the 8-year planned cycle that supports the initial period of the proposed charter.

The enabling legislation providing for the establishing and operation of working-capital funds (10 U.S.C. 2208), under which MSTS operates, authorized the Secretary of Defense to establish working-capital funds to "(1) finance inventories of such supplies as he may designate, and (2) provide working capital for such industrial-type activities, and such commercial-type activities that provide common services . . ." By law, these "funds shall be charged, when appropriate, with the cost of (1) supplies that are procured or otherwise acquired, manufactured, repaired, issued or used; and (2) services or work performed." While these authorized costs are required to be reimbursed from available appropriations (primarily DOD customer appropriations) or otherwise credited for those costs, it is inherent to the nature of a revolving working-capital fund financing an industrial-type activity that it may be obligated for a period beyond the needs of the current fiscal year with appropriate consideration of the anticipated reimbursements.

Congress has spelled out specific controls on which it intended to rely for the operation of working-capital funds. Subsection (f) of 10 United States Code 2208 states:

"The requisitioning agency may not incur a cost for supplies drawn from inventories, or services or work performed by industrial-type or commercial-type activities for which working-capital funds may be established under this section, that is more than the amount of appropriations or other funds available for those purposes."

Subsection (h) of the enabling act (10 U.S.C. 2208) directed the Secretary of Defense (SECDEF) to prescribe regulations for the management of working-capital funds. It is well settled that regulations expressly directed by the Congress have the force and effect of law if consistent with the law to be implemented. SECDEF did establish such regulations, under which a charter was issued to MSTS. The authority of MSTS to obligate funds and to enter into long-term contracts was expressed in section IX of the charter as follows:

"Military Sea Transportation Service is authorized to enter into contracts including long-term contracts as may be necessary in the best interest of economy and/or national defense for materials and services provided that the cash requirements to liquidate the contingent liability for undelivered materials or services under such contracts plus other commitments and liabilities will not exceed the total available cash plus anticipated receipts for the same period . . ."

Alone, this section would probably be sufficient to sustain any contract considered economically advisable. However, we have for many years applied the added test to this broad provision of determining a period of predictable operations. Within this predictable period, we can then apply the test of available funding to cover long-term contracts authorized by section IX of the charter. Although the funding provisions in section IX do not necessarily require a 100-percent coverage of the gross obligation, as is the requirement for appropriation accounts generally, each long-term contract must be adequately covered by available resources, plus anticipated receipts, for current payments thereon.

These aspects were discussed generally during the hearings on Senate 2788, and in a letter dated March 10, 1954, from the Secretary of the Navy to the chairman, Committee on Armed Services, U.S. Senate. These proceedings led to the enactment of Public Law 575, 83d Congress, authorizing MSTS to enter into certain 10-year charter contracts similar to the one here under discussion. That statute is not available for this proposed procurement.

It is the considered opinion of the cognizant legal staff that the period of predictable operations which could support long-term contracts by MSTS and meet the several provisions of law discussed above is 5 years, with a construction

period of not to exceed 3 years. This has its roots in the DOD 5-year defense plan, which is based upon a projection of physical requirements of the force structure for a period of 8 years. This plan not only establishes plans, programs and operations of the Department of Defense during the 8-year period, but also determines budgeting and funding for a 5-year period. When Congress receives annual budgets for DOD requirements, it is advised of long-range plans contained in the DOD 5-year defense plan. Certainly, Congress is not in any way committed to appropriate future funds based on present budget planning and structure. Nonetheless, we have for several years been planning the Defense operations and programs on the 5-year defense plan. The plan, for example, projects disposition of forces and activities. Supply pipeline requirements are an integral aspect of such disposition. Plans and budgets for the cost thereof are projected. We can reasonably anticipate during such planning period that Congress will appropriate funds to MSTS customers for such basic requirements. To proceed beyond this 5-year defense plan for the present purpose could only be on conjecture.

In establishing any liability in anticipation of receipts beyond the current fiscal year, the probability of any technological change which would affect the continued use of the service sought must be considered. This should be in addition to the indicated requirements found in the 5-year plan. Generally, the capacity covered by long-term charters, probably should be less than 50 percent of the total charter requirements of the type of transportation covered by the long-term charters. This is consistent with MSTS planning for this procurement, and given a more certain predictability to the anticipated revenues for the period involved. Any liability from termination claims should also be included in this calculation. In accepting this approach in past years, this discipline was always applied. A good operating rule in regard to total obligations outstanding (of the fund), including liability under long-term charter hire, should be that in no event should the total liability incurred at any time exceed the corpus of the fund plus anticipated revenues for 2 years. The previous programs for the charter of nine tankers could be supported within this rule.

In view of the foregoing, it was concluded that the bare boat charter of nine 25,000 DWT tankers as provided in the request for proposals and contemplated in the charter with the Central Gulf Steamship Co., was legal and proper under the statutory authority cited in this memorandum. This authority, however, does not extend to the 10-year charter contracting which is now being sought for 10 multipurpose dry cargo ships and nine tankers. The proposed legislation which would give this authority specifically for these 19 ships is now in the Bureau of the Budget enroute to the Congress.

Mr. MAHON. During the O. & M. hearings it was stated that the Navy had not obtained an opinion from the Comptroller General on the legality of the 5- and 8-year build-for-charter contracts. Has the Navy since obtained such an opinion on these contracts?

Is it feeling of the Navy that these contracts may have been illegal under current law and that is why you are now seeking new legislation?

(The information follows:)

The Navy has not obtained an opinion from the Comptroller General on these contracts because there has never been any question of legality of the 5- and 8-year authority. The 10-year authority is being sought on the basis that private industry will more readily obtain financing for the ships. Any authority to contract by the Navy through the Navy industrial fund must be within the 8-year authority. If the Navy desires to exercise contract authority in excess of 8 years, such authority not being within the 5-year defense program must be specifically granted by Congress.

Mr. MAHON. Gentlemen, we will want you back at 2 o'clock for resumption of our discussion.

ATTACK CARRIERS

Mr. MAHON. Mr. Secretary, the Navy intends to continue the operation of 15 attack carriers through fiscal year 1976. This morning we touched on the subject of carriers vis-a-vis the Soviet Union and otherwise. You state that when the last of the new *Nimitz* class nuclear carriers is delivered in 1976, the force will consist of four nu-

clear powered carriers, eight of the *Forrestal* class and three of the *Midway* class. Can the Navy begin a reduction in the size of its attack air carrier force as of that date?

Secretary CHAFEE. It is hard to tell the problems that will be faced at that time. The size of the carrier force is dictated by the commitments we are involved in. Take the present situation. When we came to consider making some ship reductions this year—as you know, we recounted earlier the approximately 100 ship reductions that have been made—the question was how about the carriers; how about a carrier, or two carriers?

The difficulty we confronted here was that the United States is committed to having two carriers in the Mediterranean and four carriers in the Far East and in order to sustain that carrier force requires the 15 carriers plus one CUS in a CVA role that we have now, in view of the fact the men and the ships have to be rotated. As far as 1976 or thereafter is concerned, I just don't know—but if the commitments go down, we can reduce the number of carriers.

Mr. MAHON. We always hang our hats on commitments. We don't know what our commitments will be in the 1970's. I presume your answer would be about the same, Admiral Moorer?

Admiral MOORER. Yes, sir. We do have requirements for ships. As long as we are operating at the current tempo in the Southwest Pacific, we need these ships.

COST OF CARRIER TASK FORCE

Mr. MAHON. It was claimed by the opponents of carriers that the cost of a carrier task force is about $4 billion. Are you familiar with the explanation of how they arrived at $4 billion? A carrier task force can't be on location all of the time. It has to have certain auxiliary ships and so forth. I don't know whether you have addressed yourself to this question. Speak to the original cost and all the aspects involved in this $4 billion figure which has been tossed about. Nobody claims it costs $4 billion to build one carrier, or $4 billion to provide the support forces for one carrier, but when you figure out the total utilization and all of the auxiliary costs, it does run in that area. I wish you would give your analysis of this.

Admiral MOORER. You want me to provide that for the record?

Mr. MAHON. Yes, provide that for the record.

(The information follows:)

The following is an analysis of the claim "by the opponents of carriers that the cost of a carrier task force is about $4 billion." It is assumed that this is the claim set forth in the Report on Military Spending by the Members of Congress for Peace Through Law/Committee on Military Spending. An extract of pertinent sections of this report is appended.

The sum of $4.031 billion alleged by the "Report on Military Spending" purports to include the investment costs for "hardware" only for three carrier task forces and carries with it the assumptions (*a*) that all carriers have six surface combatants assigned, and (*b*) that only one of three of our carriers is available at any given time. The following is a discussion of these assumptions and of the Navy's cost comparison of the Navy's figures with those items listed in the appended extract of the "Report on Military Spending".

The assumption that all carriers must have six surface combatants assigned is erroneous. There is no standard carrier task force with a fixed number of surface combatants in company. A task force is constituted as the title implies,

for the accomplishment of a specific task. The composition of the carrier task force will depend upon the nature and magnitude of the anticipated threat. The Navy's forces of missile ships and antisubmarine ships are not maintained for the sole purpose of escorting carriers, but their mission is to operate against specific threats in exercising control of the seas. It is in the context of this role that surface combatants are included as components of, or operate in conjunction with, attack carrier forces. Thus, it cannot be presumed that a carrier will be deployed with six surface combatants in company. One attack carrier normally operates in conjunction with from two to six destroyers; however, attack carriers can, have, and will continue to operate with the only one or two other ships in company when appropriate to the requirements of the tactical or strategic situation.

The report charges the acquisition cost of six new destroyers (DXG) to the cost of the carrier. To do so is simply disregard of fact. The Navy does not buy new escorts and new support ships for each new carrier. The surface combatants and support forces which operate in conjunction with the older carriers will continue to operate in conjunction with their replacements. Furthermore, there are no destroyers of the DXG type presently being constructed. Also, as the nuclear-powered *Nimitz* class ships replace the older conventional carriers, the existing requirements for fleet oilers to provide ship propulsion fuel is actually reduced. Therefore, it is neither germane nor correct to add to the cost of the carrier the acquisition costs of new suface combatants or support ships.

The statement in the Report on Military Spending that "Since an aircraft carrier is on station only one-third of the time, to get one carrier on station 12 months of the year, three task forces have to be purchased" is not supported by actual experience.

The deployment of one-third of the total carrier force is a routine, sustained peacetime pattern. In contrast, in World War II, the need for carriers was so great that 85 percent of the carrier force was kept in a deployed status. Today, should the strategic situation demand, carriers in home waters would immediately be deployed, and others in a maintenance status could be made ready rapidly. Readiness for deployment of most of our carrier force while the peacetime pattern prevails is illustrated by the fact that on August 1, 1969, 14 attack carriers were at sea or immediately ready for sea. One more could have been deployed in 60 days. Today, October 13, 1969, 12 are ready now, two could be ready in 15 days, one in 30 days, and one is in the first stages of overhaul.

It is evident, then, that while under peacetime conditions one-third of the carrier force may be distantly deployed, the readiness of the entire force would allow more than three-fourths of the attack carrier inventory to be deployed if the strategic situation demanded.

The costs listed in the Report on Military Spending are misleading in certain respects. It should be emphasized that these costs portray investment costs of new ships, and as such do not reflect an accurate appraisal of actual costs of the current inventory which will be useful for many years to come. The investment costs of the 15 CVA's in the current inventory, with a service life of up to 30 years, were invariably less than the $510 million listed for the CVAN; for example the cost of *USS Forrestal* was $189 million. The fallacy of charging six surface combatants to the cost of the attack carrier has been discussed in previous paragraphs.

The derivation of the amount of $400 million for "Logistic Ships" is not evident. Since logistics ships normally provide services for the entire fleet, including amphibious task groups, shore bombardment task groups and the like, as well as for carrier task groups, attribution of costs is not meaningful. Support ships are not acquired for each new carrier, and therefore it is not proper to add their entire acquisition or operating costs to that of the attack carrier. Nevertheless, to put the acquisition costs into a perspective which will allow comparison with the amount of $400 million in the Report on Military Spending, representative acquisition costs of existing representative logistic ships are as follows:

	Millions
AO–143	$11.5
AF–58	17.0
AE–2	16.5
AOE–1	68.0
AFS–1	24.0
AE–26	35.0
AOR–1	34.0

Finally, the allegation that "To this amount should be added the cost of the approximately 23 percent of a carrier's aircraft usually earmarked for task force defense and thus not available for tactical missions" is a distortion of the facts. It is presumed that the 23 percent referred to represents the portion of fighter type aircraft in the attack carrier's air wing. Yet it is incorrect to consider these aircraft to be dedicated to the task force defense role. Modern carrier fighters are multimission aircraft and have major capability in the attack role. The F–4 Phantom II, the standard Navy carrier based fighter, can carry up to 24 500-pound bombs on a single attack mission, although a typical bomb load would be somewhat less. In fact this Navy carrier plane has been adopted by the U.S. Air Force as its current tactical fighter with a primary bombing mission. The employment of the carrier's fighters would be based upon tactical situation. Depending upon the threat to the carrier force, they can be used for task force defense, or in an offensive role. Today in Southeast Asia, only about 5 percent of the attack carrier's aircraft are being utilized for fleet defense.

APPENDIX A

Extract from report on military spending by Members of Congress for Peace Through Law/Committee on Military Spending:

"The investment cost of a nuclear attack carrier task force, therefore, in current dollars and assuming no cost overruns is:

	Millions
CVAN	$510
6 DXG	405
Logistics	400
Total	1,315

"To this amount should be added the cost of the approximately 23 percent of a carrier's aircraft, usually earmarked for task force defense and thus not available for tactical missions. The average Naval Airwing of 75 A–6's, A–7's, and F–4's cost $175 million (conservative estimate).

"$3.15 billion+$36 million=$1.351 billion

"This figure, $1.351 billion is the present investment cost of a nuclear attack aircraft carrier task force with its defensive aircraft.

"However, since an aircraft carrier is on-station only one-third of the time, to get one carrier on-station 12 months of the year, three task forces have to be purchased.

"Multiplier is 3.0 for ships and 2.39 for aircraft.

"$1.315 billion×3=$3.945 billion.

"$36 million×2.39=$86 million.

"$3.945 billion+$.086 billion=$4.031 billion.

"Thus, the investment cost in hardware reaches $4.031 billion to keep an aircraft carrier on-station 12 months per year."

INCREASED CAPABILITY OF CARRIERS

Mr. MAHON. Each *Nimitz* class nuclear carrier will carry more aircraft; 50 percent more aircraft ammunition and twice as much aircraft fuel as conventionally powered attack carriers. Would these factors allow the Navy to reduce the total numbers of carriers while maintaining the same level of strike capability?

Admiral MOORER. Again, sir, depending on the threat, it would, if you had a fixed requirement. At the same time, I think we must remember that as we incorporate improvements in weapons systems, it is not simply a net gain for the simple reason that the other side is improving too, but generally speaking, it would, sir. If you had a fixed level of threat.

PROTECTION OF WORLD'S POPULATION

Mr. MAHON. Admiral Moorer, in your position paper to the Secretary dated August 25, 1969—which has been provided the committee—one of the principal reasons advanced by you for the construction of new nuclear carriers and for the continuation of the 15 attack carrier fleet, is that 85 percent of the area covered by our military contingency plans and 95 percent of the world's population lies within range of carrier aircraft operating in international waters. Is the need for a fleet of 15 attack carriers based upon the Navy's intention to patrol all the waterways on earth and protect most of the world's population from aggression?

Admiral MOORER. Not at all, sir, but it is based on the requirement for the United States to have the capability to concentrate a force which operates tactical aircraft from bases which are not subject to interference by other sovereign powers and not at all with the intention that we would police the entire world.

RESOURCES NOT AVAILABLE TO MEET EVERY EVENTUALITY

Mr. MAHON. Wouldn't we agree that it is not within the realm of possibility, not within the resources of this country, to provide a sufficient military force to meet every eventuality that might conceivably take place?

Admiral MOORER. Yes, sir; we cannot do that in peacetime. I agree with you on that, but I think that also one must remember that in order to operate U.S. forces overseas at all—and when I say U.S. forces, I include land forces, land-based air forces as well—it is necessary to insure that the seas and the air over the seas are secure. In other words, we cannot operate forces overseas unless we can take supplies from the United States to that point where they are operating.

U.S.S.R. NOT MAINTAINING LARGE FORCES OVERSEAS

Mr. MAHON. Is that one difference between the problem of the United States and the U.S.S.R., that the U.S.S.R. is more or less land-based and isn't trying to maintain large forces overseas as we are in Korea, Vietnam, Germany, and elsewhere?

Admiral MOORER. I think the difference, the significant difference, is that the forces they do maintain—for instance, in the satellites and places like that—are accessible to the U.S.S.R. by land whereas in our case the access is through the sea, sir.

Mr. MAHON. Of course, the Soviet Union does provide support for indigenous forces in Korea, North Korea, and North Vietnam, and in Cuba, Egypt, and the Middle East.

Admiral MOORER. Yes, sir.

POSSIBILITY OF USING FEWER CARRIERS

Mr. MAHON. Admiral Moorer, in your position paper you also state that "Within the range of warfare situations, the greatest probability of conflict lies below the general war threshold. There have been 50 wars or near wars since the end of World War II. Yet no carrier has suffered loss or damage from hostile action during this period, in spite of the fact that all but two of our currently designated attack carriers have been involved in actual combat operations since World War II."

Since the greatest probability of conflict lies below the general war threshold, as you have stated, and since the possibility of losing any attack carriers is remotely problematical, does it follow that the Navy should persist in stating a requirement for the 15 attack carriers? What is your statement there? We have been so successful and haven't lost any carriers. Would there be some possibility that we could get along with fewer carriers?

Admiral MOORER. I think elsewhere in that statement I comment on the subject of vulnerability. I would be the first to accept the fact that carriers can be sunk, Mr. Chairman, but at the same time I don't accept at all the thought that they are in essence highly vulnerable and consequently my statement was made to show that while we had operated in Korea, Lebanon, the Dominican Republic and extensively in South Vietnam, as a matter of fact, we have lost no aircraft to mortar fire, for instance, or no aircraft due to attack on the carrier itself, and therefore I was making the point that the carrier has a very high degree of survivability.

CARRIERS ALMOST INVULNERABLE

Mr. MAHON. The carrier, as long as it is not confronted with submarines and no attempt is made to bomb the carrier from aircraft, it is understandably almost invulnerable?

Admiral MOORER. Of course, during World War II there were very intense efforts made to bomb the carriers by the Japanese, even resorting to the best guided missile that has ever been made, the kamikaze. The *Saratoga*, for instance, at one time took seven or eight kamikaze aircraft and survived. So the point I was making, except for the prewar carriers, including World War II, none of the attack carriers had been sunk. In other words, many people have suggested that all that it is necessary to do is to hit an aircraft carrier with one bomb and that is the end of it, whereas the point I am making is that it is a very tough cookie.

NAVY NOT CHALLENGED IN VIETNAM

Mr. MAHON. Admiral, we would say that in the present war, except for Navy pilots and naval personnel engaged in river warfare, our naval presence in Southeast Asia has been more or less unchallenged. I would assume it is correct that no plane has attacked or attempted to attack our ships and no submarine has fired torpedoes at our Navy ships, carriers or otherwise.

Admiral MOORER. That is correct, sir. Although I would go on to say that the threat is there and consequently in that environment we must maintain a defensive posture just in case.

Mr. MAHON. The fact that the Navy has not been challenged in Vietnam, does that in any way indicate that maybe we could do with less than 15 attack carriers?

Admiral MOORER. No, sir, because the volume of sorties has been dictated by the action ashore and as a matter of fact for a long time the Navy was executing over half of the sorties against North Vietnam, sir.

FUTURE REQUIREMENTS FOR CARRIERS

Mr. MAHON. Now, in this position paper of yours, you seem to be harping back to World War II. I doubt that any of us feel there ever

would be another war like World War I or World War II and I hope like the war in Southeast Asia. However, I would hope if we had another war of the type we now have in Southeast Asia, the Navy would be free from challenge as it has been in this war.

But actually this is a rapidly changing world, as we all know. Is it desirable to look backward very much as you look forward to the requirements of the Navy in the area of carriers?

Admiral MOORER. We are not looking backward, Mr. Chairman. As a matter of fact now we have less access to bases overseas than we had in World War II. We have problems in the Mediterranean; there has just been a coup in Libya and at the same time the Soviets are giving sophisticated forces to the UAR, long-range bombers and fighters. They have given them to North Korea, as you mentioned a while ago.

I think in the event we become engaged again that we would expect to be challenged by sophisticated equipment and consequently it is necessary to have modern equipment with which to confront this sophisticated equipment. I don't think I am looking back at all. We are looking to the future, such as what the Soviets are now doing worldwide. I don't think there is any questioning the fact that they are making a very strong effort to extend their influence throughout the world. This is quite clear, particularly in the maritime role.

REPLACEMENT OF OLD CARRIERS

Mr. MAHON. If our carrier force should be reduced, would you want to reduce it by eliminating proposed new carriers or by decommissioning existing old carriers?

Admiral MOORER. Decommissioning existing and old carriers by all means, sir.

Three weeks ago I was in Vietnam aboard the *Hancock* and had occasion to give this ship an award for performance, a Navy citation, and I also observed the same citation in 1944 during World War II. Those ships have reached an age where they require replacement.

COST OF A TASK FORCE

Mr. MAHON. What savings would be realized in 1970 if the attack carrier force was reduced from 15 to 12 and what appropriations would be affected? How much per carrier would you be able to eliminate spending for?

Admiral MOORER. In a task force we include other ships operating with the carrier as well as the oilers and support. We cut the slice all the way across the board in terms of what is needed. I think I should also point out that the primary cost in carrier operation is in the aircraft and not in the ship itself. The ship itself is one of the smallest parts of the investment because the ship lasts 25 or 30 years and you can amortize the cost over an extended period of time, as we were just discussing. To answer your question specifically, depending on what you include in the cost of the task force, the annual cost is but something less than $100 million; about 90 or so.

I will give you a typical task force and show the ships, the aircraft, the O. & M., the personnel, the support ships; everything that is associated with that particular task force, and give you a cost for it, sir.

(The information follows:)

Cost of a typical task force

There is no fixed size or composition of a carrier task force. A U.S. naval task force is organized on an ad hoc basis to accomplish a specific task. The composition of the force is determined by the nature and magnitude of the task, and the availability of our own resources.

Carrier task forces are normally comprised of carriers and destroyer type ships. In the Korean war and in the present conflict in Southeast Asia, the attack carrier task forces engaged included as many as four attack carriers at times of peak combat intensity and at other times consisted of only one attack carrier.

Each attack carrier normally operates in conjunction with from two to six destroyers. However attack carriers can, have, and will continue to operate with only one or two other ships in company when appropriate to the tactical or strategic situation.

To price out an attack carrier task force, a force composition must be specified in terms of numbers of carriers (with embarked air wings) and surface combatants, then the costs determined for each unit.

For the purposes of this analysis a nominal task force consisting of one carrier with its embarked air wing and six surface combatants (cruisers, frigates, and destroyers) has been selected.

Since the nominal force is to be a typical one, the unit costs must be an average for all of the ships of the type, because the classes of ships and their costs vary widely.

The cost of a nominal task force constituted of ships and aircraft can be expressed as the average investment and operating costs of one attack carrier with its embarked air wing and six surface combatant ships in the active service inventory. These costs are documented in the ships construction, Navy (SCN) and procurement of aircraft and missiles, Navy (PAMN) accounts expenditures as investment (acquisition and conversion) costs and in the operations and maintenance, Navy (O. & M.N.) and other procurement, Navy (OPN) accounts expenditures as operating (direct and indirect) costs.

The average cost of the above nominal carrier task force, then, as made up from the fiscal year 1969 active ship and aircraft inventory is as follows:

Average investment cost:	*In thousands*
1 CVA	[1] $212,047
1 CVW (air wing)	[2] 207,714
6 Surface combatants (4 AAW and 2 ASW)	[3] 309,686
Total	729,447
Average annual operating cost:[4]	
1 CVA	33,836
1 CVW	62,089
6 Surface combatants (4 AAW and 2 ASW)	32,678
Total	128,603

[1] An average of the original acquisition cost and subsequent conversion (or modernization) costs for all attack carriers in the current force which includes the *Enterprise*, *Kitty Hawk*, *Forrestal*, *Midway*, and *Hancock* (*Essex*) classes. Source is NAVSHIPS SCN account file.

[2] Flyaway cost of air wing organization aircraft. Does not include "pipeline" aircraft bought to provide training and constant unit aircraft strength at full allowance, aircraft special support equipment, and investment spares. Source is NASO P-1986, Cost Estimates of Weapons Systems, Ships, Aircraft, Missiles and Task Forces, 1 December 1968.

[3] An average of the original acquisition cost and subsequent conversion (or modernization) costs for the 90 (6 per 15 attack carriers) surface combatants in the current cruiser and destroyer forces which would be assigned to an attack carrier task force. Source is NAVSHIPS SCN account file.

[4] Consists of:

(*a*) Direct costs—pay and allowances of unit personnel, supplies, fuel, maintenance, and alterations. Source is OPNAV 90P-02, *Navy Program Factors*, 1 March 1969.

(*b*) Indirect costs—not incurred by the unit. Includes pay and allowances for training and other nonunit personnel and support funds spent by NAVSHIPS, NAVAIR, NAVSUP, NAVFAC, BUMED, BUPERS, and for Service-wide Operations. Does not include aviation ordnance costs. Source is OPNAV 09P-02, *Navy Program Factors*, 1 March 1969.

DAILY SCHEDULE OF 6TH FLEET CARRIERS

Mr. MAHON. Will you provide the committee the daily operations schedule for all attack carriers assigned to the 6th Fleet during calendar year 1968 and as current as you can for calendar year 1969?

Admiral MOORER. Yes, sir; we will be happy to do that.

(The information follows:)

The carriers assigned to the 6th Fleet are maintained at a high level of readiness for combat. Even during in-port periods, the combat readiness posture is maintained. Normally the ships are prepared to get underway on a maximum of ——— notice. Combat aircraft and ——— percent of the ship and flight crews are normally retained aboard.

CARRIER VISITS AND TIME AT SEA IN 6TH FLEET

Roosevelt, F. D. (CVA–42) (1968):
Cannes, France, January 2.
At sea, January 3–19.
St. Paul's Bay, Malta, January 20–21.
Valletta, Malta, January 22–29.
At sea, January 30–February 4.
Souda Bay, Crete, February 5–6.
At sea, February 7.
Athens, Greece, February 8–14.
At sea, February 15–19.
Naples, Italy, February 20–28.
At sea, February 29–March 11.
Pollensa, Mallorca, March 12–13.
Valencia, Spain, March 14–20.
At sea, March 21.
Barcelona, Spain, March 22–23.
At sea, March 24–28.
Genoa, Italy, March 29–April 5.
At sea, April 6–11.
Palma, Mallorca, April 12–23.
At sea, April 24–May 8.

Shangri-La (CVA–38) (1968):
Naples, Italy, January 2.
At sea, January 3–12.
Pollensa, Mallorca, January 13–14.
Palma, Mallorca, January 15–21.
At sea, January 22–27.
Arancl Bay, Sardinia, January 28–29.
At sea, January 30.
Naples, Italy, January 31–February 6.
At sea, February 7–15.
Souda Bay, Crete, February 16–22.
At sea, February 23–March 12.
St. Paul's Bay, Malta, March 13.
At sea, March 14.
Valletta, Malta, March 15–21.
At sea, March 22–28.
Souda Bay, Crete, March 29–31.
At sea, April 1–7.
Athens, Greece, April 8–14.
At sea, April 15–19.
Palermo, Sicily, April 20–26.
At sea, April 27–May 13.
Barcelona, Spain, May 14–22.
At sea, May 23–31.
Porto Conte, June 1–2.
At sea, June 3.
LaSpezia, Italy, June 4–12.
At sea, June 13–27.
Genoa, Italy, June 28–July 7.
At sea, July 8–17.
Naples, Italy, July 18–23.

CARRIER VISITS AND TIME AT SEA IN 6TH FLEET—Continued

Essex (CVS–9) (1968:
At sea, March 1–3.
Naples, Italy, March 4–12.
At sea, March 13–21.
Golfe Juan, France, March 22–28.
At sea, March 29–April 16.
Valletta, Malta, April 17–24.
At sea, April 25–28.
Independence (CVA–62 (1968–69) :
Pollensa, Mallorca, May 9.
At sea, May 10–26.
Athens, Greece, May 27–June 4.
At sea, June 5–9.
Messina, Sicily, June 10–14.
At sea, June 15–27.
Valletta, Malta, June 18–July 8.
At sea, July 9–14.
Istanbul, Turkey, July 15–22.
At sea, July 23–28.
Strimonikoskolpox, Greece, July 29.
At sea, July 30.
Thessaloniki, Greece, July 31–August 2.
At sea, August 3–5.
Toulon, France, August 6–11.
At sea, August 12.
Naples, Italy, August 13–14.
At sea, August 15–29.
Golfe Juan, France, August 30–September 8.
At sea, September 9–13.
Pollensa, Mallorca, September 14–15.
At sea, September 16.
Palma, Mallorca, September 17–23.
At sea, September 24–30.
Argostoli, Greece, October 1.
At sea, October 2–6.
Genoa, Italy, October 7–15.
At sea, October 16–November 1.
Arancl Bay, Sardinia, November 2–3.
At sea, November 4.
Livorno, Italy, November 5–11.
At sea, November 12–24.
Taranto, Italy, November 25–December 1.
At sea, December 2–6.
St. Paul's Bay, Malta, December 7–8.
At sea, December 9.
Valletta, Malta, December 10–16.
At sea, December 17–22.
Athens, Greece, December 23–January 2.
At sea, January 3–10.
Palma, Mallorca, January 11–16.
At sea, January 17.
Pollensa, Mallorca, January 18.
At sea, January 19.
Forrestal (CVA–59) (1968–69) :
At sea, July 27–August 5.
Porto Conte, Sardinia, August 6–7.
At sea, August 8.
Marseilles, France, August 9–15.
At sea, August 16–23.
Souda Bay, Crete, August 24.
At sea, August 25–26.
Athens, Greece, August 27–September 2.
At sea, September 3–14.
St. Paul's Bay, Malta, September 15.
At sea, September 16.
Valletta, Malta, September 17–24.
At sea, September 25–30.

CARRIER VISITS AND TIME AT SEA IN 6TH FLEET—Continued

Forrestal (CVA–59) (1968–69)—Continued
Argostoli, Greece, October 1–2.
At sea, October 3–5.
Argostoli, Greece, October 6–7.
At sea, October 8.
Taranto, Italy, October 9–14.
At sea, October 15–November 3.
Thessaloniki, Greece, November 4–10.
At sea, November 11–24.
Palma, Mallorca, November 25–December 1.
At sea, December 2–7.
Genoa, Italy, December 8–15.
At sea, December 16–22.
Golfe Juan, France, December 23–January 2.
At sea, January 3–12.
Valletta, Malta, January 13–19.
At sea, January 20–27.
Naples, Italy, January 28–February 2.
At sea, February 3–7.
Saros, Greece, February 8.
At sea, February 9.
Istanbul, Turkey, February 10–16.
At sea, February 17–21.
Athens, Greece, February 22–28.
At sea, March 1–March 6.
Argostoli, Greece, March 7–8.
At sea, March 9–10.
Trieste, Italy, March 11–16.
At sea, March 17–22.
Pollensa, Mallorca, March 23–25.
At sea, March 26–28.
Barcelona, Spain, March 29–April 7.
At sea, April 8–14.
Marseilles, France, April 15–18.
At sea, April 19–21.
Shangri-La (CVA–38) (1969):
Pollensa, Mallorca, January 18.
At sea, January 19–21.
Taranto, Italy, January 22.
At sea, January 23–30.
Pollensa, Mallorca, January 31–February 1.
At sea, February 2.
Barcelona, Spain, February 3–9.
At sea, February 10–16.
Cannes, France, February 17–26.
At Sea, February 27–March 6.
Naples, Italy, March 7–16.
At Sea, March 17–23.
Athens, Greece, March 24–28.
At sea, March 29–April 2.
Valletta, Malta, April 3–10.
At sea, April 11–17.
Souda Bay, Crete, April 18.
At sea, April 19–May 1.
Naples, Italy, May 2–6.
At sea, May 7–11.
Barcelona, Spain, May 12–18.
At sea, May 19–25.
Valletta, Malta, May 26–June 1.
At sea, June 2–8.
Athens, Greece, June 9–16.
At sea, June 17–25.
Cannes, France, June 26–July 6.
At sea, July 7–12.
Golfe de Palmas, Italy, July 13–15.
At sea, July 16–18.

CARRIER VISITS AND TIME AT SEA IN 6TH FLEET—Continued

Kennedy, J. F. (CVA-67) (1969):
At sea, April 23–May 1.
Valletta, Mallorca, May 2–11.
At sea, May 12–26.
Genoa, Italy, May 27–June 3.
At sea, June 4–10.
Naples, Italy, June 11–20.
At sea, June 21–29.
Taranto, Italy, June 30–July 2.
At sea, July 3.
Corfu, Greece, July 4–6.
At sea, July 7–13.
Golfe de Palmas, Italy, July 14–15.
At sea, July 16–20.
Naples, Italy, July 21–30.
At sea, July 31–August 1.
Valletta, Malta, August 2.
At sea, August 3–15.
Athens, Greece, August 16–24.
At sea, August 25–31.
Cannes, France, September 1–3.
At sea, September 4–14.
Naples, Italy, September 15–24.
At sea, September 25–October 3.
Trieste, Italy, October 4–10.
At sea, October 11–24.
Navplion, Greece, October 25–26.
At sea, October 27.
Athens, Greece, October 28–November 3.
At sea, November 4–10.

Saratoga (CVA-60) (1969):
At sea, July 20–24.
Valletta, Malta, July 25–August 3.
At sea, August 3–13.
Barcelona, Spain, August 14–22.
At sea, August 23–September 2.
Corfu, Greece, September 3–9.
At sea, September 10.
Souda Bay, Crete, September 11–12.
At sea, September 13–19.
Rhodes, Greece, September 20–30.
At sea, October 1–10.
Valletta, Malta, October 11–15.
At sea, October 16–23.
Cannes, France, October 24–November 3.
At sea, November 4–12.

DAILY SCHEDULE OF ATLANTIC FLEET SSBN'S

Mr. MAHON. Will you provide the committee the daily operation schedule for all SSBN's assigned to the Atlantic during calendar year 1968 and as current as possible for 1969?

Admiral MOORER. Yes, sir.

(The information was provided to the committee and is classified.)

NAVY SHIPBUILDING AND CONVERSION PROGRAM

Mr. MAHON. The Navy has built or has under construction 570 new ships, plus conversion of 362 ships. Of these totals, 151 new ships and 47 conversions were still under construction as of June 1969. There are four new ships and 13 conversions from the fiscal year 1968 and the fiscal year 1969 programs yet to be awarded.

The President's budget for fiscal year 1970 contains a request for funds to build 16 new ships and convert 17 others. As you know, the House Armed Services Committee authorized construction of a total of 36 new ships and conversion of 21 other ships at a cost of almost $1 billion above the President's budget.

Mr. Secretary, do you believe our shipbuilding industry could accept a total ship construction and conversion program of this magnitude in 1 year, and could the Navy, in fact, obligate such a program in fiscal year 1970, assuming the funds were made available?

Secretary CHAFEE. I don't think so, no, sir. I don't think in 1 year that could be accomplished.

Admiral MOORER. The problem is we only have 6 months to do it in, sir, but I think the capacity is available. I have had that investigated and studied. We do have the shipbuilding capacity in the United States to accommodate a program of that scope, but you couldn't physically let all the contracts during fiscal year 1970 because we only have about 7 or 8 months to go.

Mr. MAHON. And you don't have an authorization bill or an appropriations bill.

Admiral MOORER. But we do know where we would put these ships and I think by some time next summer, or within 12 months from now we could obligate the program.

Mr. MAHON. It would be the beginning of another fiscal year before these kinds of bridges would have to be crossed.

SSN–688 CLASS SUBMARINES

Both the House and Senate Armed Services Committees authorized a third SSN–688 class submarine in addition to the two in the fiscal year 1970 President's budget at an estimated cost of $152.7 million. It is noted that as of June 1969 there were three new SSN's funded in fiscal year 1968 and 1969, the contracts for which are not yet awarded.

Assuming the funds were made available for the third SSN, could those funds be obligated in fiscal year 1970? It would appear not in view of the slow pace of the other ships.

Admiral MOORER. The fiscal year 1968 submarine you have referred to is the electric drive submarine which was approved by OSD in October 1968, after very intensive study. Following this approval the Navy placed a contract for construction in December 1968. The other two submarines to which you have referred are the two authorized for fiscal year 1969 and for which contracts were placed in July of this year just after the close of fiscal year 1969.

The Navy is planning to award construction contracts for all submarines authorized in the fiscal year 1970 program during this fiscal year. If the funds are made available for the third SSN, those funds will be obligated in fiscal year 1970. The ship acquisition plan for the SSN–688 class submarines has already been approved. This plan has been structured to permit award of construction contracts of all three during fiscal year 1970.

Mr. MAHON. Mr. Secretary, what is meant by your statement that the delivery schedule for the fiscal year 1975 or SSN–688 submarine construction will be delayed? How long is the delay and what effect will it have on the two SSN's in the fiscal year 1970 President's budget?

Secretary CHAFEE. In my statement I said the 688 would be delayed—I don't recall that, Mr. Chairman.

Mr. MAHON. It is page 21. You say "Originally there were three SSN-688 submarines in the 1970 program along with advance procurement funds for four more in 1971. We now find that the delivery schedule for the fiscal year 1970 buy will be delayed somewhat with two SSN-688's fully funded along with the advance procurement funds for five more in 1971. Why the delay?

Secretary CHAFEE. I am just not sure what did produce the delay, Mr. Chairman.

Mr. MAHON. Admiral Moorer, do you know?

Secretary CHAFEE. It might have been the original schedule——

Admiral MOORER. There would be no delay from the original delivery schedule for the fiscal year 1970 buy if all three SSN's were authorized. The delay in authorization for the third SSN will delay the delivery schedule for that ship and those in subsequent years.

Mr. MAHON. I am just reading the Secretary's statement.

Clarify that for the record, if you please.

Secretary CHAFEE. I certainly will.

(The information follows:)

The previous administration's budget for the fiscal year 1970 shipbuilding program was three high-speed submarines fully funded in fiscal year 1970 with $72 million long-lead funds for four submarines.

During the review of the previous budget requested by the current administration, the Navy agreed to accept partial funding of $47.2 million for the third submarine proposed for the fiscal year 1970 program provided the ship was authorized in fiscal year 1970 and the balance of the funding provided in fiscal year 1971. The basis for the Navy's acceptance of partial funding is that authorization of the first three SSN 688 class submarines in fiscal year 1970 will allow award of shipbuilding contracts for all three in fiscal year 1970 and permit the earliest possible delivery of these ships as well as those in following years.

The revised budget submitted by the President included full funding for two submarines and deferred the ship authorization for the third high-speed submarine from fiscal year 1970 to fiscal year 1971. It also included $47.2 million advance funding for the third submarine in the fiscal year 1970 budget in addition to the long-lead funds for four more already submitted in the previous budget.

Advance procurement funds are restricted by law to use for deliverable items. Therefore, preliminary ship fabrication work cannot be undertaken in fiscal year 1970 on the third submarine if only advance procurement funds are provided. Accordingly, delay in authorization of the third SSN 688 class submarine from the fiscal year 1970 to fiscal year 1971 would cause a delay of 5 months in the third ship and delays of a few months in later ships of this urgently needed new class of high-speed attack submarines.

Delivery of the lead ship is scheduled for —— and the second ship in ———. If these submarines are authorized in the fiscal year 1970 program, the third ship could be delivered in ——— or earlier. However, if authorization of the third ship is delayed until the fiscal year 1971 program, as proposed in the April 15 budget, the construction contract would not be awarded until about January 1971, the ship delivery would occur in about ———. In addition to delaying delivery of the third SSN 688 class submarine about 5 months by deferring authorization of the ship from fiscal year 1970 to fiscal year 1971, delays and additional cost in the follow-on submarines now programed for the fiscal year 1971 program would result.

The Navy's objective is to attain a force level of about 100 SSN's with a construction program of five SSN's per year. In view of the urgent need for the new class of high-speed submarines, the Navy strongly recommends continuing support of the submarine construction program.

DXGN GUIDED MISSILE FRIGATE

Mr. MAHON. Mr. Secretary, your fiscal year 1970 shipbuilding and conversion budget contains a request for $196 million to initiate construction of the DXGN, a new guided missile frigate. As you know, the committee report on the fiscal year 1969 appropriation bill discussed the DXGN/DLGN concept and asked that the Navy, JCS, and OSD thoroughly review and analyze operational requirements of the Navy in light of the realistic challenge which lies ahead. The committee has received a communication expressing the Navy position on the DXGN vis-a-vis the DLGN. Has the JCS/OSD study been completed as yet? Do you know?

Secretary CHAFEE. To the best of my knowledge, it has and this is the result.

Mr. MAHON. Will you provide the committee with the results of this study?

Secretary CHAFEE. Yes, sir.

(The information follows:)

The results of the OSD review of the DXGN/DLGN question support the Navy study recommendation to start the DXGN building program in fiscal year 1970. ———. The JCS have considered the DXGN as a follow-up ship to the DLGN and recommended a procurement of ——— DXGN during the time frame fiscal year 1970—fiscal year ———.

Mr. MAHON. The committee understands that the contract definition on the DXGN has yet to be completed, is that right?

Admiral MOORER. Yes, sir; except this is being handled somewhat differently than a straight out contract definition, Mr. Chairman. Actually the DXGN will become a DLGN once we let the contract and the DXGN just means the design has been under study.

Mr. MAHON. "X" means that?

Admiral MOORER. Yes. We use that to suggest it is not under production or construction yet.

As you know, we did let the contract for two DLGN in July, a year ago. The DXGN has a better weapons system; it is designed to save personnel; it is equipped with a better defense against the surface-to-surface missile and generally speaking has an updating of the total antiair and the antisubmarine warfare systems. But it is a modern DLGN, the best DLGN we can build as of this time. That is what it amounts to. There is really nothing significantly different between the DXGN and the DLGN we have built before except for the improved weapons system in the new design.

As you know, we have two nuclear guided missile frigates and one nuclear guided missile cruiser operating and two more nuclear guided missile frigates under construction.

Mr. MAHON. When you talk about modernization, do you mean it will have a so-called SHORTSTOP electronic warfare system, and new digital ASW fire control system, and a new ——— launcher system?

Admiral MOORER. ———. Thus the entire weapons suit has been modernized.

Mr. MAHON. Is it correct to say that, in addition, the first two DXGN's will not have the advance surface missile system, and this will require retrofit and modifications at a later time?

Admiral MOORER. The first DXGN's will have the Tartar-D ——— and we would not expect immediately to retrofit those ships, sir.

Mr. MAHON. You wouldn't have to retrofit them immediately?

Admiral MOORER. No, sir. I am not saying we wouldn't want to retrofit them in 1990 or something like that, but we wouldn't expect to retrofit them in the first 8 or 10 years of their life.

Mr. MAHON. The committee has been seriously concerned over the magnitude of cost overruns involved in ship construction now estimated at $850 million with a potential of being as much as $1.2 billion. Navy witnesses have testified that delays in delivering advanced weapons systems under development and attendant engineering changes associated with these new equipments have contributed to these cost overruns. As you know, in the construction of DE's alone, contractor claims against the Navy have approached $100 million and it may be more.

In the light of this past experience, would it be wise to defer the construction of the new DXGN one year thus giving you ample time to complete the contract definition, firm up the cost estimate, and buy additional time for development of the new systems?

Admiral MOORER. No, sir.

Secretary CHAFEE. It seems to me, Mr. Chairman, in answer specifically to your question that we will just have to figure whether we are ready—and we will do that. In other words, we will try to avoid the mistakes that have been made in the purchase of these other ships, and if we are not ready we won't go ahead.

Mr. MAHON. Why not get ready before you ask us for the money and before we provide it? We are always giving people money before they know what they are going to do with it. That is a little upsetting. We have been doing that for years around here. You have something that you are working on and we fund it before you know really what you are going to do.

Of course, it would slow you down at least a year if you really came before us and told us specifically and with greater accuracy what you really were going to do. Do you get my point?

Secretary CHAFEE. It is kind of a chicken and egg situation, I guess. Lots of times if we don't have the money we can't find out what we would do.

Admiral MOORER. The design, sir, is a large part of the expense of the so-called lead ship. A ship is a construction and not a production. It is necessary for us to do design studies and to obtain lead time items in advance particularly if it happens to be a nuclear ship. As the Secretary said, what we are trying to do, and the reason we are being so careful with these contracts is to make certain that they are written in such a way that they can be managed and administered during their entire evolution so that we will not have some of the difficulties we have had in the past.

We are trying to improve this contract business.

CONCEPT FORMULATION/CONTRACT DEFINITION APPROACH

Mr. ANDREWS. Admiral, do you do all your designing, engineering, and architectural work in-house, or by contract?

Admiral MOORER. We do both. Under the concept formulation-contract definition scheme that we now are using, the design is done by the prospective contractors who are competing for the contract. When the design is completed from each contractor making a proposal, the designs then become the property of the U.S. Government, whether he gets the contract or not. As stated previously, however, the DXGN contract definition was performed differently. We did not have several contractors competing for a total ship design. The Navy developed a design utilizing the best talents available, either industry or Navy, to perform tasks in areas of their particular expertise.

Mr. ANDREWS. Does the competing contractor perform contract definition at his expense?

Admiral MOORER. No. He is provided funds for this contract definition effort, sir.

Mr. ANDREWS. What do you do, just tell him in broad terms what you want and then he defines it?

Admiral MOORER. We tell him in terms of the performance we want. This is a new approach only used in recent years, Mr. Andrews. We tell him in terms of what performance we want from the ship and he in turn tells us how he would construct the ship in order to gain this performance.

Mr. ANDREWS. That is about all you tell him, just performance?

Admiral MOORER. Yes.

Mr. ANDREWS. And the size of the ship?

Admiral MOORER. No, we don't tell him the exact size. We tell him what weapons we want it to carry, what we want the ship to do, what speed we want it to make, what endurance it must have, and things of this kind. The proposals from several contractors will vary as to displacement sometimes as much as a thousand tons.

Mr. FLOOD. Do you have the same problem we have had with the Air Force during World War II, that we get plans upon plans, but no aircraft? How many times do they change your plans before you launch something?

COST OVERRUNS

During the war the Air Force came up with nothing but plans. Finally we had to tell them, "Forget about the plans. We need airplanes." Do you have trouble with that?

Admiral MOORER. We do have trouble with it, but in the new programs we are putting strict controls on these change orders that serve to delay the ship and at the same time increase the expense.

Actually I think it is worth noting, Mr. Chairman, that in connection with what you call the cost overrun, I think it is a combination of some cost overrun, some changes that have been made, and so on—I look on it, really, as a shipbuilding deficit. The claim portion of this total overall deficit which includes claims in hand and anticipated, covers 125 ships authorized over 13 years and whose budgeted end cost amounted to $5.35 billion within a total SCN program for those years of $24.1 billion. It is something that has not happened entirely in the last year or two. None of these figures were generated by what has happened in the last 12 months. Some of this dates back 13 years ago.

Mr. MAHON. You may expand on that for the record and make perfectly clear what the facts are.

(The information follows:)

While full recognition of the potential cost increase problem in the SCN appropriation has only been achieved within the past 2 years it is important to note that the cost increases do not only apply to the most current fiscal year programs, but rather involve ships in programs from fiscal year 1957 through fiscal year 1969. The cost increases in the earliest programs result from contractor claims, while the increases in the more recent programs are a function of cost overruns, changes to ship characteristics and unforeseen market conditions including higher than anticipated costs for labor and material, and higher than estimated profit rates on the part of the shipbuilding industry.

More specifically the Navy encountered significant cost problems in the shipbuilding program during fiscal year 1968 when, based on quotations being received, it became evident that funds appropriated for a number of ships in fiscal year 1967 and 1968 shipbuilding programs would be inadequate to permit the award of these ships. Some of the significant cost growth encountered at this time was associated with the CVAN–68 (NIMITZ), the DLGN–36 and 37, and the SSN–685 (the turbine-electric quiet) submarine. This cost growth was discussed in testimony before various congressional committees last year. The principle reason for the significant increase in funding requirement to award the contracts for these ships was the unexpected change in market conditions and the inflationary trend which has developed. This was discussed in testimony before the House Appropriations Committee last year on 2 May (hearings before a subcommittee on the Committee on Appropriations, House of Representatives, 90th Cong. (1969), p. 6, p. 321) where it was pointed out that large increases were being experienced due to higher than anticipated labor rates, increased material costs, higher profits and limited sources of supply.

In order to provide sufficient funds for award of the fiscal year 1967 and 1968 ships as well as to provide for indicated cost growth in some ships already under construction and conversion it was necessary to cancel the construction of certain ships previously authorized by the Congress. This was done in lieu of requesting additional obligational authority from the Congress. Reserves normally held for technological changes in ships under construction and for anticipated cost growth were cut to bare minimums in order to avoid additional program cuts.

Cost overruns have been encountered in some programs in addition to the problem generated by the unusual conditions described above. Some examples of these are the cost of the nuclear deep dive research vehicle (NR–1), the modernization of the U.S.S. *Midway* (CVA–41), and the modernization of the U.S.S. *Albany* (CG–10). These costs overruns stem from a variety of reasons. In the case of NR–1, the full impact of the development effort required to produce equipment capable of operating for extended period of time on the ocean floor was not fully recognized. In the case of the conversions the Navy underestimated the extensive rehabilitation of hull and machinery the two ships would require. In addition, the cost of the *Midway*, in particular, was affected by the disruption caused by the heavy influx of high priority ship work into the shipyard resulting from the Southeast Asia conflict and the west coast shipyard strikes.

At the time the fiscal year 1970 shipbuilding budget was prepared it appeared that the cost problems as then known could be resolved by intensive effort which had been undertaken by the Navy to recover unexpended funds from ship programs in prior years which were completed or nearing completion. After intensive review by a team of auditors from the Naval Audit Service, working with personnel of the Navy's Systems Commands, it is now apparent that the recapture of unexpended funds will not be as great as anticipated and that some other source of funds to cover the cost growth must be found.

In addition to the above fund recovery effort shortfall, problems were encountered during the past year which made it quite evident that the cost problem could not be handled as anticipated at the time of budget preparation. The most significant of these problems was the filing of a large number of claims by various shipbuilders. This claim problem was noted by Secretary Laird in his statement before the Senate Armed Services Committee on March 10. The claim mentioned by Mr. Laird against 14 of the DE 1052 class ships which had just been settled was received in several sections with the principal portions being filed subsequent to April 1968. Other claims of significant magnitude have since been received during the months of November and December 1968, January 1969 and September 1969. In addition, other claims are anticipated based on informal notification of intent to file by various shipbuilders.

This problem of shipbuilder claims is a particularly thorny one. There are certain claims in programs as early as 1957. However, the bulk of the claims are against ship programs largely in the fiscal years 1962 through 1967 shipbuilding programs. The claims are based on a variety of reasons such as (*a*) specification ambiguities which experience proved were difficult to meet within the contract period, (*b*) failure of the Government to provide timely design information for Government-furnished equipment currently under development, (*c*) late Government plan approval, (*d*) Government-directed technical changes, and (*e*) more stringent Government administration of inspection and quality assurance requirements of both surface ships and submarines following the *Thresher* tragedy. The majority of these recent claims are not yet settled. Because of the wide variety of factors on which the claims are based, the ratio of settlement cost to claim face value can vary widely. The settlement ratio on the recently settled claim mentioned by Secretary Laird is therefore not necessarily indicative of the ratio which will obtain as the other claims are negotiated.

In addition to the shipbuilder claims, cost growth has been encountered in other programs. A most significant factor has been delay and disruption of work on ships under construction or conversion in naval shipyards where significant segments of the work force had to be diverted from the new construction and conversion effort to higher priority ship repair/overhaul work which has expanded significantly since the beginning of Southeast Asia hostilities. Other significant cost growth has been encountered in the purchase of equipments (radars, sonars, electronic ordnance and fire control equipments), which the Government furnishes to the shipbuilders.

Because of the recent cost growth problem it has been necessary to apply all recovered funds to cover the cost growth. This has interfered with the capability to meet recoupment objectives which have been included in the financing of the SCN appropriation since fiscal year 1966. The fiscal year 1968 recoupment or at least a sum of money equivalent to the recoupment objective will be provided by changes in budgeting procedure in fiscal year 1970 which will allow one-time recovery of prior year funds to apply toward the price increases we have been discussing. The fiscal year 1969 recoupment objective of $100 million is included in the $800 million deficit currently projected.

CONTRACT DEFINITION

Mr. ANDREWS. You contact four contractors and they express an interest in a new ship. You give those broad general outlines of what you want. Each comes in with his own blueprints.

Now, are you permitted to take ideas from each contractor and put the ideas of all four together and come up with a single blueprint or plan for the ship you want?

Admiral MOORER. Yes, sir; the plans are the property of the Government. We normally start out with four or five, ultimately cutting down to two and then make the final selection on the basis of a very extensive criteria that we apply to each proposal, which is a combination of costs, contract terms, and performance.

Mr. ANDREWS. Thank you.

Secretary CHAFEE. But you can take these—you can take the best from one and add it to the other.

Mr. ANDREWS. If you can get a pretty good price for these contract definitions, you can have four or five companies working on the same ship.

Admiral MOORER. That is right.

CRUISE MISSILE DEFENSE

Mr. ANDREWS. Admiral Moorer, as you know, the committee has long expressed its concern over the Soviet cruise missile threat and has urged the Navy to move with deliberate speed to meet and counter this threat. The testimony this year on what the Navy is doing to

counter this threat leaves some of us somewhat under the impression that the Navy is moving in various directions in a most expensive fashion and in a way that is characterized by considerable duplication. Now, let me review this matter with you.

Under the surface missile system project, the Navy is attempting to improve the reliability and performance capabilities of the 3T's, the troubles of which we have heard no end in this committee, which involves providing them with a capability against cruise missiles. At the same time, the Navy is making major improvements to the 3T's under the 3T major system development project.

In another area the Navy is developing a point defense missile system which is also an anticruise missile system using the Sparrow missile. This system is being developed, purchased, and installed in three phases—the basic, the improved, and the advance point defense missile system. The first two involve modification and retrofit to ships, while the advance system is being pursued separate and apart from the basic and improved effort.

In another effort, the Navy is developing an advanced surface missile system which is designed to provide a defense against cruise missiles and it will also be effective, we are told, against surface targets.

In a companion effort, the Navy is developing, purchasing, and installing a ship antimissile integrated defense (SAMID) system on ships, but this too is being pursued in an expensive manner.

First, an immediate SAMID is being developed and installed, a near-term SAMID program is underway, and also work is in progress on an advanced SAMID.

The SAMID is supposed to work with the point defense missile system, with the 3T's and ultimately with the advance surface missile system.

What is the difference between the 3T surface missile system project, the point defense missile system, and the advanced surface missile system? Are these duplicating systems? Undoubtedly they are designed to meet the same threat.

What would be the effect of the committee refusing to fund further effort on the 3T's and the point defense missile system, and recommending that your efforts be directed toward developing the advanced surface missile system?

Would it be desirable to stop spending money on the immediate and near-term SAMID and devote all efforts toward developing the advanced system?

Mr. FLOOD. I submit that is a rhetorical question, Mr. Chairman. You can answer that yourself.

Mr. MAHON. Off the record.

(Discussion off the record.)

Admiral MOORER. May I start at the very beginning, sir, and talk in terms of the overall requirement to defend against airborne targets, whether they be aircraft or surface-to-surface missiles?

Mr. MAHON. You are talking about defending ships.

Admiral MOORER. Defending ships or convoys or amphibious operations or, for that matter, defending let us say a supply base such as Danang, and so on. We would use a combination of weapons that are aboard ships and aboard aircraft.

Now, let me talk first about the 3T's and the point defense missile.

We would not install the point defense missile on ships that were equipped with the 3T's. I know there has been much discussion about the 3T's, Mr. Chairman, and it is true that we have had some difficulty with these 3T's but I can report to you that the ones that are operating today are operating well and, as a matter of fact, the Talos missile system on the Long Beach ———.

The aim of the 3T improvement is simply to enhance their capability to operate in a jammed environment, that is, a countermeasure environment and also against low altitude flying vehicles, whatever they happen to be.

The Navy is always in a transition. We can't go out tomorrow and buy a new Navy so we have to continue using in the future the assets we have, such as ships that are 10 or 15 years old. Therefore, some ships will still use the 3T's and the point defense missile system on ships not equipped with the 3T's. Incidentally, the point defense missile system uses the already developed Sparrow, so there is no development cost in the missile itself. The NATO nations are also using the same idea, for small ships that do not have the capability for the 3T's.

Now, in the general concept of defending against missile systems, and particularly surface-to-surface systems, we look on this in about four parts. One is, of course, the reconnaissance and the gathering of intelligence; those things to indicate that the threat is in the area.

Secondly, to detect that a missile has been fired at a certain target in the force.

Thirdly, to use electronic means to deceive the weapon that has been fired at you and fourthly, is to destroy this weapon if in fact you are unable to deceive it.

Now, the missiles we have been discussing are aimed at destroying the incoming weapon that is aimed at your own ship, or other ships in the force.

SAMID and Shortstop are integrated systems designed to reduce the necessary reaction time between detecting that a missile is headed for you and the defensive deception action as well as firing at the incoming missile. These are integrated systems using computers.

Mr. MAHON. Off the record.

(Discussion off the record.)

Mr. MAHON. Will you expand your explanation of this highly technical question for the record, Admiral Moorer?

Admiral MOORER. Yes, sir.

(The information follows:)

The SAMID (Ship Anti-Missile Integrated Defense) and the SHORTSTOP programs are two of the key elements of the Navy's overall antiship missile defense efforts. Basically, SAMID is an accelerated program to achieve shipboard combat systems integration in order to provide a defensive capability against antiship missiles.

The Immediate SAMID program provides specific improvements ———. The electronic ———.

The near term SAMID program provides the implementation of the Navy's overall antiship missile defense efforts commencing in fiscal year 1970. This program involves the installation of a new electronic warefare (EW) suit, improved command and control equipments, modification to search and fire control radars to improve antiship missile detection, and fire control modifications to improve gun and missile effectiveness. The new EW system will operate ———.

The SHORTSTOP system will provide an integrated electronic warfare system to detect, identify, and provide rapid reaction capability for all ship weapons and sensors for defense against antiship missiles ———. SHORTSTOP is designed to ———. The antiship missile threat which exists at this time comprised both surface-to-surface and air-to-surface missiles ———.

The most pertinent system design capabilities are listed below:

(1) Basic system design concepts are "threat oriented" and "threat responsive." Capabilities provided include:

(b) Early warning of imminent enemy attack through the detection of the enemy's presence. This capability includes the automatic detection, evaluation and dissemination of tactical threat data for use by the command and decision area with ——— ranges to ——— nautical miles or greater.

(2) The system provides for update and growth to maintain system capability current with the changing intelligence data; to be effective in ——— to provide for new advances in electronic warfare capability; and to provide for new advances in electronic countermeasures techniques.

(3) The system is capable of effective countermeasures response and early warning in very dense signal environments which include both friendly and enemy emissions. Mission assignments of ships involved cause them to operate in electromagnetic environments ranging from total EMCON conditions to close support of attack carrier task forces with ———.

(4) The system is capable of responding ———.

(5) The system provides effective electronic warfare capability in ships of varying missions and hull sizes. The system is selectively scaleable to provide variable capabilities using the common subsystem and equipment building blocks with minimum introduction of new interface hardware.

(6) The system is functionally intergrated within the command and dicision system through complete technical (hardware and software) compatibility with the existing naval tactical data system (NTDS) and with planned improvements and modifications. In addition, the control and display concept includes functional CIC/CDS integration for non-NTDS ships.

(7) The system can assist command in determination of appropriate EMCON condition and monitor and report on other ship EMCON violators.

(8) The forecasted lifespan of the system is 20 years. Maximum flexibility in system design is employed to assure that the system can accept growth and update at minimum cost and effort.

Mr. MAHON. Do you state for the record that the Navy is strongly in support of this as being the best procedure to follow at this time?

Admiral MOORER. Yes, sir.

Mr. MAHON. Do you think the same thing, Mr. Secretary?

Secretary CHAFEE. Yes, sir. You mean the various systems you outlined here?

Mr. MAHON. Yes.

Secretary CHAFEE. Yes. I think eventually, we are going to shake down and find out which one is the best.

Admiral MOORER. I can understand the confusion over this because it is very complex. At one place we are making an effort to improve the capability of ships we already have in commission and operating. In the other effort, which is purely R. & D., we are looking to the future for the new ships we are going to build. Now, when you are talking about the missiles you are only talking about one part of the overall package required to handle this problem.

Mr. MAHON. Amplify on that for the record.

Admiral MOORER. Yes, sir.

(The information follows:)

The Navy's approach to effective missile defense is defense-in-depth, using all the power of our balanced fleet concept. The components of the fleet's air defense available to counter this threat are surveillance and reconnaissance aircraft, manned interceptors, area defense missiles, point defense weapons (guns and short-range missiles), and electronic warfare (EW) systems. The Navy's first line of defense against the cruise missiles, aside from our attack submarines which can interdict enemy submarines at forward barriers, is naval aviation.

Carrier-based airborne early warning aircraft operate to detect and warn of impending attack by surface craft, aircraft, or missiles. With adequate warning that enemy warships, patrol boats, or surfaced submarines are in the vicinity, our aircraft could attack and effectively counter them with air-to-surface weapons. A number of weapons are available for this purpose, including bombs and rockets. Interceptor aircraft, such as the F–4J with Sparrow missiles, provide not only air-to-air capability against bombers and cruise missiles, but also a limited air-to-surface capability against surface-launch platforms.

Our ships employ both EW and SAM/SSM systems to detect, deceive, and destroy cruise missiles and launch vehicles that may have eluded outer defenses. The SAMID packages have provided a threat-reactive, integrated EW/weapons system/command-and-control response for the fleet. Tactics and procedures have been modified to reduce reaction time. Terrier, Tartar, Talos, and the basic point defense surface missile systems are being updated to improve further their capability against the growing threat.

Our new developments will upgrade our capability against higher-speed, surprise, multiple attacks. These include the Anti-Ship Missile defense (ASMD) integrated suit, an automatic EW system Shortstop, the Advanced Surface Missile System (ASMS), the Improved Point Defense Surface Missile System, and the Very Close-in Gun Weapon System (CIGWS). These developments are time-phased for designated ships in the program plan for Anti-Ship Missile Defense. Major contributors to defense-in-depth will be the E–2C, EKA–3B, EA–6B, EP–3C, S–3A, and F–14A/Phoenix aircraft systems and the air/surface launched antiship missile Harpoon. The task force defense thus provided will achieve the degree of automatic alert and instantaneous response necessary to cope with an advancing threat.

SUBMARINE CONSTRUCTION PROGRAM

Mr. MAHON. Admiral Moorer, in expressing concern for the ever-increasing Soviet Naval and maritime threat, you emphasize the magnitude of the Soviet submarine force, the largest in the world, and the fact that the Soviet submarine construction rate today, ———, is greater than our full capacity. Do you believe that we should be placing more emphasis on submarine construction than building combatant surface ships?

Admiral MOORER. No, sir; we should be building at least five nuclear attack submarines each year until all diesel submarines have been replaced and we have about 100 firstline nuclear attack submarines. However, we must maintain balance in the fleet among types in order that all parts of the fleet and the fleet as a whole is able to accomplish its mission. With limited dollars in mind, we must structure our program toward the best balance. We believe that we have accomplished this.

SOVIET INFLUENCE IN MEDITERRANEAN

Mr. MAHON. Admiral, you mentioned the continuing effort of the Soviets to expand their presence in the Mediterranean for the purpose of enhancing its prestige and influence in that area. Of course, we have been aware of the fact that the Soviet Union is undertaking to strengthen itself in the Mediterranean. Do you believe this Soviet presence should have a marked political impact on certain Mediterranean coastal nations?

The United States 6th Fleet has been in the Mediterranean for many years, but this show of force did not seem to prevent such countries as Algeria, Egypt and Syria from moving under the influence of the U.S.S.R. As a matter of fact, this all happened without a Soviet naval force of consequence or naval presence in the Mediterranean.

What have we gained over the years as a result—and I am speaking of the more recent years—as a result of the presence of the 6th Fleet

in the Mediterranean from the standpoint of advancing our prestige, influence and national interest in that area of the world?

We must realize this has been a very expensive operation. I am sure it has been very pleasant at times for many who serve in the area and maybe unpleasant for others. I am not questioning whether or not we should have a naval presence in the Mediterranean, but I think the question is worth developing and I thought this question might be a bit provocative. What do you say?

Admiral MOORER. Of course, I think one must ask himself the question what would have happened if the 6th Fleet had not been in the Mediterranean. What you are suggesting, of course, is the very complicated political problem associated with the confrontation between Israel and the United Arab Republic. The Russians naturally tend to take the opposite side—that is, to enhance the strength of the UAR and, of course, the UAR generally uses Soviet equipment and the Israelis use equipment from the free world.

However, the 6th Fleet has made, I think a very big impact on the security of NATO and although——

Mr. MAHON. You think it has tended to hold NATO together?

Admiral MOORER. Yes, sir. I know it does contribute to the unity that exists between, for instance, the Greeks, the Italians and the Turks and so on. In addition to that, Western Europe is almost totally dependent on the oil from the Middle East and if that line was cut off you would see the Western Europeans subject to all kinds of pressures and even blackmail, you might say.

Thus, in summary, the 6th Fleet has performed these functions:

Defense of NATO's southern flank.

Contributed to the stability in the area as in Lebanon in 1958.

Guarded the vital sea line of communication through the Mediterranean.

Available for the protection of U.S. investment and U.S. citizens in that part of the world.

Formed a part of the U.S. strategic deterrent posture.

A visible sign of the U.S. commitment to Europe.

Now, the fact that the Soviet Navy has come into the Mediterranean—which incidentally, is a part of their overall expansion of their maritime power and it is not going to be just confined to the Mediterranean, I can assure you—gives those nations, particularly in the eastern end of the Mediterranean, as well as those along the southern littoral, a feeling that the environment is changed in the Soviets' favor and they are willing to take a position more in accord with that support.

One can question whether or not they would have had the coup in Libya if it had not been for the fact that the Soviet fleet came in there. These are matters of political judgment, Mr. Chairman, but I do not think there is any question about the fact that the Soviets intend to use their Navy for enhancing their political objectives, and in addition to that I can predict with confidence that when the Suez Canal is open you will see a pouring out of the Soviet ships from the Mediterranean into the Indian Ocean, again using their maritime influence or maritime presence to gain political influence. When it comes down to simply a military confrontation, I am confident that the 6th Fleet can take care of itself. From a political point of view I think that the position

of the United States and our allies is naturally weakened by the presence of the Soviet fleet in the Mediterranean and, as I said, they are going to spread elsewhere, too.

Mr. MAHON. Does it seem remarkable that the Soviet Union has been able to do so well in the Mediterranean without something corresponding to our 6th Fleet? They have apparently done rather well in promoting the interests of the Soviet Union. We have not been able through the 6th Fleet to prevent this progress on the part of the Soviets.

Admiral MOORER. Mr. Chairman, I think one should question whether they had done so well prior to the time they brought the fleet in a couple of years ago. In June 1967, the Israelis managed to destroy over a billion dollars worth of Soviet equipment. As you know, we made a landing ourselves in Lebanon previous to that. I do not think that they had been doing so well up until this time.

That is one of the reasons they wanted to bring the fleet into the Mediterranean. It does have a very significant impact on the NATO countries that are in the Mediterranean. We can see that. It gives the Soviets an extension of their influence, and they did this just as soon as they could get around to it. In my view they made a decision to expand their Navy and their merchant marine, which has been expanded a terrific amount, about the time of the Suez Canal crisis, because that is the time when they set about to build up a big Navy and also to deploy the Navy overseas far from home. That was the change in their thinking. It took them until now to build a Navy. It takes a long time to build a Navy.

You don't build one overnight.

QUESTION OF MATCHING SOVIET NAVAL PRESENCE WORLDWIDE

Mr. MAHON. The trend of this colloquy more or less leads me to the conclusion that we are moving toward a major presence in the Indian Ocean of the Soviet Union, a greater presence in the Mediterranean of the Soviet Union, and a greater presence of the Soviet Navy worldwide. The American people are rather heavily taxed. There is considerable chafing over the fact that so much of the tax dollar is being required for war and for defense. If we counter the Soviet Navy in the Indian Ocean, here, there, and everywhere, as it expands, how is the American taxpayer going to be able to shoulder this increased burden? We cannot expect the people to work just for defense alone. I realize that the defense budget is less than 50 percent of the budget, but it is pretty high.

Admiral MOORER. Forty-three percent.

Mr. MAHON. Where are we headed?

Admiral MOORER. Sir, I did not mean to suggest that we would necessarily have to confront them everywhere they go. That is a political and not a naval decision. I would simply state the facts as I see them. That is exactly what is happening. I think it is a matter of national policy as to whether or not the United States would take action in these areas because it was considered that it would be in the national interest to do so. I do think this is a situation that is coming about. I was just stating the facts and not suggesting how we try to handle it.

Mr. MAHON. I do not suggest how to handle the problem, Mr. Secretary and Admiral Moorer, but I do know there is great pressure to reduce defense spending wherever reasonably possible. I do know the demands for nondefense spending in the social area and otherwise are increasing. I do know there is a limit on the amount of money that we can spend. It seems to me that this discussion is not irrelevant to the issue before us. I just felt it would be well to get your views on this subject. Do you have anything to add, Mr. Secretary?

Secretary CHAFEE. Yes, Mr. Chairman. I would not want you to get the impression that the Navy wants big forces in the Mediterranean just because it is fun to have ships over there, and I am sure you are not suggesting that. ———.

Mr. MAHON. I think we ought to be in the Mediterranean. I do not think we ought to pull out of the Mediterranean. But I do think that Congress and the executive branch must look ahead and try to undertake programs which are realistic and which can be accomplished and which we are able to fund under all circumstances. I think self-preservation is the first law of individuals and nations. I realize that, unless we can reach some sort of foolproof, ironclad, wholly reliable arms limitation agreement with the Soviet Union, we are confronted with problems of the greatest magnitude from the standpoint of ability to finance these programs.

Admiral MOORER. Mr. Chairman, may I make two relevant points? I am sure you are aware of the fact that the Defense budget in relation to the GNP has been about 9 percent since 1960. As a matter of fact, in 1965 it was down to 7 percent. Despite the fact we are fighting a war that is costing several billion dollars, it has not gone up.

Mr. MAHON. That sort of sugar coats a reality. We are familiar with the 8- or 9-percent portion of the gross national product. But the more realistic figure is that defense is taking about half of the tax dollars. It is becoming increasingly more difficult to provide additional revenues by additional taxation.

Congress recently in its so-called tax reform bill reduced taxes, as you know. The tendency is to spend more than we are spending on defense in relation to our overall spending.

Admiral MOORER. Actually it has gone from 47 percent of the Federal budget in 1960 down to 43 percent now.

Mr. MAHON. That is right. Mr. Andrews.

Mr. ANDREWS. Mr. Secretary, I understood you to say ———.

Secretary CHAFEE. Yes, sir. I just want to make this clear, sir. There were no ———.

Mr. ANDREWS. I understand, but you got the message or the feeling.

Secretary CHAFEE. Yes, sir.

COMMITMENTS TO ISRAEL

Mr. ANDREWS. I want to ask you either on or off the record this question. I keep hearing and reading about commitments that we made to Israel. Do you know anything about any such commitment?

Secretary CHAFEE. I cannot speak of any commitments. I know of none to Israel.

Mr. ANDREWS. I never heard of any.

Mr. CHAFEE. No.

Mr. ANDREWS. I keep hearing it and keep reading about it from time to time.

Secretary CHAFEE. The ships in the Mediterranean would be in connection with NATO.

DEFENSE BUDGET REDUCTION AFTER VIETNAM

Mr. FLOOD. In connection with the chairman's question or series of questions, you remember the television show, "This Is The Week That Was." Well, this is the week that is. In connection with what is going on this week it is common parlance now that if and when the war ends on Monday, the Defense budget will be cut $20 billion on Tuesday. Where the $20 billion figure comes from, I do not know, but that is the way they are talking right this week. Of that $20 billion, $10 billion goes to my subcommittee on Labor, Health, Education, and Welfare.

Are you aware of this talk? Did that seep through the ivory towers across the river? They are not fooling?

Secretary CHAFEE. There have been various figures.

Mr. FLOOD. The magic figure now seems to be $20 billion.

Secretary CHAFEE. I don't know what it is based upon.

Mr. FLOOD. Neither do I.

Secretary CHAFEE. It depends on what you want or what the country wants.

Mr. FLOOD. That is what the country wants. I do not know what figure either. But the average man in the street—I am not sure what the position is generally—if and when this can of worms in Vietnam is cleaned up, the average man in the street, in my judgment today, without peradventure of doubt is certain that Congress will cut the defense budget X billion. Of that X billion he thinks half should go to Health, Education, and Welfare. Don't you feel that?

Secretary CHAFEE. I think the figure of $20 billion is higher than I heard.

Mr. FLOOD. Scratch the money. A nice round fat chunk will be cut X billion.

Secretary CHAFEE. I think that is the public's impression, yes.

Mr. FLOOD. That is going to have a very serious impact on your answer to the chairman's question.

(Discussion off the record.)

SOVIET MERCHANT MARINE

Mr. ANDREWS. On the record.

Admiral, you mentioned in your statement that the Soviet Merchant Marine ranks seventh in the world in total tonnage and over 50 percent of Soviet foreign trade is carried in Soviet bottoms. The United States, on the other hand, ranks fifth in the world, but only 5.6 percent of our foreign trade is carried in U.S. bottoms.

Will you explain the reason for this situation?

Admiral MOORER. First, the Soviets set about again about 10 years ago to build a moderately large merchant marine. They have about 11 million tons and are programed to go to 20–23 million tons by 1980. These ships are all new, modern, fast, well-equipped to handle cargo. They are prepared, I am confident, to undercut cargo rates worldwide.

As a matter of fact, they have done this. I think I am correct in saying before World War II about 30 percent or a little more of the U.S. cargo was carried in U.S. bottoms. Due to the aging of our ships and the fact that we have had problems with manning the ships and so on, the other nations are able to undercut us in terms of cargo rates, and consequently the trend has been towards giving them the business. I think, for instance, the Norwegians carry over twice as much U.S. cargo in their bottoms than is carried in U.S. bottoms.

Mr. FLOOD. Plus American ships under foreign flags.

Admiral MOORER. Yes. I think other ships being in many cases newer and faster give better service. Secondly, they are cheaper. The trend has been in that direction.

I think this is a very dangerous thing for the overall strength of the country.

COMPARISON OF U.S. AND FOREIGN REVENUE

Mr. ANDREWS. Can you put something in the record showing the difference in the cost of charges made by American shippers and one or two other countries, those that are doing the most business.

Admiral MOORER. I would be glad to. I might also point out that this has a significant bearing on the flow of gold and the balance of payments, the fact that we are spending so much money with maritime agencies other than United States.

(The information follows:)

The following table was provided by the U.S. Department of Commerce/Maritime Administration and represents the most recent years for which complete data are available. No data are available regarding individual shippers.

[In millions of dollars]

	All services		Liner services	
	1965	1964	1965	1964
Revenues, U.S. operators:				
U.S. exports	519	599	393	488
U.S. imports	375	380	215	230
Foreign-to-foreign	152	158	53	+66
Passenger	80	103	80	103
Total	1,126	1,240	741	887
Port charges abroad	281	317	150	204
Percent port charges to revenue	25.0	25.6	20.2	23.0
Revenues, foreign operators:				
U.S. exports	1,271	1,242	609	619
U.S. imports	1,083	958	446	397
Passenger	300	305	300	305
Total	2,654	2,505	1,355	1,321
Port charges, United States	1,032	956	475	455
Percent port charges to revenue	38.9	38.2	35.1	34.4
Percent port charges to total revenues	63.9	63.8	55.3	57.4

MERCHANT MARINE SUBSIDIES

Mr. ANDREWS. Do you know whether or not the other nations are subsidizing their merchant marine to the extent that the United States is subsidizing our merchant marine?

Admiral MOORER. I do not think they are, but I will verify it.

(The information follows:)

A recent study produced by the U.S. Department of Commerce/Maritime Administration entitled "Maritime Subsidies" provides an excellent appraisal of this subject. Forty-nine of the 88 nations having merchant marines are discussed in detail. Those nations excluded are those (1) whose fleets total less than 50,000 gross tons, (2) whose fleets are totally state-owned and controlled, (3) with whom we do not maintain diplomatic relations, and (4) about whom little is known regarding direct or indirect subsidy policies. Practically all those nations examined grant some form of direct and/or indirect aid to their shipping and shipbuilding industries which may include the following:

Operating subsidies;
Construction subsidies;
Trade-in-allowances;
Government loans at low-interest rates;
Interest subsidies (the difference between the interest rates charged by commercial banks and incentive rates established by the Government);
Credit guarantees;
Accelerated depreciation;
Tax-free reserve funds;
Duty-free imports on materials for ship construction;
Cargo preference; and
Cabotage restrictions.

Mr. ANDREWS. If it were not for the subsidization by the American Government of the U.S. merchant marine, the cost would be much higher to the shipper than it is today, is that right?

Admiral MOORER. In terms of operations, and also capital investment.

Mr. ANDREWS. The last figure I saw about capital investment, we were subsidizing 55 percent of construction cost for merchant marine ships built in this country. If I am not mistaken, the operating subsidy is just about the same ballpark figure.

Admiral MOORER. That is right. But this is a situation that snowballs in reverse. If we could get new ships that were fast ships, that handled cargo rapidly and consequently at a profit, then the trend would move back the other way. In recent years it has gotten worse and worse and worse as the ships got older and the cargo rates did not compete.

OUR DEPENDENCE UPON FOREIGN COMMODITIES

Mr. ANDREWS. You also state that we are forced to depend on foreign sources for some 66 strategic and critical commodities, yet 95 percent of these imports must be carried in foreign bottoms. Is this due to the inability of our merchant marine to handle these cargoes, or is it because of the insistence of those countries to move those commodities under their own flag?

Admiral MOORER. I think it is primarily—perhaps a combination of both—the fact that it is just cheaper to move by their bottoms. We do not have the ships of the proper type and performance to do it cheaply.

Mr. ANDREWS. In connection with our foreign aid program, we had to write mandatory language in the appropriation bill to insure that a certain percentage of goods that we send overseas under our foreign aid program are shipped in American bottoms. That percentage is nothing to brag about.

Admiral MOORER. Yes, sir; but compared to the overall shipping that takes place incident to the imports of these 66 commodities that I mentioned, the AID program itself is peanuts.

Mr. ANDREWS. I understand it is not much, but the point I am making is that, of the goods that we send under our aid program, I think a smaller percentage goes in American bottoms. By that I mean not over 50 percent. If it had not been through the years for the mandatory language in either the authorization and/or the appropriation bill, I doubt that that tonnage would have been shipped in American bottoms.

Admiral Moorer, isn't our merchant marine problem one of cost of operation rather than a shortage of U.S. bottoms?

Admiral MOORER. I think it is a combination. It is cost and modernization both, Mr. Andrews.

SOVIET NAVAL PRESENCE IN THE INDIAN OCEAN

Mr. ANDREWS. Admiral, you appear to be concerned over the deployment of Soviet Naval forces in the Indian Ocean. We assume you relate this Soviet move to the British decision to withdraw their naval forces from east of Suez by 1971. Do you propose that the U.S. Navy move to the Indian Ocean-Persian Gulf area to fill the vacuum left by the British withdrawal? If so, what would be our purpose and interest in moving our naval forces into that area of the world in strength?

Admiral MOORER. I do not necessarily propose moving into the Indian Ocean for a continuous presence, but I can envision situations where it would be necessary to operate in the Indian Ocean in connection with specific incidents that might take place, Mr. Andrews. I come back to the matter of the oil in the middle East—much of which comes through the Persian Gulf—the problem in Africa, and also the expanding activities in Pakistan, India, Burma, and so on.

Mr. FLOOD. What about the Straits of Malacca?

Admiral MOORER. Yes, those straits are one of the so-called maritime gateways of the world.

Mr. FLOOD. That is why I asked you.

Admiral MOORER. If one would visit there, which I have done frequently, you can almost see ships bow to stern as far as you can see. The Japanese get all of their oil from the Middle East through these straits.

Mr. FLOOD. I know all about that, but that is part of Mr. Andrews' question. What about it? He asked you about the Indian Ocean. This is all one package.

Admiral MOORER. Yes, I agree. Down through the straits past Singapore and into the South China Sea.

Mr. FLOOD. But the question is, what are you going to do about it?

Admiral MOORER. Of course the key characteristic of the naval force is that it can move. We will move where we are ordered to move.

Mr. FLOOD. Where would you be based?

Admiral MOORER. We have the Philippines, of course. There are some facilities in Singapore. Depending on where they sit, we have access to Australian facilities. I think we could handle the basing problem. This points up one of the great values of the nuclear-powered ships when one gets into an operation that is extended some distance from base areas.

Mr. FLOOD. I still did not hear an answer. That is a lovely description of geography and operations, but what do you propose to do about it? He asked you a question. I merely put an appendage on it.

Admiral MOORER. I do not make the decision what we will do about it. My job is to insure that we have a Navy that can respond to an order to do something about it.

Mr. FLOOD. That is a good answer.

BALLISTIC MISSILE SHIP VERSUS UNDERSEA LONG-RANGE MISSILE SYSTEM

Mr. ANDREWS. You speak of the need for a ballistic missile ship (BMS) armed with Poseidon and the Undersea Long-Range Missile System (ULMS) with an advanced submarine and missile. These are both new strategic systems. If the ULMS concept is only to supplement and not replace our Polaris and Poseidon submarines, why do we need both an ULMS and a ballistic missile ship?

Admiral MOORER. The ULMS is a submarine that is a follow-on to the Poseidon. It would take several years to develop it. We are just beginning that. The concept here is to equip a submarine with ICBM's, that is, intercontinental ballistic missiles, and consequently the submarine would be on station at all times. In other words, it would be on station when in port. It would be on station if it was operating in the Indian Ocean or South Atlantic or what have you.

So consequently a submarine of this type would give the Soviet Union essentially an impossible antisubmarine warfare problem, and would permit us to deploy them worldwide. It would prevent the Soviets from concentrating their detection system in one direction. I think from a vulnerability standpoint the submarine could operate with a very high degree of survivability. Turning to the BMS, the BMS is a concept that we have been working on in order to provide, if necessary, a capability to rapidly expand our sea-based missile force. There is absolutely no question about the fact that the Soviets since the Cuban confrontation have spent great sums of money and a great amount of effort in rapidly expanding their strategic forces.

The SS–9 and SS–11 missiles have been expanded at a very rapid rate and placed in hardened silos throughout the Soviet Union. I mentioned the fact that they are coming forth with a Yankee class submarine which they are building at a high rate. They already have ——— and I am confident they will have a force ——— the Poseidon-Polaris force level we plan to maintain.

We advanced the BMS concept as a means of quickly achieving a sea based capability in the event that it was determined that this was necessary.

Mr. FLOOD. What you are saying is that a submarine carrying an ICBM with a ——— mile range is able to fire quicker.

Admiral MOORER. No, sir; I did not say that.

Mr. FLOOD. That is so. If you have a target at point A, if you can hit it at ——— miles you can hit it quicker than you can if you have to go ——— miles closer.

Admiral MOORER. If you are measuring the time the ship departs the port, say Charleston, to that station, yes.

Mr. FLOOD. That is ——— miles faster. Therefore, she is less vulnerable to ASW.

Admiral MOORER. That is right.
Mr. FLOOD. ——— miles is a lot of water.
Admiral MOORER. That is a hell of a lot of water.

BALLISTIC MISSILE SHIP CONCEPT

Mr. ANDREWS. What type of ship are you thinking about deploying the Poseidon on?
Admiral MOORER. This would be a especially configured ship that would simply be an ordinary surface ship ———.
Mr. ANDREWS. Would that be just as effective for the Poseidon missile as the submarine would be?
Admiral MOORER. Yes; but it would not have the concealment. In my view, however, it would have a high degree of survivability.
Secretary CHAFEE. It will probably be a lot cheaper, too.
Mr. ANDREWS. That ship could be used for other purposes, too, I would assume.
Secretary CHAFEE. It probably could not be.
Admiral MOORER. No, sir; we would keep it on station. It is another means of moving missiles to sea.

NEED FOR ULMS AND BMS

Mr. ANDREWS. Since we are developing MIRV for both Poseidon and Minuteman forces, why do we need an ULMS and a BMS?
Admiral MOORER. The MIRV is designed primarily to penetrate the Soviet ABM defenses as well as to give us a larger number of warheads per missile. I think you must bear in mind you do not get something for nothing. Consequently, the warheads in the MIRV for the Poseidon ———.
Mr. ANDREWS. You are splitting up the main warhead.
Admiral MOORER. Yes. But you present the defenses with ——— targets instead of one for each missile that you fire from the submarine. That is why we are going for the MIRV concept.
Secretary CHAFEE. This will be a much greater range, too.
Mr. FLOOD. You can get killed just as dead with a .22 as you can with a .45.
Admiral MOORER. That is true; yes, sir.
Mr. ANDREWS. How many warheads are you thinking about now in the MIRV?
Admiral MOORER. We have the option of placing ——— you have. The presently approved program is for ———. The capability is for a maximum of ———.

INCREASE IN MINUTEMAN FORCE

Mr. ANDREWS. In lieu of a ULMS and BMS, would it not be more economical to increase our Minuteman force?
Admiral MOORER. I think that is a question as to what mix one would want between the land-based and sea-based missile systems. This is a question that is continuously under study. The land-based Minuteman, in this case, is based in the United States, whereas the sea-based missile operates outside the United States. So there are many factors that go into the determination of what is the optimum mix for the United States.

SHIP-BASED LONG-RANGE MISSILE SYSTEM

Mr. ANDREWS. How does the ship-based long-range missile system differ from the ballistic missile ship?

Admiral MOORER. The ship-based long-range missile system is simply an extension of the ballistic missile ship in the same sense that ULMS is an extension of the Poseidon. In other words, the BMS uses the Poseidon missile. The long-range missile ship and the ULMS use the ICBM. BMS is a short-term solution; SLMS and ULMS are in the outer years of the 1970's.

SEA-BASED BALLISTIC MISSILE INTERCEPT SYSTEM (SABMIS)

Mr. ANDREWS. Admiral Moorer, you mentioned that the Navy has completed preliminary feasibility studies on a sea-based ballistic missile intercept system (SABMIS) for strategic missile defense. After all our discussion about the Safeguard ABM, what is the requirement for a SABMIS which will probably be as expensive or more so than a land-based ABM defense?

Admiral MOORER. I think I testified before that the Navy does not look at the SABMIS as a replacement for the land-based ABM. In other words, it is not an either/or situation. The concept here is to provide defense in depth and permit us to fire at the incoming enemy missile before it has had an opportunity to deploy its MIRV missiles, if it is MIRV, or to deploy decoys and so on. In other words, Mr. Andrews, this ship would fire at the missile up to its mid-course, whereas the ABM fires at the missile as it comes down on the United States. So if you can visualize a missile trajectory such as that (gesturing), the concept was that you would fire it in this area here before the enemy missile, if it was a MIRV, deployed all of its missiles.

So you would have one target instead of several. That would back up and augment the defensive capabilities of the land-based ABM.

Mr. ANDREWS. You would have two shots at it.

Admiral MOORER. Exactly.

Mr. ANDREWS. Maybe three, if you had your ships back to back.

Admiral MOORER. Yes, sir. It is an augmentation and it is simply an application of the defense in depth concept.

BUILDING NUCLEAR AND CONVENTIONALLY POWERED FRIGATES

Mr. ANDREWS. You are moving ahead with the DX (DD 963 class) destroyer and the DXGN nuclear powered frigate. Why do you propose to start development of a DXG after the contract award on the DD 963's? Why not more DXGN's in lieu of the DXG frigate?

Admiral MOORER. It is purely a matter of resources, sir. Of course, as I have testified before, if we could have our "druthers" we would always take nuclear-powered ships. But we do have a requirement for numbers because one ship can only be in a given place at one time. Consequently, the intent here is to take the DX design and equip it with a surface-to-air missile. So you would have in essence a ship that had essentially the same weapon system, but it would be in this case gas turbine powered instead of nuclear powered. It is purely a matter of resources.

Mr. ANDREWS. Admiral Moorer, I wish you would put a cost comparison table in the record.

Admiral MOORER. Yes, sir.
(The information follows:)

To evaluate the impact of nuclear propulsion on ship cost, we used computer-aided feasibility studies of notional ships. In this way we were able to vary weapons and sensors without the laborious process of hand drawing each design. The differential cost was based on the gross ship shown in this table:

	DXG	DXGN
Length overall (feet)	———	———
Beam (feet)	———	———

The weapons and sensors on these two ships were identical. The difference in cost of these two ships was $60 million. We have proceeded further with the design of the DXGN to the point of almost a complete contract design. We have not done this with DXG since we are waiting the results of the DD-963 competition. True costs on the same basis are therefore not available today. It should be noted that the cost of nuclear ships includes sufficient nuclear fuel to operate the ship for about 10 years. Fuel costs are not included in the acquisition costs of conventional ships.

PROJECT SANGUINE

Mr. ANDREWS. Mr. Secretary, you are developing and building Project Sanguine in Wisconsin as a redundant means of communicating with SSBN submarines using the extremely low frequency spectrum. The projected investment cost of this system is $1.4 billion. With the various systems we have today to communicate with our SSBN submarine forces, including the airborne TACAMO you have mentioned, can we justify embarking upon a program of this complexity and cost?

Secretary CHAFEE. We have not yet decided to go ahead with this. Perhaps you have read they were making the tests on it in Wisconsin to see the effectiveness of it. Following the completion of these tests, the decision will be made whether to go ahead.

Mr. ANDREWS. Is this system designed primarily to communicate with submarines at sea?

Secretary CHAFEE. Yes, sir.

Mr. ANDREWS. What type of communication do you have today, and what improvement would this proposed system give you?

Secretary CHAFEE. I will speak to part of that and then get Admiral Moorer to also speak to it.

Now, we communicate with them on a very low frequency. The Sanguine would give greater reliability and an alternate method. The key thing is communicating with the submarines that carry our nuclear weapons—the Polaris submarines, and eventually the Poseidon submarines—so it is extremely important to communicate with them.

Mr. ANDREWS. By all means.

Secretary CHAFEE. That is really the reason we want this alternate method. I think the drawbacks in the present methods are that they can more easily be knocked out.

Mr. ANDREWS. Do you want that on the record?

Secretary CHAFEE. I think that has been public knowledge, to the best of my information.

Mr. ANDREWS. Do you have a good accurate system of communication today with your Polaris submarines at sea when submerged?

Secretary CHAFEE. Yes, sir.

Mr. ANDREWS. No problems?

Admiral MOORER. No, sir. We have reliable, continuous communications. ———. The Sanguine system that we have been discussing uses extremely low frequencies, called ELF, whereas the system we currently use is VLF. As you recall, we built a VLF station in Australia. We have them situated in such a way that we can easily cover all of the operational areas that we propose to put our Poseidon. The advantages of the extremely low frequency are, first, it is very difficult to jam; second, it is not as susceptible ———. Thirdly, as Secretary Chafee mentioned, it is not as vulnerable because it is widely dispersed and you could not possibly get it with one shot. I think all wrapped up together it spells increased reliability of the communication system to the submarine.

Mr. ANDREWS. Under the Sanguine system can you talk to the sub at a lower depth?

Admiral MOORER. Yes, sir. ———.

Mr. ANDREWS. What is the maximum depth now that you can talk?

Admiral MOORER. Today we can talk ———. With the ELF system, the water penetration is much greater and therefore the operational constraints would be much less.

Mr. ANDREWS. What you are telling us is that the Sanguine system is far better than the present system you have. It is more reliable, safer and better in other respects?

Admiral MOORER. That is correct. But still we need to take a good look at the tests we are going to make before we go ahead.

Mr. ANDREWS. Would you retain the present system if you go with the Sanguine system?

Admiral MOORER. Once we have the Sanguine system operating, as it is designed to operate, I would think we might be able to close down some of the present systems. However, we must retain the capability to serve ordinary operational and administrative communication needs and this requires the present systems because Sanguine is primarily an emergency message transmission system.

Mr. ANDREWS. The Sanguine system is just progress in the field of communications for undersea submarines.

Admiral MOORER. That is it in a nutshell: yes, sir.

Mr. ANDREWS. Is it true that the Sanguine system is a very slow method of communication?

Admiral MOORER. It is very low frequency. ———.

Mr. ANDREWS. In my opinion you want a method of communicating with submerged submarines, ———.

Admiral MOORER. We have a good system today. We have a redundant system, that is, several means of getting the signal to the submarine, both from land-based, ship-based and airborne transmitters. But this system would be the most reliable in the sense that it is relatively invulnerable and not disturbed ———.

SHIP MOBILE VLF SYSTEM

Mr. ANDREWS. In your statement you mentioned the Ship Mobile VLF System, a concept to provide a sea-based VLF transmission

media for our SSBN force. How much would this system cost—total investment including the ships? Mr. Secretary, we were referring to your statement.

Admiral Moorer, can you answer that?

Admiral MOORER. I do not have the exact cost.

Mr. ANDREWS. Supply it for the record.

(The information follows:)

SHIP MOBILE VLF SYSTEM

A ship mobile VLF System, in concept formulation, cannot be firmly priced out at this time because of the many variables and uncertainties which exist.

No decision has been made as to whether a ——— VLF communications suit. Further study is needed before the numbers of SMVLF units which might be needed can be determined.

Investment costs for a single ship SMVLF System are estimated roughly as follows: ———.

Admiral MOORER. The idea here is that the lower the frequency the longer the antenna must be. ———.

Mr. ANDREWS. Navy witnesses have testified that early tests of Sanguine have interfered with the radio and television transmission and have caused telephones to ring in that area of Wisconsin. What are the feelings of the local population relative to the project Sanguine?

Secretary CHAFEE. The feelings that have been transmitted to us is that they are concerned about the effect of this in Wisconsin. The effect not only on the telephones and wire fences, but also the effect on the ecology and the wild life. That is why we are going through these tests and we will just make certain that all of this will be protected before we go ahead; plus, as Admiral Moorer said, an evaluation of whether we want to do it.

INTERFERENCE PROBLEMS

Mr. ANDREWS. Would it not be prudent to slow down Project Sanguine until these interference problems have been resolved completely rather than continuing to build on what you already have?

Secretary CHAFEE. We have recently completed a test facility in Wisconsin. However, we are not building anything in the way of an operational system.

Mr. ANDREWS. What are you doing—just testing?

Secretary CHAFEE. We are also testing in Virginia on it.

Mr. ANDREWS. What does that have to do with ringing telephones in Wisconsin?

Secretary CHAFEE. The telephone ring problems earlier were first noted in the Virginia and North Carolina tests. They are afraid that similiar effects would be a problem in Wisconsin. The purpose of the Wisconsin test facility is to provide answers and solutions to those problems.

Mr. FLOOD. Why Wisconsin? Why not Nebraska?

Secretary CHAFEE. The geology of Wisconsin is such that apparently there is a rock surface under most of Wisconsin that is just right for this type of extremely low frequency transmission and of sufficient area to support an operational system. That is why the decision was Wisconsin, as a prime area of interest.

(Discussion off the record.)

Mr. ANDREWS. I wish you would do a little research and put in the record what you have.

(Information supplied follows:)

INTERFERENCE MITIGATION TEST PROGRAM IN RELATION TO TELEPHONE RINGING AND SIMILAR EFFECTS

Bell Telephone Laboratories has studied the Sanguine problem in relation to the telephone system for several years and is continuing on a consulting basis. RCA, Illinois Institute of Technology Research Institute, Battelle Memorial Institute, and others have for several years been investigating Sanguine effects on power lines, railroad signalling devices, pipelines, fences, and other such items. This work is continuing particularly in relation to the specific situation at the Wisconsin test facility. The technical solutions to the interference problems associated with man-made systems are known. The on going test program is to determine the actual extent of mitigation work which must be done and to determine the economic type of mitigating devices for the various systems.

Secretary CHAFEE. Yes. The tests have been conducted down here and have raised some problems which have people in Wisconsin concerned about them.

Mr. ANDREWS. In Virginia.

Secretary CHAFEE. Yes.

Mr. ANDREWS. What kind of problems have they raised?

Secretary CHAFEE. The ones mentioned in the article.

Mr. ANDREWS. Ringing telephones?

Secretary CHAFEE. Ringing telephones, and affecting barbed wire fences.

Mr. ANDREWS. In what way?

Secretary CHAFEE. Electrifying somebody's wire fence that they did not intend to have electrified.

Mr. FLOOD. It might disturb the cows and there goes the cheese.

Mr. ANDREWS. You can buy charges for barbed wire fences to keep a cow from jumping over or going under that wire.

Secretary CHAFEE. The problem is that this is supplying it free.

Admiral MOORER. I want to point out that this system can communicate with headquarters and ships. It is not confined solely to submarines. It could be reserved for very important operational execution messages.

Mr. ANDREWS. I think it is one of the essential needs as far as your Polaris program is concerned, that is, the capability of communicating with the skippers on those ships. That is true of all submarines, but especially so in connection with the Polaris. He is out there to do a job if the bell rings. If that bell rings and you haven't got any way to tell him what to do, he might as well be back in the Navy Yard at Charleston.

Admiral MOORER. That is right.

Secretary CHAFEE. Yes, sir.

Mr. ANDREWS. It is most important in my opinion that you have the very best method of communicating with that submerged skipper out there with what I consider to be one of our greatest deterrent forces, the Polaris. If you cannot tell him what to do and when to do it and how to do it, he ought to come home.

Mr. FLOOD. There certainly should not be any secret about it. The first thing you want the other fellow to know is the fact that you can. You want to be sure he knows you can do it.

Admiral MOORER. And he cannot stop you.
(Discussion off the record.)

NEED FOR AIRCRAFT CARRIERS

Mr. ADDABBO. Mr. Secretary, if the primary Soviet offensive force is said to be their large submarine force, and if they are developing terminal homing antiship missiles, why our great stress on aircraft carriers?

Secretary CHAFEE. I think there is a different mission assigned to the Soviet forces than assigned to the American forces. As was mentioned earlier by the chairman, perhaps this morning, the Soviets are operating from a very large land mass in which they can get around to their allies, or potential places where they would like to conduct operations, by land, and they do not have to get their power across the sea like the United States, either to support allies or to seize objectives. So it seems to us, as we have looked at it, that the Soviets' objective is primarily to deny areas to the United States which the submarines are particularly effective in attempting to do—whereas the U.S. objective is to get power across, including airpower, and the way to do that is with the carriers. I do not see much validity in the statement that people make that the Soviets do not have aircraft carriers, therefore it is questionable whether we should have them. Our mission is different from theirs.

We have to get power over to our allies in Western Europe, 2,000-plus miles away. We have to protect our forces going there. That is what our aircraft carriers do; whereas their submarines try to deny us the ability to do this. So, even though they have more submarines than we do, it has never been our policy to match them submarine for submarine.

Mr. ADDABBO. Don't we have enough land-based aircraft throughout the free world to protect our forces?

Secretary CHAFEE. Land-based aircraft have to operate from bases. We are not certain how long these bases will be available to us. There are certain areas even now in the deep South Atlantic or the Indian Ocean that land-based aircraft would have great trouble covering. I know you are well aware of the base situation in the Far East and Japan and Okinawa and even the Philippines. We do not know how long those bases will be available for us. Land-based aircraft—I do not want to run down land-based aircraft, because they are extremely helpful—but they are not all right there, whereas on the aircraft carrier the aircraft are there.

Mr. ADDABBO. In our proposed Navy shipbuilding program, is there any provision for building any of our ships in foreign countries?

Secretary CHAFEE. No, sir.

NAVY APPLIED SCIENCE LABORATORY, BROOKLYN, N.Y.

Mr. ADDABBO. Mr. Secretary, back in New York, the great city of New York, there used to be a great defense establishment. In the last few years we have been divested of any and all defense establishments, and the last establishment we have is the Navy Applied Science Laboratory at the Brooklyn Navy Yard. In the fiscal year 1970 R.D.T. & E.

justification book there was an item for $13 million for the Navy Applied Science Laboratory. Is it still the intention of the Department to close that Laboratory?

Secretary CHAFEE. It won't all be closed. About a third of it will still be there, and performing a useful function. A third will be transferred, and a third will be separated—that is, the people.

Mr. ADDABBO. Has your office made a study of the arguments that are presented by the Organization for the Preservation of the Navy Applied Science Laboratory in its report which was made by engineers and those directly working at the laboratory; have you considered the actual money that would be saved by leaving the laboratory station at the Brooklyn Navy Yard?

Secretary CHAFEE. Yes, sir; I have spent a considerable number of hours with these people myself, and members of my staff have spent even more, so I am quite familiar with it.

Mr. ADDABBO. Do you still feel that your study shows it will be cheaper to move these facilities out of the Brooklyn Navy Yard.

Secretary CHAFEE. The accent was not solely on money savings, and we freely acknowledge in the first year there would not be any money saving. Acutally, it will cost us money. There will be annual savings once we get by the initial closing, but we just think it will be a more efficient setup. We will have it concentrated in centers of excellence.

Mr. ADDABBO. Actually you are not centralizing, you are diversifying. In other words, you are taking the studies being done at the laboratory and having them done at various other stations.

Secretary CHAFEE. We are building up existing centers of excellence; that is what we are doing—San Diego and Carderock.

Mr. ADDABBO. After the closing of the original Brooklyn Navy Yard, isn't it a fact that we lost many specialists and technical employees that we can never replace if we need them?

Secretary CHAFEE. I will have to plead a little ignorance on that, in that I was not around. I just assume that you lost some people. I just won't be able to comment.

Mr. ADDABBO. Isn't it a fact that since the closing of these facilities at the Brooklyn Navy Yard, and the planned closing of the Navy Applied Science Laboratory, that very few of the specialists or technical employees have agreed to transfer to other stations?

Secretary CHAFEE. No; that is not completely accurate. In these things experience has shown that those who say they will transfer often do not. In other words, they will say they will transfer in order to protect their options. But the latest figures we had showed that in the neighborhood of 70 percent of those who were offered positions to transfer said they are going to. I won't say they all will, because we have some time to go. It is not meant to be closed until next June, but I would expect a good percentage of them to transfer.

CLOSING OF BROOKLYN NAVY YARD

Mr. ADDABBO. Mr. Secretary, since the closing of the Brooklyn Navy Yard, I have tried to obtain from the Department figures to show what, if any, savings there had been realized by the closing of the Brooklyn Navy Yard and sending the work to Philadelphia and up to Boston. To date I have been unable to obtain any figures. As a matter

of fact, No. 1, we find increased amounts in the budget. No. 2, we find increased costs in Boston because you had to build other facilities such as special drydocks and special cranes which we had in New York.

The question arises in my mind whether or not you will be able to achieve any of these savings that you speak of in the future. You say this year we know it is going to cost you more. But you say next year it will be costing less. This is the same argument we received in the closing of the Brooklyn Navy Yard, but no one has ever given to me or this committee as far as I know any figures to show what savings we have realized by the closing of these various facilities. Are there any such figures available or is there any such study being made?

Secretary CHAFEE. I do not know whether any such study was made in the Brooklyn Navy Yard.

Mr. ADDABBO. Would you check that and advise me?

Secretary CHAFFEE. Yes, sir.

Mr. ADDABBO. I can say that I have been advised that to date there has not been a study made, and we have asked the GAO to look into this matter.

(The information follows:)

1. Actual savings have not been verified, and no study is being made by the Navy.

2. Estimated annual savings range from $13.1 million to $18.1 million.

3. The lower estimate is based on the following factors:

	Millions
(*a*) Elimination of fixed overhead charges (salaries of executive positions; costs of heat, light, power, etc.)	$11.5
(*b*) Elimination of requirement for funds to rehabilitate and repair plant and equipment	.7
(*c*) Elimination of salaries for military billets	.9
Total	13.1

4. The higher estimate is based on the cost to perform the New York naval shipyard workload elsewhere on the presumption that the new-construction work would be awarded to private yards competitively and that conversion, alteration, and repair work would be transferred to Boston and Philadelphia naval shipyards on the basis of 50 percent to each.

a. In estimating the effect of shifting the new-construction work to private yards, a cost differential of 16.2 percent was assumed. This differential was developed from an overall comparison of cost differences between naval and private shipyards in performing new-construction work made by Arthur Anderson & Co.

b. In estimating the effect of transferring the conversion, alteration, and repair work to Boston and Philadelphia, a reduction in overhead costs was calculated, and the rehabilitation and military personnel cost savings (items *b* and *c* of paragraph 3, above) were included.

5. The closure costs involved (e.g. moving of people) would have to be ascertained and deducted from the savings described in order to arrive at a net savings figure; this has not been done. However, the closure costs would be one time costs, while the savings described would be recurring annual savings.

QUESTION OF ACCURACY OF COST SAVINGS

Mr. ADDABBO. There appeared in the newspapers last week that the Secretary of the Army has reversed a previous order relative to the closing of a portion of the Frankford Arsenal in Philadelphia because a reevaluation showed there would be greater costs if this work was sent to other places. Who made the original survey for the Army? Was it the same people that made the survey for the Department of the Navy, or does each department make its own surveys?

Secretary CHAFEE. I can only speak as far as we are concerned. We made our own surveys.

Mr. ADDABBO. In view of the fact that the Army finds now by their own admission that the initial closing cost estimate announced by the Army was found to be in error, couldn't there possibly be some error in your cost analysis particularly when you compare it with the proof positive cost estimates given to you by the men who work at the Navy Applied Science Laboratory?

Secretary CHAFEE. We went over the figures very carefully that the group from the lab presented. The biggest differential that we arrived at was in the claim of the number of hours that would be lost, and the number of man-years that would be lost in getting acclimated to the new area. As I recall, that was the biggest differential that existed, and that was a very substantial one. They said, if the work were transferred to Annapolis, that you could consider the whole year lost: whereas we did not agree to that. We made some adjustments in our figures after studying theirs. They had made a very good study. Then there was another very major difference, and that was over the amount of new construction that they said would have to take place at the receiving labs. We differed on that. They contemplated that the whole place would practically have to be duplicated, and we just did not agree to that.

Mr. ADDABBO. In other words, the facilities where this activity is to be transferred already have enough desks and other equipment at the present time?

Secretary CHAFEE. We indicated there would have to be some new construction and so included those figures in our sheets.

Mr. ADDABBO. In other words, there is a possibility that there might be additional costs, and that these costs might be greater than what you had figured?

Secretary CHAFEE. There is always a possibility.

Mr. ADDABBO. Isn't the possibility further borne out by your own miscalculation on a very small minor repair job in New York? I just read this in the newspaper. Something about the famous chain link fence and the Grumman aircraft? A question of painting or replacement and somebody in your department said it was cheaper to replace than paint and, after further probing and further figures, they said, "Yes, we made a mistake." It would be cheaper to paint than to replace. Now, couldn't you be making the same mistake in these calculations, in construction and everything else?

Secretary CHAFEE. On the chain link fence around Grumman—as I understand, that fence was built by Grumman and not the U.S. Navy. As to the Navy's capability of making a mistake, certainly we can make a mistake, just like anybody can.

However, we examined these figures very carefully. The differences in the calculations they had and ours were in the millions. We couldn't agree with them, particularly on the number of man-years that might be lost.

Mr. ADDABBO. This was a $60,000 job, but on that small a job there was a mistake of almost 70 cents a foot. One figure was, I think, $1.90 a foot and it finally came out the cost would be $1.25 a foot for the painting. This was 65 cents a foot difference on a $60,000 job. Couldn't you possibly make mistakes in the millions when you are talking about a $13-million project?

Secretary CHAFEE. I am not conceding that that was what the Navy spent.

Mr. ADDABBO. This is not your testimony, but the testimony of the Navy and the testimony given in committee, I believe.

There was a question of painting or replacing this fence, whether it surrounded the Navy's property or Grumman's. But, it was determined it would be cheaper to replace than paint and it was found they made a slight mistake of about 65 cents a foot.

Secretary CHAFEE. If your question is whether the Navy could make a mistake, yes, we certainly can.

Mr. ADDABBO. You are saying this is a small matter, but I am saying if in a $60,000-contract they could make a mistake of 60 cents a foot, then in a $13-million item they can also make miscalculations and I still believe that in view of the fact they never made any studies on previous transfers of work or closings, that before they close anything further they should at least make a study and show this to Congress and to this committee whether or not there will be a proven savings. This is my argument.

If there will be a saving, then fine. I am one who is for saving money, but if you are just closing stations to show you are doing something, if you are just going through the motions, claiming a consolidation or reduction, and then we find out it will cost more in the way of additional expenses, then that should be changed.

I will again ask you to look into this matter.

Secretary CHAFEE. I regret that we cannot delay the reductions any longer for additional studies. However, the General Accounting Office has been requested to look into the economic analysis of the costs and savings expected. The Navy will, of course, cooperate fully.

I don't want to leave the record confused with regard to the Brooklyn lab situation. I wouldn't want a misunderstanding here.

We have spent a lot of time on this and we have just come to a disagreement here. We are not able to tell you that we will have any further studies on it. I want to be perfectly candid.

Mr. ADDABBO. We just want to look at the budget to find out whether you have been saving money or not.

DISCIPLINARY PROBLEMS IN THE MARINE CORPS

General Chapman, my colleagues from New York seem to be prime movers in many of these problems. This deals with disciplinary problems in the Marine Corps. Has this problem increased since you are bringing into the Marine Corps more draftees than normally, when you just had volunteers?

General CHAPMAN. No, I can't say it has. The Marine Corps is still more than 90-percent volunteer. The number of draftees is 10 percent or less. I don't think there is any direct cause and effect.

Mr. ADDABBO. In other words, did you have these problems prior to bringing draftees into the Marine Corps?

General CHAPMAN. Well, not to the extent they are now. We took the first draftees in this war in 1966. That is 3 years or more ago. I think the problems in themselves have been overstated. The problems have been in a few units and the implication is that it is Marine Corps-wide, which is not correct.

Mr. ADDABBO. I read an article in today's paper where there had been a substantial number of increases in court-martials or disciplinary action taken against your drill-instructors. Has this increased?

General CHAPMAN. It hasn't increased on a per capita basis. The number of drill instructors has substantially increased as has the number of recruits, two or threefold. Actually, the 50-odd cases enumerated in the paper cover several years and cover a span during which we have put some hundreds of thousands of recruits through recruit training at both Paris Island and San Diego.

Mr. ADDABBO. Are you running 10 or 20 court-martials a month?

General CHAPMAN. Far fewer than that. The 50-odd in the paper were over a period of 3 or 4 years.

Mr. ADDABBO. Do you believe it might help the disciplinary problem if, instead of bringing draftees into the Marine Corps, we were to limit the Marine Corps strictly to volunteers and cut back the force of the Marine Corps to just encompass the volunteers?

General CHAPMAN. I don't believe that would have any effect on this particular problem, Mr. Addabbo. Our draftees by and large are excellent Marines. They are generally a little older, have more schooling, more are married and in many respects they are just as good, if not better Marines than the volunteers. In many cases they are in fact volunteers in the sense that when they were drafted and had a chance to choose a service, they would choose the Marine Corps.

I don't think the draftees per se are the cause or are directly related to our various disciplinary problems.

Mr. ADDABBO. Would you just say then the general state of affairs would be the basic problem?

General CHAPMAN. I think the problems such as we are having are spread over all kinds of Marines. It is not substantially a result of one kind of method of entry into the Corps.

Mr. ADDABBO. Thank you.

No further questions, Mr. Chairman.

PROJECT SANGUINE

Mr. DAVIS. Did you make reference to this Wisconsin article about Project Sanguine?

Secretary CHAFEE. I don't know if that is the specific one.

Mr. DAVIS. This is the one that appeared in the Washington Post. It is too long to insert in the record, but I wonder if you could take some of the major questions raised and some of the complaints that are made and insert a statement into the record in response to this?

Secretary CHAFEE. I will be glad to, Mr. Davis.

(The information follows:)

COMMENTS IN RESPONSE TO MAJOR QUESTIONS RAISED AND COMPLAINTS CITED IN THE OCTOBER 12 WASHINGTON POST ARTICLE, "FOREST IN WISCONSIN WIRED FOR DOOMSDAY"

It is doubtful that Sanguine would impair the usefulness of the forest, its wildlife, or its habitability. Transmitters in an operational system would be housed in neatly constructed structures and the antenna would most likely be buried. The antenna installation would not be significantly different from a electrical power line installation that used buried cables. The only land that would be required for exclusive Government use would be 10-acre plots at widely dispersed locations. Some additional land would have to be purchased to provide

access roads to the transmitter sites. Only easements would be required for the antenna lines and access thereto. There appears to be no reason to limit the access to or use of private properties.

It is doubtful that Sanguine would cause soil erosion. However, studies and investigations will be conducted to prove or disprove this possibility.

Studies and experiments are continuing in regard to electromagnetic radiation effects. Specifically, Hazleton Laboratories has recently been awarded a contract to perform studies and do experiments with animals and plant life to determine the effect of simulated Sanguine electromagnetic fields and voltage gradients. Johns Hopkins University and the Naval Medical Research Institute are studying electric shock thresholds. Preliminary information is available in the literature. Specific findings with respect to the Sanguine situation will come from these efforts. The technical solutions to the interference problems associated with man made systems are known. Further testing and design is needed to establish the most economic means. For the physiological and ecological effects we must await further investigation to find if problems exist. If significant problems do emerge during the test program or are uncovered by scientific studies, the Navy will consider them and find an acceptable solution prior to recommending construction of an operational Sanguine system.

F–14 AIRCRAFT

Mr. MAHON. You stated, I believe in your prepared statement, Mr. Secretary, that the F–14A "is expected to be superior to Soviet fighters."

I believe Admiral Moorer's statement was to the effect that "we fully expect it to possess performance equal to the best Soviet fighters."

Is the Navy convinced that the F–14, including the follow-up versions, will be the best—and I underline "best"—superiority fighter the Navy is capable of building to counter future Soviet fighters?

Secretary CHAFEE. Yes, sir.

Admiral MOORER. I think there is a slight differentiation between what we said. In one case, I think Secretary Chaffee was talking about the relative capabilities in terms of battle and I was talking about primarily aerodynamic performance in terms of speed, altitude and things of that kind. We know it will be the best fighter we can build now, sir, and this meets our requirements.

Mr. MAHON. There is no doubt the Navy needs a good, new fighter aircraft. The Navy was never happy as far as I know with the proposed F–111B program. I think we would all agree that the Navy went into the F–14 program in an atmosphere of haste, the Navy feeling that something had to be done, and done quickly, to get another aircraft on the way, and Grumman had taken steps to anticipate this development. Am I correct, Admiral Moorer?

Admiral MOORER. Well, we felt there was an urgency for the airplane. We felt we could build an airplane that had minimum risks and this is the reason we came up with the concept of the ABC version. In the A version we are using a fire control system and a powerplant which have already been tested. We have confidence in it. Consequently, the variable is the airframe.

In the B program, we proposed to insert a new powerplant and consequently we only have one variable. In the C program we would then incorporate new light-weight avionics and consequently have essentially a family of fighters that would last us into the 1980's, sir. So I think it is a very sound program, a program that carries minimum risks.

Mr. MAHON. Will the F–14A really be something to brag about, or will it lack a lot of things you would like to have?

Admiral MOORER. I think it is something to really brag about, sir. For instance, it will have certainly a far greater capability over anything we have now. The Phoenix missile system has been most successful. I would like to report that on the 9th of October we had the ——— test wherein the firing plane was at ——— feet, the target was at ——— feet, ——— and the firing plane and target speeds were ——— respectively, so that was a relative speed of ——— mach. The detection was made at about ——— miles, the firing was done at ——— miles and the hit was obtained at ——— miles. That is a very superior performance, Mr. Chairman, for a missile of this kind ———.

Mr. MAHON. Are you sacrificing some of the things on the F–14 that you have undertaken to have incorporated in the F–111B?

Admiral MOORER. I don't think so. I think the major difference lies in the capsule, the ejection capsule.

Based on our experience in North Vietnam, we feel that the weight requirement for building such a capsule doesn't pay its way.

Mr. MAHON. But you were trying to incorporate the capsule in the F–111B?

Admiral MOORER. It was incorporated at the outset in the F–111B.

Mr. MAHON. If it had not been put in the F–111B at the outset, would the story have been different?

Admiral MOORER. No, sir. It is an attack plane, and, as a matter of fact, it is being used by the Air Force in the role of an attack plane and not a fighter. It would not have been a suitable fighter because, as you will note, the F–14 is several thousand pounds lighter than the F–111, although it has the same engine.

Mr. MAHON. And the capsule is only a part of that reduction in weight?

Admiral MOORER. Yes, sir. Just one part of it: that is right.

FEASIBILITY OF CHANGING OPTION DATE FOR LOT 3

Mr. MAHON. It would appear that probably the contracting methods used by the Navy for the F–14 leaves much to be desired.

Mr. Secretary, have you studied what can be done to delay a commitment to exercise 30 aircraft in lot 3 without jeopardizing the contract?

Secretary CHAFEE. That is the one to be exercised in October.

Mr. MAHON. Within 4 months, prior to the flight of the first prototype aircraft. That is my understanding.

Secretary CHAFEE. Could you rephrase your question, Mr. Chairman?

Mr. MAHON. Have you studied what can be done to delay making a commitment to exercise the option for 30 aircraft in lot 3 without jeopardizing the contract? As you know, the lot 3 option must be exercised some 4 months prior to the flight of the first prototype aircraft. Do you know what I am talking about, Admiral Moorer?

Admiral MOORER. Yes, sir. We have looked at this, and Mr. Packard has taken a personal interest in this. He is quite knowledgeable in these things. He has been up at Grumman. He has had the project manager over, and we have gone into this thoroughly, sir, and he is satisfied.

He feels this is a well-thought-out-and-managed program. This has been given the closest scrutiny across the board by everyone in the Pentagon.

Mr. MAHON. Is there any thought of a delay here in order to tighten up the contract?

Secretary CHAFEE. No, sir; we would hope there wouldn't be any delay in the program we have laid out. At least not to my knowledge. I will certainly check that again, but not to my knowledge.

Mr. MAHON. Will you supply any additional information that may be required for the record?

Secretary CHAFEE. I will be happy to.

(The information follows:)

Current Navy planning calls for a procurement of 26 F-14 aircraft in lot 3 of which four aircraft are to be used for Navy evaluation and service acceptance trials, four aircraft are to be used for operational test and evaluation purposes and the remaining 18 are to be used to commence fleet combat readiness air wing training which permits the first operationally ready F-14A squadron to meet its deployment date of April 1973. No delay is anticipated in this schedule.

The F-14 contract with the Grumman Aerospace Corp. includes the granting of ceiling price options for production aircraft in seven lots to be delivered over 7 years. The aircraft quantities in these lots, which can be varied within certain restrictions, provides for fewer aircraft in early lots and greater numbers in later lots. The current plan is to buy 67 F-14A's under a procurement plan which will allow the efficient incorporation of any changes eminating from acceptance trials. This contractual arrangement is especially applicable to a low-risk program such as the F-14 and is considered optimal for the Navy's purposes. No modification of either the contract terms, quantities, or delivery dates is considered to be required.

The significance of first flight as a milestone is solid demonstration of the contractor's ability to produce a flyable article on schedule. Events which are more meaningful to the service use of that aircraft, however, occur much later in the rigorous flight test program. Such testing in the F-14A is scheduled to occur in a time frame which will influence production quantities in lot 4 and subsequent lots. The extent of control of production quantities in the F-14 contract represents a more-than-adequate safeguard to avoid production of faulty products.

The F-14, by virtue of its use of existing engines and developed fire control equipment, is considered a very low-risk development and not a candidate for the costly "fly-before-buy" concept which might be desirable for new aircraft and major component designs development.

TOTAL COST OF F-14 PROGRAM

Mr. MAHON. According to Navy cost estimates of March 31, 1969, based on a buy of 469 aircraft, F-14 aircraft, the F-14 unit cost will be $13.6 million; a program cost of $6.4 billion. By way of comparison, the Air Force F-15 is estimated to have a unit cost of $8.2 million based on a buy of 749 such aircraft.

The committee has seen published reports indicating the F-14 cost may be as high as $19 million per copy. Do you think there is any validity to the thought that the F-14 might require an expenditure of $19 million a copy?

Admiral MOORER. No, sir; I do not.

Secretary CHAFEE. I am not sure those F-14 and F-15 costs are based on the same dollars. That is, if the inflation of the dollars is taken into effect.

Mr. MAHON. Will you double check that?

Secretary CHAFEE. I will have to talk with the Air Force.

Mr. MAHON. Double check that, Mr. Secretary.

Secretary CHAFEE. I will.

Admiral MOORER. We have escalated our costs at 4 percent per annum compounded. In other words, real dollars and not 1969 dollars.

Secretary CHAFEE. I will check and see, but I think the Air Force dollars are 1969 dollars.

Admiral GADDIS. In the case of the F–14 there is a signed, firm, multiyear contract in existence and we are speaking to the actual ceiling dollars in the contract. Since no signed contract is in existence for the F–15, this is a planning estimate we are speaking to and is, of course, subject to changes arising from contractor selection and negotiations. There is a significant difference between firm contract prices and precontract estimates.

(The information follows:)

The costs for the F–14 and F–15, as of March 31, 1969, were correct as provided by the Navy and the Air Force. However, the F–14 costs were based on escalating costs throughout the duration of the procurement while the F–15 costs were based on constant 1968 dollars. To resolve these costing differences using the June 30, 1969 Air Force estimate and method of costing, the costs of the F–14A/B and F–15 programs, both as of June 30, 1969 and in constant 1970 dollars, is summarized below:

Program	Number of aircraft	Total program (billions)	Total program unit cost (millions)
F-14A/B	469	$5.4	$11.7
F-14A/B	722	7.4	10.4
F-15	749	7.7	10.2

Mr. MAHON. Assuming you may buy some 2,000 F–14 aircraft over the next several years to replace your F–4's, apparently we are thinking in terms of a program running between $27 billion and $38 billion. What is the most recent estimated cost of the F–14 aircraft?

Secretary CHAFEE. The figure you had there, 2,000 F–14 aircraft, I don't think we are committing ourselves to a program of the dimensions you indicated. Of course, we are each year coming here requseting money, and this program involves 400-plus. The whole aircraft carrier situation may be different in years ahead.

Mr. MAHON. I have been speculating on a higher figure that has been kicked around as you know.

Admiral MOORER. We haven't kicked around any $38 billion, Mr. Chairman, or 2,000 aircraft. I think the current program goes to 469 aircraft or something of that kind. In these costs we would like to give you a comparison from the same baseline. As to whether you are talking about flyaway costs or whether you are talking about cost, plus spares, plus support equipment, we have to determine what you are talking about when you say cost, and how many aircraft are being bought. The more you buy, the cheaper they get.

Mr. MAHON. Will you give careful scrutiny to the question and give us the best information you can for future reference? As you know, there is an increased interest in cost overruns and the ultimate cost of programs which may be started on a shoestring. I think we need to be very careful in this area.

Admiral MOORER. I will be glad to.

(The information follows:)

The current Navy program for the F–14 involves 469 aircraft at a program unit cost of $12.9 million and total program cost of $6.1 billion. These figures include flyaway, support and spares, plus 6 R. & D. aircraft and costs of $974 million for R. & D. The dollars are escalated at 4 percent per year compounded through fiscal year 1976.

The present contract with Grumman Aircraft Engineering Corp., is a fixed-price-incentive contract which has options with ceiling prices for a total of 722 aircraft through fiscal year 1976. If these options were exercised for the maximum quantity under the contract, these 722 aircraft would have a program unit cost of $11.1 million and total program cost of $8 billion. Again this includes total PAMN plus R. & D. and is in escalated dollars.

Although no program exists at present for a greater quantity, it is conceivable that the Navy could be required to replace all of its F–4's with F–14's on a 1-for-1 basis over a long period of time. This might be a requirement if no follow-on to the F–14 fighter development is undertaken for another 15-year period similar to that which followed the F–4. A quantity of 1,206 F–14's has been estimated for this eventuality. Although no contract exists for this quantity, costs have been estimated based on the 722 aircraft schedule, with a maximum rate of 12 per month in a program extending through fiscal year 1980. Thus, for 1,206 aircraft, the program unit cost is estimated to be approximately $9.9 million and total program cost $11.9 billion. This again includes all PAMN and R. & D. with dollars escalated through 1980.

Detailed costing for a quantity of F–14's greater than 1,206 has not been made and no situation is currently foreseen which would require it in the near term. Total F–4 aircraft procurement through fiscal year 1970 (well over 3,000) was based on combined Navy-Air Force-Allied use which is not presently contemplated for the F–14. It is felt that any estimate of total program cost for a quantity such as 2,000 F–14 aircraft would be subject to very large variations due to fluctuation in requirements, technology, world conditions, and national economy over the period of procurement.

However, if conditions arose which required production of a quantity of 2,000 F–14's in a fairly compressed time frame, an approximation of the program unit cost would be $7.9 million and total program cost $15.8 billion.

The following table summarizes the above cost/quantity data. Since valid and accurate estimates of escalated costs in the out years are not possible, cost/quantities are shown both in escalated dollars and constant fiscal year 1970 dollars.

F–14A/B PAMN/R. & D. COSTS[1]

	Escalated				Constant fiscal year 1970			
Quantity	469	722	1,206	2,000	469	722	1,206	2,000
Program unit cost (millions)	$12.9	$11.1	$9.9	$7.9	$11.7	$9.6	$8.1	$6.6
Total program cost (billions)	$6.1	$8.0	$11.9	$15.8	$5.5	$6.9	$9.8	$13.2

[1] These costs include total procurement, support and spares, plus all R. & D. They also reflect the initial conclusions of a recent Navy cost-reduction study of the F–14 program.

COST OF F–4 AIRCRAFT PROCUREMENT

Mr. MAHON. How many F–4 aircraft has the Navy placed on order, not counting force requirements and what was the unit cost and total program cost? You can supply that for the record.

Admiral MOORER. We will have to, yes, sir; because we bought for other countries. The Koreans have them, the Israelis have them, the Air Force has them and so on.

Mr. MAHON. You can explain what your purchase program has been.

(The information follows:)

Through fiscal year 1970, the total number of F–4 aircraft contracted for, for all users (USN, USAF and foreign), is 4,272 aircraft. The Navy portion of that number is 1,262 aircraft, the total Navy program cost is $4.254 billion and the Navy unit cost is $3.37 million per aircraft. (Above costs include flyaway, support, spares and R.D.T. & E.)

F–XX/FF–XX AIRCRAFT PROPOSAL

Mr. MAHON. It has been reported that an OSD systems analysis study on a proposed F–XX and VF–XX aircraft envisioned a faster, higher performance superior fighter aircraft than the Navy F–14 at a unit cost of only ——— million. What sort of talk is that?

Secretary CHAFEE. That had not been gone into in great detail. This was a suggestion that came from systems analysis—that is about what it amounted to. As I say, it had not been gone into in too much detail, in our judgment.

Admiral MOORER. This has been brought forward several times, Mr. Chairman. Let me just explain to you some of the differences.

In the first place, the so-called F–XX, only has the Sidewinder missile, whereas the F–14 carries the Sidewinder, the Sparrow, and the Phoenix if we want to put the Phoenix aboard. Secondly, they solved the navigation problem by just saying "low cost inertial navigator." They don't say what kind, who is going to build it or what have you.

Mr. MAHON. It was specified that it be low cost.

Admiral MOORER. A low-cost inertial system and there is no such thing.

They say they are going to use off-the-shelf communications, whatever that means. In other words, this aircraft is essentially one that is put together by imagination and not exactly by what I would call a sound technical approach.

Mr. MAHON. I wish you would tell us when this study was made and what was the result of the Navy's review of the study. That is for the record.

(The information follows:)

For purpose of the for comment draft of the major program memorandum on tactical air forces of June 4, 1969, OASD(SA) postulated that emphasis should be placed on fighters with visual air-to-air combat capabilities. A small highly maneuverable, single-seat, single-engine fighter, designated the F–XX/VF–XX was proposed.

The validity of the proposal for restructuring tactical air forces depends on the technical realism of the design criteria of the VF–XX substitute fighter. Navy has reviewed the fighter proposal. The review was hampered by inconsistencies in weight manipulations and design characteristics of the proposal but two basic conclusions can be documented:

(*a*) Either the aircraft will fall far short of the thrust/weight ratio, wing loading and other performance characteristics claimed; or

(*b*) If it possesses the specified design characteristics, it will weigh over one and one-half times as much as the stated gross weight.

The fighter proposal is extrapolated from a design previously submitted. If this previously submitted design is modified to make it carrier suitable and equipment deemed unnecessary by systems analysis is eliminated, the resulting aircraft will fall considerably short of specified performance characteristics. Furthermore, the extrapolation of available engine thrust is well beyond the scaling range of the basic study.

The effects of simultaneously increasing thrust/weight ratio and decreasing wing loading are an inevitable increase in size and weight. If the design criteria are met, and the allowances for fuel and electronics are also adhered to, it is estimated that the resulting aircraft will weigh at least 50,000 pounds and require an engine with over 82,000 pounds of thrust. In addition, a single high-performance engine instead of two engines, may produce significant balance and base drag problems.

The VF–XX criteria for combat allowances, reserves, internal fuel capacity, and airframe strength are unrealistic. The claim of small size appears fallacious: The basic fuselage of the source design is longer than the F–14 and its wing span is greater.

The issues related to the VF–XX are not new. The basic concepts were considered in detail by the services during the formulative stages of the F–14 and F–15. They were reviewed by D.D.R. & E. and have been rejected in all decisions to date by OSD.

Mr. MAHON. What would be the cost tradeoff of using an A–4, A–6, or A–7 aircraft with Phoenix missile in the fleet defense role and going to the more economical, so-called, F–XX concept to fulfill the Navy's air superiority fighter requirements?

Admiral MOORER. We looked at that in great detail and it is not satisfactory.

UNIT COST OF PHOENIX MISSILE

Mr. MAHON. What will be the unit cost of the Phoenix missile? Estimates have gone as high as ——— per copy. Insert that in the record.

(The information follows:)

For a production quantity of ——— missiles, bought over the ——— year time span fiscal year ——— the Phoenix missile unit flyaway cost is estimated to be ——— (calendar year 1970 dollars). The corresponding total procurement program unit cost for this same number of missiles is ——— (calendar year 1970 dollars). By definition the total procurement program includes PAMN budget activities 9, 10, and 11. "Flyaway" equates to budget activity 9 costs less than fleet support element thereof.

Mr. MAHON. If the Navy attack carrier force should be reduced from 15 to say 12 carriers, what impact would such a reduction have on all Navy tactical aircraft requirements? What would be the impact for fiscal year 1970?

(The information follows:)

In the long term, a reduction in force levels from the present 15 CVA's and 14 air wings to 12 CVA's and air wings would result in a corresponding reduction in the average yearly total obligational authority (TOA). However, because of recent aircraft procurement which has been less than aircraft losses and because of the necessity to modernize both aircraft and carriers, this reduction would not have a significant impact on TOA over the next several years. Moreover, the deactivation costs and the adjustment necessary to compensate for this size reduction in forces would not permit appreciable savings during the balance of fiscal year 1970. This is particularly true in view of personnel phasedowns and the facilities already in use for deactivation in connection with Project 703.

It is assumed, therefore, that the time phasing of a theoretical reduction to 12 CVA's and air wings could not commence until July 1970 (fiscal year 1971). For purposes of illustrating approximate fiscal year 1971 budget impact, the below table shows the total of O. & M. N. MPN and OPN. Major procurement is not included because procurement for modernization has been so fiscally constrained for several years that no near term effect on procurement should be considered. For example, aircraft procurement policies for the next few years dictate that, for most models, only the minimum sustaining quantities can be budgeted. These quantities generally are the very minimum needed to keep production lines open. Thus, as a generality, force level reductions should not be expected to achieve proportionately large near term budgetary reductions.

Reduction in units:	*Cost recoveries*[1] *(Dollars in millions)*
Reduce to 12 CVA	19
Reduction in other ships	20
Reduce to 12 CVW	33
Total	72

[1] These costs are approximate and do not consider the smaller pro rata share of the supporting infrastructure which might also be recovered as a long-term fallout.

With modernization and upgrading of capability as prime objectives in the years ahead, elimination of the 13th and 14th air wings and three of the World

War II carriers would cause little change in the aircraft/missile procurement and ship building accounts. For example, phasein of F-14's in the ———.

The Navy and Marine Corps have procured 1,262 F-4 and 1,217 F-8 aircraft. Although past procurement policies cannot be used as a basis for the future, it is useful as an indicator of future requirements. Another historical fact which is relevant is that unit cost of aircraft decreases with increased procurement.

Navy Tactical Air Force requirements are dictated by national strategy derived from our foreign policy. Navy TACAIR force levels reflect that portion of the total tactical air requirement that is necessary to operate from mobile sea bases. The required force level is a reflection of national strategy and is influenced by the geographic areas and contingencies considered. Thus, any reduction in force levels must be reflected in reduction of commitments toward or national strategy.

(CLERK'S NOTE: Additional classified information was provided the committee.)

NEED FOR IMPROVED PAY, ALLOWANCES, AND HOUSING

Mr. MAHON. We will want to have a further discussion, Mr. Secretary, with you and Admiral Moorer, and probably other members of your establishment, in regard to reductions which you are more or less committed to make or will be committed to make in the April 15 budget. But, since these have not been formalized, you can't give us just what we need by way of information and guidance at this time. We will expect to be back in touch with you in regard to that matter. We are most anxious in the committee and in the Congress to provide whatever funds are necessary for the additional buildup of the Navy and for the maintenance of the Navy and the modernization of the Navy.

Do you have anything further, Mr. Secretary, you would like to add at this hearing?

Secretary CHAFEE. There is one thing I would like to say, Mr. Chairman. Since I have been over there, I have come to the conclusion that—although there are lots of problems with weapons and cost overruns and new ships and all that—that where we really ought to concentrate a good deal of our energies is in connection with personnel matters. These matters will come before you, if not this year, in future years, and I would merely like to give some thoughts that I have. I have discussed these with Admiral Moorer, and he feels the same way—that, if we could give greater benefits to our people, it would be a worthwhile investment. Not just from the point of view of morale, which I don't think is in danger now, but from the point of view of keeping good people and thereby making a saving all along the line.

As I say, I am bringing these things up—not that I have specifics now, but we will come in with specifics in the months ahead—in connection with improved pay, and improved allowances for housing, which I think are extremely important; with variable housing allowances for our people who live in different geographic areas, and with arrangements to work out permission to contract for leased housing, somewhat along the MSTS lines that were mentioned before. I would urge your sympathetic consideration for these matters and that of the committee when we get to them. We are running a Navy here with a tremendous personnel turnover. Of the enlisted men in their first enlistment only about 16 percent reenlist.

Mr. MAHON. Is that good or bad?

Secretary CHAFEE. It is poor.

Mr. MAHON. Has it any good aspects?

Secretary CHAFEE. No.

Mr. MAHON. You have a bigger backlog in the event of an all-out emergency of at least partially trained people, do you not?

Secretary CHAFEE. That is looking at it in its most favorable light, I think. As far as running the Navy today is concerned, it just means that, on the ships, 50 or 60 percent of the people will have only been in the Navy a year. It means that the skippers of these ships are constantly trying to train their people, rather than getting on to development of an improved ship and better training for the ship as a whole. As soon as they get a person trained, he is gone. It is extremely expensive for the Government and for the Navy. I think that some of these investments which we could make at relatively low cost would help alleviate these problems.

Mr. MAHON. Have you any plans?

Secretary CHAFEE. As I say, I am just laying the groundwork because we will, hopefully, with the approval of the Defense Department, be urging some plans here. We appreciate the approval that was given to the nuclear submarine officers, through their bonus, which I won't say has produced great dividends yet—but at least it seems to have stemmed the tide, if not reversed it. I just wanted to give you some of the thoughts that I have had after just a few months over there in connection with all the Navy matters.

Mr. MAHON. The workers in the various departments of the Government generally are being provided with pay raises at the rate of once a year or more. Do you think perhaps we are not paying Government personnel adequately?

Secretary CHAFEE. I was not referring to Government personnel overall. I was really referring to the military people.

Mr. MAHON. The uniformed people.

Secretary CHAFEE. The uniformed personnel, yes, sir. I think it involves more than just straight pay, although pay is of course a factor. I think it involves housing for their families and themselves, that is, the enlisted men's barracks. That comes into military construction. It comes into family housing construction.

I think it involves the turmoil which is brought about by quick reductions in forces. I think it involves the problem of their being away from their families so much, which is part of Navy life. I think it involves the conditions in our ships, where the living quarters aren't the best. We are trying to improve them.

As I say, perhaps this is all old news to you, so I am not telling you anything you did not know before, but it does seem to me that, if we can stabilize the personnel situation, we would be miles ahead. I know Admiral Moorer has given some thought to this.

Mr. MAHON. Are you indicating that you believe in an all-volunteer force for the services?

Secretary CHAFEE. I think that would be a wonderful objective, but I am not suggesting that these proposals I am making here are going to lead necessarily toward an all-volunteer force. They are going to make it so that we can get our reenlistment rates up to level higher than they are now, by far. .

PROBLEMS INVOLVED IN CHANGE OF STATIONS

Mr. MAHON. Do you suppose the Navy and the other services, but particularly the Navy, since you are a Navy witness, could encourage

personnel and improve the morale of the Navy if you would give more consideration to changes in station and try to stabilize the person for a reasonable length of time at a certain station before he is transferred to another? Is there considerable room for improvement in that area?

Secretary CHAFEE. I suppose there is always room for improvement, although in the surveys I have seen I have not seen complaints about the Navy shifting people around too quickly.

Mr. MAHON. The Army is charged with this more particularly I think than the Air Force and the Navy, but certainly you hear these complaints.

I would like to have Admiral Moorer's opinion.

Admiral MOORER. We have a problem with respect to moving people around. I do not think anyone in Washington recognizes the extreme turbulence generated by these budget cuts. For instance, when we reduce the Navy by 72,000 men in such a short time, by inactivating ships and so on, it means of course every one of the people on those ships must find new homes. We have had many cases where young officers have had to be released—in many cases they have just bought a home or their wife is about to have a baby. When you get out on the end of the line, these sudden reductions have a terrific impact on thousands upon thousands of people and in many cases leave a bad taste in their mouth.

Mr. MAHON. Moving is very expensive from the standpoint of those involved and also from the standpoint of the Government. It seems to me that even with some of your high echelon personnel it is "hello and goodbye" at many of their stations.

Admiral MOORER. We have made a concerted effort, in the last 2 or 3 years, not to move people just for the sake of moving them. I can cite you many cases where people have been kept for extended periods of time at bases and I do that whenever it is possible. In order to get promoted sometimes people have to move.

Mr. MAHON. There have been people in one place for less than a year.

Admiral MOORER. If we have a large number of ships deactivated with reductions in numbers of people overseas and so forth, a considerable amount of turbulence is generated and this we have experienced to a high degree during the past year.

We have had about 99 captains of ships and executive officers of ships and so on who have to be moved and reassigned. This is what happens when the end strength of the Navy fluctuates.

Secretary CHAFEE. I think, Mr. Chairman, the real purpose of my remarks here at the end of the day was to lay what I hope to be a sympathetic groundwork for the time when we do come before you with specific proposals, which we do not now have, and which we will be trying to work on during the ensuing months.

Mr. MAHON. We recognize it is no easy task to operate the Navy. We are pleased to have you before us. We will be back in touch with you before final action is taken on this bill. Thank you very much.

Secretary CHAFEE. Thank you very much, Mr. Chairman.

STATEMENT OF THE DIRECTOR OF BUDGET

Mr. MAHON. We shall at this point in the record insert the budget statement of Admiral Gaddis.

(The statement follows:)

Mr. Chairman, Members of the Committee:

It is a privilege to appear before you to discuss the financial resources needed to support the Fiscal 1970 program requirements which Secretary Chafee, Admiral Moorer, and General Chapman have described for you in their evaluation of the posture of the Navy and Marine Corps.

Other Department of Defense Witnesses have discussed the policies and concepts on which the Fiscal 1970 budget was based. I will confine my statement to the financial highlights of the Fiscal 1970 request.

Budget Plan (TOA) and New Obligational Authority (NOA)

The Fiscal 1970 budget as submitted to the Congress by President Johnson included Total Obligational Authority (TOA) for the Department of the Navy of $24,408 million. This amount was subsequently reduced by the amendments submitted by President Nixon in April 1969 to $23,881 million, a reduction of $527 million. The following table shows on a functional basis the original President's budget and the amended budget including the amounts involved in the budget amendment:

FY 1970
TOA - Comparison of Budget Document and Amended Budget
(In Million $)

Function	Budget Document	Amended Budget	Budget Amendment
Military Personnel	6,291	6,272	-20
Operation and Maintenance	5,840	5,781	-59
Procurement	9,662	9,203	-459
RDT&E	2,207	2,212	+4
Military Construction	408	414	+6
TOTAL	24,408	23,881	-527

As the table shows, the reductions in the budget amendment were largely in the procurement accounts, particularly Procurement of Aircraft and Missiles which was reduced $174 million and Other Procurement, Navy which was reduced $218 million.

The proposed method of funding the amended Fiscal 1970 budget plan is reflected in the table below.

FY 1970
TOA (BUDGET PLAN) AND FINANCING
(In Million $)

Appropriation (New Obligational Authority)	$23,211
Other Financing	670
Anticipated Recoupments	300
Unprogrammed start of year	320
Transfer of Balances	25
Reimbursable Orders Not Requiring Replacement	25
Budget Plan (Total Obligational Authority)	23,881

The amended Fiscal 1970 Total Obligational Authority (TOA) of $23,881 million represents an increase of $1,583 million over Fiscal 1969 TOA of $22,298 million (including the amended supplemental request of $352 million). This increase in the budget plan (TOA) is largely attributable to an increase in the shipbuilding program of $1,684 million. During the past two years, the shipbuilding program has been held at minimum levels ($1,190 million in FY 1968 and $1,098 million in FY 1969), largely because of other urgent requirements resulting from the increase in forces required for Southeast Asia. However, it

is now considered critical that we proceed with the program of replacing and modernizing our fleet.

Other increases in Fiscal 1970 over Fiscal 1969 include:

a. $110 million in the military personnel appropriations resulting largely from an increase of 5,668 man years in the average strength of the Navy and 4,401 man years in the Marine Corps,

b. $102 million in the aircraft and missile programs,

c. $43 million in Procurement, Marine Corps largely for Landing Tracked Vehicle (LVTPX12) and the Improved HAWK Anti-Aircraft Missile System, and

d. $50 million in RDT&E.

These increases are offset by a decrease of $415 million in Other Procurement, Navy stemming largely from reduced consumption of ship gun and air launched ordnance.

For the convenience of the Committee, I would now like to discuss the request for each appropriation. In doing so, I would like to stress that the data under each appropriation will be based on the amended budget.

Military Personnel, Navy

(In millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$4,455.2	$4,508.5
New Obligational Authority (NOA)	4,455.2	4,508.5
Obligations (Direct)	4,455.2	4,508.5
Net Expenditures	4,413.0	4,482.6

The Fiscal 1970 budget request of $4,508.5 million is $53.3 million higher than the revised Fiscal 1969 program of $4,455.2 million. Of this increase, $62.4 million will be used for pay and allowances of officers and enlisted personnel, and $3.5 million for subsistence. These increases will be offset by a reduction of $12.6 million in permanent change of station travel and other military personnel costs.

The numbers of active duty military personnel to be financed with these funds are indicated in the tables below:

Year-end Strength

	FY 1969 Estimate	FY 1970 Estimate
Officers	84,744	85,992
Enlisted	681,416	676,236
Academy Midshipmen	4,243	4,243
Total	770,403	766,471

Average Strength

Officers	85,408	85,213
Enlisted	670,757	676,597
Academy Midshipmen	4,138	4,161
Total	760,303	765,971

Military Personnel, Marine Corps

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$1,535.5	$1,577.0
New Obligational Authority (NOA)	1,535.5	1,577.0
Obligations (Direct)	1,535.5	1,577.0
Net Expenditures	1,530.0	1,561.0

The appropriation request of $1,577 million for Fiscal 1970 is $41.5 million more than the $1,535.5 million required in Fiscal 1969. Additional funds in the amount of $40.5 million will be required for pay and allowances of officers and enlisted personnel, and $3 million for permanent change of station travel. Subsistence of enlisted personnel and other military personnel costs will be $2 million less in Fiscal 1970 than in Fiscal 1969.

Active duty military personnel to be financed under this appropriation are compared in the tables below, both by year-end strength and average strength.

Year-end Strength

	FY 1969 Estimate	FY 1970 Estimate
Officers	25,984	26,031
Enlisted	287,386	288,440
Total	313,370	314,471

Average Strength

Officers	25,096	26,087
Enlisted	287,274	290,684
Total	312,370	316,771

Reserve Personnel, Navy

(In Thousands)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$133,500	$140,400
New Obligation Authority (NOA)	133,500	140,400
Obligations (Direct)	133,500	140,400
Net Expenditures	133,000	137,600

The FY 1970 request of $140.4 million is $6.9 million more than the $133.5 million required in Fiscal 1969. The additional funding requirements reflect primarily: a two-day increase in the annual tour length for reservists on active duty for training to comply with Public Law 90-168, an increase in the NROTC scholorship program, and the return from active duty of CB units. The number of reserve personnel in paid status to be financed with these funds are reflected in the tables below:

Year-end Strength

	FY 1968 Actual	FY 1969 Estimate	FY 1970 Estimate
Officers	28,102	23,180	22,616
Enlisted	103,140	114,762	109,734
Total	131,242	137,942	132,350

Average Strength

Officers	28,325	23,349	22,635
Enlisted	104,279	108,407	109,715
Total	132,604	131,756	132,350

Reserve Personnel, Marine Corps

(In Thousands)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$37,900	$45,700
New Obligational Authority (NOA)	37,900	45,700
Obligations (Direct)	37,900	45,700
Net Expenditures	37,000	44,900

The $45.7 million requested for Fiscal 1970 is $7.8 million higher than the $37.9 million required in Fiscal 1969. This increase reflects a two-day increase in the annual tour length for reservists on active duty for training to comply with Public Law 90-168; an increase in the average strength of units performing 48 drills; and an increase in the number of 6-month trainees.

The year-end and average strengths of Marine Corps reserve personnel are compared in the tables below:

Year-end Strength

	FY 1968 Actual	FY 1969 Estimate	FY 1970 Estimate
Officers	3,574	3,266	3,397
Enlisted	44,409	48,575	45,644
Total	47,983	51,841	49,041

Average Strength

Officers	3,606	3,182	3,278
Enlisted	45,885	43,450	47,252
Total	49,491	46,632	50,530

Operation and Maintenance, Navy

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$5,383.0	$5,323.7
New Obligational Authority (NOA)	5,382.5	5,323.7
Obligations (Direct)	5,383.0	5,323.7
Net Expenditures	5,300.0	5,279.0

The request for Fiscal 1970 is $5,323.7 million which represents a decrease of $59.3 million from the Fiscal 1969 program of $5,383 million. Included is $37 million for programs formerly financed in the RDT&E appropriation.

By the end of Fiscal 1970, the Navy will be operating 879 Active Fleet ships. This compares to 906 ships at the close of Fiscal 1969. Ships added to the Fleet, mainly from new construction and conversion, will total 55. These include 6 nuclear-powered attack submarines, 14 destroyer escorts, 4 guided missile frigates, 10 amphibious types, and 6 auxiliary vessels for replenishment-at-sea. These new inputs to the Fleet are offset by 82 decreases to the Fiscal 1969 end-year strength, primarily due to ships entering conversion, inactivating, or transferring to Naval Reserve training status.

The Fiscal 1970 Navy Flying Program provides for 7,117 average operating aircraft, an increase of 257 aircraft over Fiscal 1969. Funds requested in Fiscal 1970 will support 3.6 million flying hours, which compares with 3.7 million flying hours programmed for Fiscal 1969. Newer aircraft operating in the Fiscal 1970 Flying Hour Program includes the A-7B1E CORSAIR II light attack aircraft; A-6A "Intruder" all-weather attack aircraft; and F-4J PHANTOM II fighter-interceptor aircraft.

Some of the significant increases in the logistics support area include increases to the Deep Submergence System Program to provide technical and engineering support throughout the test periods of the Deep Submergence Rescue Vehicles 1 and 2, increases to the Nuclear Core Reprocessing Program reflecting an increase in the number of nuclear cores which will be due for replacement in Fiscal 1970, and an increase to the Surface Missile Rework Program. This Budget Activity will also be financing in Fiscal 1970 for the first time engineering improvement support programs for operational systems previously financed with RDT&E funds. This adjustment is part of our continuing effort to purify appropriation content.

Medical cost increases in Fiscal 1970 are attributable to increased patient load in Navy hospitals and increased medical care for dependents in civilian hospitals. Training costs have also shown an increase due to new and expanded courses in highly technical areas and increased officer training. Aviation training increases are due to an increased requirement for jet pilots and accelerated pilot training rates.

Other programs showing funding increases in Fiscal 1970 include: oceanography, reflecting the addition of new ships to the program; communications stations reflecting increased operating costs for added new facilities; increased intelligence and security requirements; Southeast Asia Classified Projects, and administrative costs.

Operation and Maintenance, Marine Corps

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$464.6	$457.0
New Obligational Authority (NOA)	464.6	457.0
Obligations (Direct)	464.6	457.0
Net Expenditures	434.0	455.0

The appropriation request of $457 million in Fiscal 1970 is $7.6 million less than the $464.6 million required in Fiscal 1969. The decrease is a net change resulting from a reduction in SEA support requirements. Actually, our Fiscal 1969 to Fiscal 1970 SEA support request is down $16.7 million from $259.7 to $243 million. This decrease has been partially offset, however, by Non-SEA increases of $3 million for a functional realignment from RDT&E involving improvements to operational weapons, and of approximately $6 million to support industrial fund operations at our equipment repair centers, Albany and Barstow.

Operation and Maintenance, Navy
Operation and Maintenance, Marine Corps
(Liquidation of Contract Authorization)

The President's budget includes an appropriation request of $66 million for Operation and Maintenance, Navy and $2.5 million for Operation and Maintenance, Marine Corps to liquidate Fiscal 1966 obligations incurred under Section 3732, Revised Statute (41 U.S.C. 11). In Fiscal 1966 the Department of the Navy was authorized by the Department of Defense to utilize the provisions of this Section to fund certain of its operation and maintenance requirements related to the force build up in Southeast Asia. Section 3732 permits the military departments to incur obligations in excess of available appropriations in procuring or furnishing clothing, subsistence, forage, fuel, quarters, transportation, or medical and hospital supplies not to exceed the necessities of the current fiscal year. Under this authority, fund availability of $83.7 million was authorized by the Office of the Secretary of Defense for Operation and Maintenance, Navy and $7.9 million for Operation and Maintenance, Marine Corps.

The following table shows obligations incurred against this authority as of 31 December 1968, assets applied against these obligations, and the current cash deficiency.

FY 1966 O&M, Navy and Marine Corps Cash Deficiency
(In Million Dollars)

	Obligations 12/31/68	Assets Applied	Cash Deficiency
O&M (Navy)	80.5	15.2	65.2
Fuel	3.2		
Transportation	15.8		
Ship Activation & Overhauls	46.7		
All Other	14.8		
O&M (Marine Corps)	2.8	.6	2.2

As the table shows, most of these funds were required for fuel, transportation, and ship activation and overhauls.

Appropriation of the amounts requested will not increase the availability of funds to the Department of the Navy in Fiscal 1970 nor result in increased Fiscal 1970 obligations or expenditures. Rather, the funds will serve the single purpose of liquidating the cash deficiency which currently exists in the Fiscal 1966 accounts.

Procurement of Aircraft and Missiles, Navy

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$3,248.4	$3,350.5
New Obligational Authority (NOA)	2,574.3	3,235.5
Obligations (Direct)	3,180.6	3,384.7
Net Expenditures	3,605.0	3,306.3

The Fiscal 1970 direct budget plan of $3,350.5 million comprises an appropriation request of $3,235.5 million, proposed transfers of $25 million from the Defense Stock Fund, $75 million of anticipated recoupments from prior year budget plans, and $15 million of assets from customer orders not requiring replacement in kind.

The aircraft program for Fiscal 1970 of $2,499 million is $21 million more than in Fiscal 1969 and provides for the procurement of 440 new combat, training, airlift and other aircraft costing $1,506 million; modification of in-service aircraft costing $326 million; aircraft spares and repair parts of $569 million and support equipment and facilities of $99 million.

The missile procurement program for Fiscal 1970 requires funds in the amount of $851 million. This is $81 million more than the Fiscal 1969 plan. Approximately $518 million will be utilized for POLARIS and POSEIDON programs; $252 million for other missiles; $37 million for missile spares and repair parts; $21 million for missile modifications; and $23 million for support equipment and facilities.

Shipbuilding and Conversion, Navy

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$1,097.9	$2,781.6
New Obligational Authority (NOA)	820.7	2,631.4
Obligations (Direct)	2,183.8	2,456.2
Net Expenditures	1,700.0	1,669.0

The Fiscal 1970 budget plan of $2,781.6 million consists of an appropriation request of $2,631.4 million and $150.2 million in prior year assets. This is an increase of $1,683.8 million over the Fiscal 1969 budget plan of $1,097.9 million.

The Fiscal 1970 budget plan provides financial resources for the following major programs:

a. Construction of 16 new ships consisting of: 2 nuclear powered hi-speed attack submarines, 5 DD-963 (formerly DX) destroyers, 3 fast deployment logistics ships, 2 general purpose assault ships, 1 nuclear attack carrier, 1 DXGN guided missile frigate and 2 patrol motor gun boats.

b. Conversion of 17 ships consisting of 6 ballistic missile submarines to obtain POSEIDON capabilities, 1 guided missile frigate, and 10 ocean mine sweepers.

c. Procurement of long-lead time items in the amount of $398 million, of which $306 million is for the following ships expected to be included in the Fiscal 1971 program: 7 ballistic missile submarine conversions, 8 DD-963 (formerly DX) destroyers, 5 nuclear submarines, 1 DXGN nuclear guided missile frigate, 4 guided missile frigate conversions, and 2 general amphibious assault ships.

d. Post delivery and outfitting material costs of $79 million for ships delivering after Fiscal 1969. Beginning with Fiscal 1970, the Navy is proposing that these costs be budgeted annually "lead time" away from ship delivery rather than at the time of ship authorization.

e. In addition, a line item is included in the Fiscal 1970 budget for $167 million to fund action and anticipated claims and ship cost growth in Fiscal 1969 and prior programs for which funds are not available in the appropriation.

Other Procurement, Navy

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$2,771.4	$2,356.4
New Obligational Authority (NOA)	2,505.6	2,022.7
Obligations (Direct)	2,737.0	2,235.0
Net Expenditures	2,525.0	2,498.8

The Fiscal 1970 direct budget plan amounts to $2,356.4 million, a decrease of $415.0 million from the Fiscal 1969 budget plan of $2,771.4 million. Part of the decrease - $319 million - stems from the reduced consumption of ship gun and air launched ordnance ($212 million and $107 million, respectively).

Planned funding for Fiscal 1970 provides for an appropriation request of $2,022.7 million, $200 million in recoupment objectives, $10 million from customer orders, and $123.7 million carried forward from Fiscal 1969 and prior year assets.

The Fiscal 1970 program continues to stress the objective of improving limited war and combat readiness capability through procurement and utilization of more sophisticated electronics and communications equipment, aviation support equipment and ordnance. A significant amount of the budget relates to the improvement of the capabilities of existing ships and equipment. In particular, $298 million is earmarked for the installation of alteration and new equipment on active Fleet ships. Emphasis will also continue to be placed on our anti-submarine capability through procurement of improved weapons, detection systems and devices, and other related equipment. Of the total direct budget plan, $467 million is programmed to anti-submarine warfare systems.

Procurement, Marine Corps

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$671.8	$714.4
New Obligational Authority (NOA)	670.0	650.6
Obligations (Direct)	690.0	700.0
Net Expenditures	865.0	719.0

The direct budget plan for Fiscal 1970 of $714.4 million contemplates an appropriation of $650.6 million, a recoupment of $25 million to be realized from prior year budget programs, and unprogrammed prior year balances of $38.8 million. This is an increase of $42.6 million over the Fiscal 1969 budget plan of $671.8 million.

The requested increase is largely attributable to the initial procurement of the new Landing Tracked Vehicle (LVTPX12) and the Improved HAWK Anti-Aircraft Missile System.

Research, Development, Test & Evaluation, Navy

(In Millions)

	Fiscal Year 1969	Fiscal Year 1970
Direct Budget Plan (TOA)	$2,161.1	$2,211.5
New Obligational Authority (NOA)	2,141.3	2,211.5
Obligations (Direct)	2,115.0	2,208.0
Net Expenditures	2,070.0	2,153.0

The Fiscal 1970 budget plan provides for funds in the amount of $2,211.5 million compared with $2,161.1 million in Fiscal 1969. The increase of $50.4 million represents the net of numerous increases and decreases among the budget subactivities.

Some of the major program increases are: F-14A - $45 million; CVS Aircraft (VSX) - $102 million; future Navy fighter aircraft (F14 B/C) $20 million; and ship contract definition - $8 million. Increases are also included for: anti-submarine warfare; ocean engineering (formerly Deep Submergence Program) and the advanced surface missile system.

Major program decreases due to reaching late stages of development are: FBM Systems - $159 million; PHOENIX - $14 million; and MK-48 Torpedo - $10 million.

Highlights of the Fiscal 1970 Budget plan are:

a. $472 million for the Anti-Submarine Warfare effort.

b. $137 million for research, which includes increased funding for oceanographic research and support of THEMIS (a program to develop new university research centers).

c. $175 million for continued development of the F-14A aircraft.

d. $165 million for continued development of CVS ASW aircraft (VSX).

e. $224 million for continued development of POSEIDON.

f. $20 million for initiation of advanced development of the Undersea Long Range Missile System (ULMS).

g. $25 million for Ship Contract Definition.

h. $16 million for Shipboard Electronic Warfare.

i. $13 million for Ocean Engineering Technical Development.

j. $30 million for Ocean Engineering Systems Development.

k. Funds for the continued development of the EA-6B aircraft; the AEW CV-Based Aircraft E2A, the Phoenix missile; the Advanced Surface Missile System (ASMS); and the Ship Anti-Missile Integrated Defense (SAMID).

Obligations and Unobligated Balances

Obligations are expected to total $25,479 million in Fiscal 1970, an increase of $14 million over estimated obligations of $25,465 million in Fiscal 1969. Actual obligations in Fiscal 1968 amounted to $23,504 million.

We estimate that unobligated balances at the end of Fiscal 1970 will amount to $3,934 million. This compares with $4,262 million estimated for the end of Fiscal 1969. Funds unobligated at the end of Fiscal 1968 amounted to $6,154 million.

The following table highlights the significance of procurement in relationship to total Department of the Navy with respect to obligational availability, obligations, and unobligated balances for FY 1968, 1969 and 1970:

FY 1968, 1969, 1970
OBLIGATIONAL AVAILABILITY, OBLIGATIONS AND BALANCES
(In Millions)

	Available for Obligation		Obligations		Unobligated Balance at End of Year	
	$	%	$	%	$	%
1968 - TOTAL	29,670	100.0	23,504	100.0	6,154	100.0
- PROCUREMENT	14,174	47.8	8,757	37.2	5,416	88.0
1969 - TOTAL	29,727	100.0	25,465	100.0	4,262	100.0
- PROCUREMENT	12,994	43.7	9,387	36.9	3,607	84.6
1970 - TOTAL	29,413	100.0	25,479	100.0	3,934	100.0
- PROCUREMENT	12,745	43.3	9,367	36.8	3,378	85.9

As the table shows, on an average about 86 per cent of the unobligated balance at the end of each year is applicable to the procurement area. This results from the relatively low obligation rate during the first year for many procurement programs, particularly shipbuilding and aircraft.

Expenditures (Outlays) and Unexpended Balances

Net expenditures (outlays) for Navy and Marine Corps are estimated at $22,566 million in Fiscal 1970, a decrease of $7 million below projected Fiscal 1969 expenditures of $22,573 million and $495 million over actual expenditures of $22,071 million in Fiscal 1968.

The following table shows the distribution of FY 1968, 1969 and 1970 expenditures by function:

FY 1968, 1969, 1970
Net Expenditures (Outlays) By Function
(In Million $)

Function	Actual 1968		Estimate 1969		Estimate 1970	
	$	%	$	%	$	%
Military Personnel	5,721	25.9	6,113	27.1	6,226	27.6
Operation & Maintenance	5,164	23.4	5,737	25.4	5,735	25.4
Procurement	7,992	36.2	8,695	38.5	8,193	36.3
RDT&E	2,003	9.1	2,070	9.2	2,153	9.5
Military Construction	93	.4	455	2.0	431	1.9
Rev. & Mgm Funds	1,134	5.1	-457	-2.0	-132	- .6
Other - Trust Funds, etc.	-35	-.1	-40	-.2	-40	- .2
Total	22,071	100.0	22,573	100.0	22,566	100.0

As the table shows, expenditures for military personnel and operations and maintenance, which when combined might be considered to reflect the cost of operating and maintaining the operating forces, constitute approximately half of total expenditures.

The following table shows total funds available for expenditure in Fiscal Years 1968, 1969, and 1970 as well as the unexpended balance at the end of each year.

FY 1968, 1969, 1970
Expenditure Availability and Unexpended Balances
(In Billion $)

Year	Total Available for Expenditure	Unexpended Balance at End of Year
1968	40.7	18.6
1969	39.7	17.1
1970	40.3	17.7

As the table shows, unexpended balances are expected to increase approximately $.6 billion at the end of Fiscal 1970 over Fiscal 1969. This increase is largely attributable to the increased shipbuilding program in Fiscal 1970.

Civilian Personnel

Navy civilian employment on 30 June 1968 was 419,546. A decline in employment to 415,249 is estimated for 30 June 1969. Reductions totaling 12,683 full time permanent employees result from the implementation of Section 201 of P.L. 90-364 during Fiscal 1969. This reduction is partially offset by the increased employment of foreign nationals in Southeast Asia and part-time and temporary employees at Naval shipyards and ordnance activities.

For Fiscal 1970, civilian employment is estimated at 405,346. This represents a decrease in overall employment level from Fiscal 1969 of 9,903. Anticipated improvements in employee productivity account for a reduction of 6,157. Although civilian manpower for most programs has been reduced below the Fiscal 1969 level, minor program increases in Intelligence, Oceanography, Naval Shipyards, and for the Joint Uniform Military Pay System are reflected. The Fiscal 1970 budget also includes the transfer in status of 968 contract Naval Investigative Service personnel to direct hire civil service.

International Balance of Payments

The Department of the Navy's Fiscal 1970 estimate of $843.4 million for expenditures entering the International Balance of Payments (BOP) shows a decrease of $81.3 million from the Fiscal 1969 estimate of $924.7 million. The decrease is almost entirely due to the estimated reduction in military construction in Vietnam. Expenditures by category and fiscal year are reflected in the following table:

ESTIMATED BALANCE OF PAYMENTS EXPENDITURES

(In Millions)

Function	FY 1968 Actual	FY 1969 Estimate	FY 1970 Estimate
Military Personnel	$484.8	$538.4	$546.5
Operation and Maintenance	206.3	212.2	215.3
Procurement	31.5	44.0	33.9
Research, Development, Test and Evaluation	6.6	5.1	4.9
Military Construction	164.4	165.7	83.1
Revolving Fund Accounts	88.8	92.9	93.7
Other Transactions	-134.7	-133.6	-134.1
Grand Total	$847.7	$924.7	$843.4

We are continuing our efforts to minimize BOP expenditures wherever feasible. Such efforts include:

a. Increased military equipment sales to foreign governments.

b. Limiting procurement overseas in favor of procurement in the United States.

c. Increasing the utilization of the barter program and its beneficial effect upon the BOP deficit.

d. Increasing the utilization of Treasury-owned excess and near excess currencies.

e. Publicizing, to military and civilian personnel overseas, the desirability of increasing their personal savings for deposit in the United States and to voluntarily decrease their personal expenditures entering the BOP.

Conclusion

Mr. Chairman, this concludes my statement. I will attempt to answer any questions you may have with respect to the financial aspects of the Department of the Navy's Fiscal 1970 budget.

LANGUAGE CHANGES

Mr. MAHON. The committee has received a general statement on the language changes proposed in the bill, which will be placed in the record at this point.

(The statement follows:)

STATEMENT OF MAURICE H. LANMAN, ASSISTANT GENERAL COUNSEL, FISCAL MATTERS, OFFICE OF THE GENERAL COUNSEL

Mr. Chairman and members of the committee, I am submitting for the record a statement setting forth the Department of Defense position on the proposed language changes in the Defense Appropriation Act for fiscal year 1970. The statement covers all language changes submitted in the President's budget for fiscal year 1970 on January 15, 1969. The amended budget submitted April 15, 1969, as a result of the review of the new administration contained no recommendations for language changes to the Defense portion of the fiscal year 1970 budget.

The new numbers pertaining to the purchase of passenger motor vehicles contained in the procurement accounts merely reflect the number proposed for purchase by the dollar amounts requested, the changes from fiscal year 1969 are, as in the past, not considered as language changes for the purpose of this statement.

The page numbers contained in this statement refer to the subcommittee print of the Department of Defense appropriation bill for fiscal year 1970. These references were made for the convenience of the members of the committee.

RESERVE PERSONNEL, ARMY

In the third line on page 27 the citation "3019" has been included to make this appropriation available for pay of personnel under 10 U.S.C. 3019.

This is a new provision of law (Public Law 90–168, Dec. 1, 1968) covering the Chief of the Army Reserve. His pay and allowances are included in this account.

RESERVE PERSONNEL, AIR FORCE

In the third line on page 35 the citation "8019" has been included to make this appropriation available for pay of personnel under 10 U.S.C. 8019.

This is a new provision of law (Public Law 90–168, Dec. 1968) covering the Chief of the Air Force Reserve. His pay and allowances are included in this account.

OPERATION AND MAINTENANCE, ARMY (LIQUIDATION OF CONTRACT AUTHORIZATION)

Page 56 is new language which provides appropriations to liquidate obligations incurred during fiscal year 1966 under the authority of Revised Statute 3732 (41 U.S.C. 11).

Detailed justification for the obligation of these funds in fiscal year 1966 was provided during the operation and maintenance hearings. For further reference see pages 360–375 of Part 2, "Department of Defense Appropriation for 1970."

OPERATION AND MAINTENANCE, NAVY (LIQUIDATION OF CONTRACT AUTHORIZATION)

This new language appears on page 62 and provides as in the case of the Army, appropriations to liquidate obligations incurred during fiscal year 1966 under the authority of Revised Statute 3732 (41 U.S.C. 11).

Detailed justification for the obligation of these funds in fiscal year 1966 was provided during the operation and maintenance hearings. See pages 672–678 of part 2.

OPERATION AND MAINTENANCE, MARINE CORPS (LIQUIDATION OF CONTRACT AUTHORIZATION)

This language is also new and appears on page 68. The language provides, as in the case of the Army and Navy, appropriations to liquidate obligations incurred during fiscal year 1966 under the authority of Revised Statute 3732 (41 U.S.C. 11).

Detailed justification for the obligation of these funds in fiscal year 1966 was provided during the operation and maintenance hearings. See in this connection pages 716–718 of part 2.

OPERATION AND MAINTENANCE, ARMY NATIONAL GUARD

On page 79 several changes have been made in the wording covering services of personnel, starting at the fourth line. These changes result from the enactment of the National Guard Technicians Act of 1968 (Public Law 90–486). The appropriation wording has been changed to delete any reference to the rank of technicians or the number authorized to be employed, since those matters were covered by the Technicians Act. Also, the revised appropriation wording has been changed with the intention to permit the employment of additional technicians, subject to reimbursement from active service appropriations, over the number of 42,500 authorized by the National Guard Technician Act when such technicians are performing services requested by the military departments in maintenance shops of the National Guard.

As indicated in prior testimony on the subject (pt. 2, pp. 353–355 and pp. 902–903) additional authority in the form of an amendment to the limiting provisions of the basic law (Public Law 90–486) is necessary to permit the employment of the numbers of technicians, including reimbursables, provided for the fiscal year 1970 budget. Such a legislative proposal is currently pending at the Bureau of Budget.

OPERATION AND MAINTENANCE, AIR NATIONAL GUARD

Two changes are made under this heading on page 84. The proviso has been deleted as no longer necessary as a result of the enactment of the National Guard Technicians Act of 1968 (Public Law 90–486). Language covering "services of personnel necessary to provide reimbursable services for the military services" is included to coincide with the same language included under O. & M., Army National Guard. (See statement with respect to that appropriation.)

COURT OF MILITARY APPEALS, DEFENSE

This language was changed to include the words "United States" in recognition of the enactment of Public Law 90–340 June 15, 1968, which established the Military Court of Appeals as a Federal court under article I of the Constitution.

PROCUREMENT OF EQUIPMENT AND MISSILES, ARMY

Under this heading on page 97, changes have been made in the wording covering transfers from stock funds into this account, to agree with the budget plan. The proviso making available for general PEMA purposes the sum of $284,600,000 formerly restricted to Nike X purposes, has been deleted, since it has served its purpose and need not be repeated.

PROCUREMENT OF AIRCRAFT AND MISSILES, NAVY

The only change in the language on page 103 pertains to the wording covering the transfer of funds from the Defense Stock Fund into this account. This change agrees with the approved budget plan.

PROCUREMENT, MARINE CORPS

The only change in language on page 118 is the deletion pertaining to the Defense Stock Fund transfer since no transfer is planned for fiscal year 1970.

AIRCRAFT PROCUREMENT, AIR FORCE

Changes on page 121 have been made in the wording covering transfers from stock funds into this account, to agree with the budget plan. The language making available $55 million under this account only for the purpose of the F–12 program is deleted since it has served its purpose and need not be repeated.

GENERAL PROVISIONS

SECTION 503

The proviso in section 503 on page 155 which restricts the use of appropriations for the training of clerks, stenographers, and typists who receive compensation at a rate below that grade to GS–5 is recommended for deletion in its entirety.

The Government Empolyees' Training Act (chapter 41 of title 5, United States Code), enacted subsequent to the initial inclusion of the restrictive langauge in the DOD Appropriation Act, established congressional criteria governing the use of nongovernmental facilities for all training at all grade levels. This legislation, supplemented by Presidential executive orders and the U.S. Civil Service Commission and DOD regulations, exercises broad controls over the selection of trainees and the use of nongovernment facilities for employee training. Furthermore, data on the number of participants at the GS–4 level and below and the total cost of short-term training in nongovernment facilities is submitted to the Congress each year.

The restrictions of this language tend to limit the career development programs and the normal proficiency training program of the clerical employees affected. In many cases such training could substantially increase the present proficiency and the future potential of these employees. Moreover, the restrictions on training of grades GS–4 and below causes the Department of Defense to lose the opportunity to train many of the younger employees who would be receptive.

No increase has been included in budget estimates in contemplation of the elimination of this restriction.

SECTION 506

The dollar amount in section 506 on page 156 pertains to the overseas education of minor dependents of military and civilian personnel and is proposed for increase from $112,400,000 to $135,600,000.

The proposed dollar limitation of $135,600,000 represents the composite dollar amount contained in the budget for fiscal year 1970 under the appropriation heading for each of the military departments.

(Clerk's note: For additional information with respect to the overseas dependents education program see page 340.)

On page 157, it is proposed that a new subsection (k) be added to section 506 which would authorize the use of defense appropriations to provide pay and allowances of not to exceed nine persons, including personnel detailed to International Military Headquarters and Organizations at rates provided under the Foreign Assistance Act of 1961, as amended.

The U.S. share of the operating budgets of International Military Headquarters and Agencies (NATO, SEATO, and CENTO) and the U.S. payroll costs of over 180 U.S. civilian personnel of those organizations has been funded heretofore by military assistance authorized under the Foreign Assistance Act.

The Department is proposing for fiscal year 1970 that these funds be included in the military functions appropriations and omitted from the funds requested for military assistance, since these expenses are incurred primarily in support of our own Armed Forces.

Because these costs are properly charged to military functions, no general substantive legislation is necessary to effect this funding transfer. However, there is a problem with respect to the pay and allowances of nine individuals who are paid at rates higher than GS–15 under the Foreign Assistance Act, which authorizes the employment of personnel performing such support functions overseas at the same rates as Foreign Service Reserve officers. Since the Foreign Assistance Act authority applies only to positions funded under this act, it would no longer apply to these nine positions after June 30, 1969, if the Congress approves the transfer of these international military headquarters costs from military assistance to the defense budget.

SECTION 529

The dollar limitation contained in section 529 on page 170 pertains to legislative liaison within the Department of Defense. It is proposed that these funds be increased from $950,000 to $1,150,000 for fiscal year 1970.

This increase is attributed solely to the increase in salaries resulting from raises for both military and civilan personnel employed under this program.

SECTION 539

It is proposed that section 539 on page 174 be deleted in its entirety as no longer necessary. This prohibition on the use of funds in the Department of Defense Appropriation Act to pay salaries of Federal employees who are convicted of inciting, promoting, or carrying on activities contrary to Federal, State, or local laws is fully covered by permanent law (see 5 U.S.C. 7313). That statute has been fully implemented Government-wide by the Civil Service Commission. The text of the statute, together with necessary interpretations and instructions, has been included in the Federal Personnel Manual. I am including a copy of the appropriate changes to the Manual for the record.

U.S. CIVIL SERVICE COMMISSION,
FEDERAL PERSONNEL MANUAL SYSTEM,
Washington, D.C., July 1, 1968.

Subject: Disqualification for engaging in riots and civil disorders.

Heads of Departments and Independent Establishments.—The recently enacted Public Law 90–351 amends subchapter II of title 5, United States Code. The significant requirements of the statute, as stated in the new section 7313 of title 5, are:

Section 7313. Riots and civil disorders—

(*a*) An individual convicted by any Federal, State, or local court of competent jurisdiction of—

(1) inciting a riot or civil disorder;

(2) organizing, promoting, encouraging, or participating in a riot or civil disorder;

(3) aiding or abetting any person in committing any offense specified in clause (1) or (2); or

(4) any offense determined by the head of the employing agency to have been committed in furtherance of, or while participating in, a riot or civil disorder;

shall, if the offense for which he is convicted is a felony, be ineligible to accept or hold any position in the Government of the United States or in the government of the District of Columbia for the 5 years immediately following the date upon which his conviction becomes final. Any such individual holding a position in the Government of the United States or the government of the District of Columbia on the date his conviction becomes final shall be removed from such position.

(*b*) For the purposes of this section, "felony" means any offense for which imprisonment is authorized for a term exceeding 1 year."

The provisions of the new section 7313 apply only to acts committed after the date of enactment, June 19, 1968. They apply to the acts of both Federal employees and applicants for Federal employment committed after that date. Acts committed on or before the date of enactment, while not subject to the new section, may, of course, be the basis of disciplinary action under an agency's regular authority.

Agencies are not excused from compliance with parts 752 and 771 of the civil service regulations in acting under the provision of statute that requires the removal of any employee convicted of a felony in connection with a riot or civil disorder.

Neither are agencies obliged to refrain from taking adverse action against an employee who has engaged in a riot or civil disorder until his conviction becomes final. An adverse action before final conviction could not, however, be based on a conviction or on the statute, but would have to be based on facts establishing a cause of action that would promote the efficiency of the service. A detailed discussion of the causes of action is contained in section S1–5 of FPM supplement 752–1, "Adverse Action—Law and Regulations," annotated.

While the new section 7313 does not define the terms used therein, there are some definitions in the Federal criminal code that may be helpful, particularly if the conviction is in a Federal court. Public Law 90–284 of April 11, 1968, added new chapters 12 and 102 to title 18, United States Code, which contain the following definitions in sections 232 and 2101—

> The term "riot" means a public disturbance involving (1) an act of violence by one or more persons part of an assemblage of three or more persons, which act or acts shall constitute a clear and present danger of, or shall result in, damage or injury to the property of any other person or to the person of any other individual or (2) a threat or threats of the commission of an act or acts of violence by one or more persons part of an assemblage of three or more persons having, individually or collectively, the ability of immediate execution of such threat or threats, where the performance of the threatened act or acts of violence would constitute a clear and present danger of, or would result in, damage or injury to the property of any other person or to the person of any other individual.
>
> The term "to incite a riot," or "to organize, promote, encourage, participate in, or carry on a riot," includes, but is not limited to, urging or instigating other persons to riot, but shall not be deemed to mean the mere oral or written (1) advocacy of ideas or (2) expression of belief, not involving advocacy of any act or acts of violence or assertion of the rightness of, or the right to commit, any such act or acts.
>
> The term "civil disorder" means any public disturbance involving acts of violence by assemblages of three or more persons, which causes an immediate danger of or results in damage or injury to the property or person of any other individual.

The Commission has issued this letter at the earliest possible date after enactment of Public Law 90–351 to alert the agencies to their responsibilities under the statute, but not to suggest any immediate action beyond notifying all employees of the statute's provisions. This notice should be issued without delay. No other immediate action is considered necessary because, since the statute applies only to acts committed after June 19, 1968, there will probably be no appreciable volume of cases which require action under the statute in the near future.

We will follow as soon as possible with clarifying information about particular points of the statute and its implementation.

By direction of the Commission:

NICHOLAS J. OGANOVIC,
Executive Director.

U.S. CIVIL SERVICE COMMISSION,
FEDERAL PERSONNEL MANUAL SYSTEM,
Washington, D.C., September 11, 1968.

Subject: Disqualification for engaging in riots and civil disorders

Heads of Departments and Independent Establishments.—Attention was directed to section 7313 of title 5, United States Code, by FPM Letter No. 735–5 of July 1, 1968. That section of the Code makes an individual ineligible to accept or hold a Federal or District of Columbia Government position for 5 years after his final conviction of certain specified felonies relating to riots and civil disorders. FPM Letter No. 735–5 instructed agencies to notify employees of the statutory provisions and stated that clarifying information about the statute would be furnished in the future. This letter contains such clarifying information as is presently available, and requests certain reports from agencies relative to cases under 5 U.S.C. 7313.

The statute is operative only after "the date upon which his [the individual's] conviction becomes final." While we are aware of no judicial interpretation of this language as used in this statute we have adopted the following standard to determine when a conviction has become "final." A conviction is considered to be "final" when the defendant has either not sought review within the time period fixed for appeal, writ of error, writ of certiorari, or other review by appropriate judicial authority, or has exhausted that review without success. When an agency head or his designee believes that the conviction of an individual has become final within the meaning of 5 U.S.C. 7313 he should request the prosecuting authority (whether Federal, State, or local) to send him a written opinion on whether the conviction has become final. On the basis of that written opinion,

the agency head or his designee should make his decision about the finality of the conviction. If he is uncertain about the decision he should make, he should request advice from his General Counsel or other agency attorney or, if the agency has no counsel or attorney, from the General Counsel of the Civil Service Commission, Washington, D.C. 20415.

Paragraph (4) of subsection (a) of section 7313 refers to "any offense *determined by the head of the employing agency* to have been committed in furtherance of, or while participating in, a riot or civil disorder." [Italics added.] When an agency head or his designee believes that an individual has been convicted of such an offense he should request the prosecuting authority (whether Federal, State, or local) to send him a written opinion on whether the conviction is for an offense of the type described in 5 U.S.C. 7313(a)(4). On the basis of that written opinion, the agency head or his designee should make his determination. If he is uncertain about the determination he should make, he should request advice from his General Counsel or other agency attorney or, if the agency has no counsel or attorney, from the General Counsel of the Civil Service Commission, Washington, D.C.

Information on specific cases may permit us to give additional advice relative to the problems that may arise in such cases. In order that we have a central source of information about the cases that may arise under this new provision of law we request that each agency that takes an action under the statute furnish the Commission with a report containing the following information as soon as the agency action is completed (do not await any appeal to the Commission or the determination of any court suit)—

1. Name, address, and date of birth of the individual involved.
2. Nature of action taken; that is denial of employment or removal from employment.
3. Copies of all notices to and replies from the individual, his attorney or other representative, and any prosecuting authority contacted.
4. A statement of expected future action, that is, individual is expected to appeal to the Civil Service Commission, is expected to file suit in court, or is not expected to take further action.
5. An explanation of any particular problems that arose during the processing of the action.

The information requested should be submitted to the General Counsel, U.S. Civil Service Commission, Washington, D.C., and should be identified as a submission requested by FPM Letter No. 735–6.

NICHOLAS J. OGANOVIC,
Executive Director.

SECTION 540

Department of Defense recommends the deletion of section 540 in its entirety as unnecessary. This section appears on page 174.

There is no program of the Department of Defense involving loans or guarantees to individuals in connection with higher education. The only program of substance that can be considered as involving grants is the off-duty education program for enlisted personnel where 75 percent of tuition and expenses may be paid from appropriated funds. This program is under the complete administrative control of the Department of Defense and in the event that any such military personnel were convicted of the offenses specified in this section they would be administratively removed from the program.

SECTION 541

It is proposed that section 541 on page 175 be deleted in its entirety as no longer necessary since section 201 of the Revenue and Expenditure Control Act of 1968 was repealed by section 503 of the Second Supplemental Appropriations Act, 1969.

Mr. Chairman, I thank you for the opportunity to submit this statement on behalf of the Department of Defense.

THURSDAY, NOVEMBER 13, 1969.

OVERSEAS DEPENDENTS EDUCATION

Mr. MAHON. The committee has also received a statement on the overseas dependents education program, which will be placed in the record at this point.

(The statement follows:)

STATEMENT OF DR. NATHAN BRODSKY, ACTING DEPUTY ASSISTANT SECRETARY OF DEFENSE (EDUCATION), SUBMITTED TO THE SUBCOMMITTEE ON DEPARTMENT OF DEFENSE APPROPRIATIONS ON THE BUDGET ESTIMATES FOR FISCAL YEAR 1970 FOR OVERSEAS DEPENDENT SCHOOLS OF THE DEPARTMENT OF DEFENSE

Mr. Chairman and members of the committee, I am submitting for the record a statement on the Department of Defense overseas dependents schools program.

Overseas dependents schools have been operating since October 1946, when schools were first opened in Germany. In nearly 23 years the overseas dependents schools have grown into a system that spans three continents. Today, there are more than 8,000 American teachers and other professional personnel staffing 308 schools, in 192 different locations in 28 countries.

Many steps have been taken to increase the effectiveness of our overseas dependents schools program during the last several years. They include:

(1) Establishment of kindergarten and school health programs, (2) issuance of standards for the employment of professional school personnel, (3) development of unified accounting procedures for reporting expenditures, (4) issuance of a standard high school graduation diploma, (5) establishment of eligibility criteria for admission to DOD-operated schools, (6) issuance of standards for fire safety, (7) issuance of instructions for conducting an inter-area transfer program for professional school personnel, (8) issuance of staffing and program guidance on a yearly basis, (9) centralized recruitment of professional personnel and (10) assigning to the military departments responsibility for the administration and operation of the school program.

Our office is continually working with the military departments to develop a balanced educational program for the overseas dependents schools. As a result, overall program criteria were issued for fiscal year 1970 and fiscal year 1971. These criteria provide the following: (1) the full spectrum of professional and clerical school personnel such as classroom teachers, special subject matter teachers, librarians and library clerks, audiovisual specialists, school administrators and school clerical personnel; (2) purchasing of textbooks and library books to establish minimum basic collections; and (3) budgeting for educational innovation and research similar to title III of the Elementary and Secondary Education Act of 1965, as amended.

A list of the increases over fiscal year 1969 was provided by Secretary Moot during his appearance before this committee, and is again listed below in some detail.

	Thousands
Fiscal year 1969 estimate	$112.4
Fiscal year 1970 increases:	
1. Pay raise for Public Law 86-91 employees	3.7
2. Within-grade increase	1.8
3. Increase for program approved in fiscal year 1969 but not accomplished due to increased student enrollment	4.3
4. Annual procurement of textbooks and library books	2.5
5. Estimated increase in student enrollment	2.9
6. Estimated increase in tuition fees	1.7
7. Improvement in teacher staffing ratios	3.7
8. DOD model school program	.4
9. Standardized school health program	1.4
10. Other	.8
Fiscal year 1970 request	135.6

Included in the DOD budget is $3.7 million to provide for a teacher salary increase which was developed according to the provisions of Public Law 89-391. (A copy of the current salary schedule and the one proposed for the 1969-70 school year is included for the record.)

Since the enactment of Public Law 86-91, the Department of Defense has recognized 2 years of prior teaching experience in determining the salary rate for a newly employed teacher. We have not interpreted the broad language of the act as specifically requiring greater recognition.

The overseas teacher organizations, such as the Overseas Education Association and the Overseas Federation of Teachers, as well as some Members of Congress, have asked us to consider recognition of experience beyond the present 2 years. Thus, we are reexamining our practice in this regard, in terms of requirement, cost and desirability.

An additional $1.8 million is necessary for within-grade increases.

To provide for new programs Congress approved in fiscal year 1969, i.e., kindergarten program, expansion of the host nation language and cultural program, an expanded program of special education and 50 percent of the required new teachers to reduce the pupil/teacher ratio, an amount of $4.3 million is being requested. These programs were only partially accomplished in fiscal year 1969, due to the increased student enrollment of approximately 6,500 experienced in the European area. Assets thus available as well as those from other program deferrals were applied to satisfy the increased requirements, permitting us to remain within the fiscal year 1969 limitation of $112.4 million.

Several years ago we inaugurated a program to modernize textbooks and teaching materials. In this fiscal year and the coming fiscal year we are making every effort to improve our textbook situation. We estimate that approximately 75 percent of the textbooks now being used in the overseas dependents schools were published within the last 5 years. This is a considerable improvement over the situation several years ago when textbooks were used that were 10 years old. Our library resources are also in need of upgrading; thus, we are attempting to reach the criteria established by the American Library Association for both elementary and secondary school libraries regarding the quality and quantity of books, periodicals, newspapers and nonprinted materials. Commencing in fiscal year 1969 textbooks and library books in the European area were procured through the local stock fund which permitted obligation of funds upon delivery rather than at the point of order as in the past. Since the books were not received until July and August 1969, fiscal year 1970 financing will be required for their procurement rather than fiscal year 1969. Thus, the increase of $2.5 million in fiscal year 1970 reinstates funds for procurement of texts and library books via the local stock fund.

Our current enrollment estimate for fiscal year 1970 is 191,583, which includes approximately 19,000 kindergarten students, and represents an increase of 9,900 students over our estimated fiscal year 1969 level. Due to this student increase the DOD budget includes $2.9 million for additional staff. In determining this enrollment estimate, consideration was given to the many variables which affect our program such as changes in military missions, changes in the composition of the overseas dependent population and availability of base and economy housing, and so forth. We will continue to monitor this fiscal year 1970 estimate to insure that it represents the best possible estimate considering the variables involved.

An amount of $1.7 million is required to pay the increased cost of tuition for sending students to schools in those locations where the Department of Defense does not operate any schools.

Based upon statistics published by the U.S. Office of Education in its publication, Fall 1968 Statistics of Public Schools, March 1969, the average classroom /teacher ratio in the United States is 1 : 23.1, the lowest ever on record. Our current average teacher/pupil ratio as reported by the military departments is 1 : 25.97. Thus, in order to provide a teacher/pupil ratio comparable to the U.S. average, $3.7 million is being requested.

We have planned a model schools program in the European area beginning in fiscal year 1970 to improve individualized instruction and teacher preparation. As the European area program is put into action and is evaluated, positive results will be extended to the Atlantic and Pacific areas. While the budget figure for the model schools program originally indicated an amount of $0.4 million, we plan to expend not more than $150,000 for this program.

To provide for the establishment of a school health program as an integral part of the overseas dependents schools, which will include an appraisal of

the health status of students; counseling students, parents, and other medical officials concerning appraisal findings; encouraging the correction of remedial defects; assistance in identifying exceptional children; provision of emergency care in cases of injury or sudden illness, and so forth, $1.4 million is being requested.

An amount of $0.8 million is being requested to provide for such items as compensation for teachers who conduct extracurricula activity programs, and for administrative supplies and materials.

We believe that the requested resources will provide a sound educational program for the dependents of military and civilian personnel stationed overseas. These improvements will cause an increase in the average per pupil cost (excluding our unique school costs and tuition-fee cost) for fiscal year 1970 to $607.51 over the fiscal year 1969 average figure of $528.83 or an increase of $78.68 per pupil.

Our dependents schools are still below the national average per pupil cost of $657 for fiscal year 1969 as reported by the U.S. Office of Education for comparable program elements.

Attached are various schedules which have been requested by the committee in previous years.

Mr. Chairman, I appreciate the opportunity to submit this statement for the committee's use.

SCHEDULE 1.—1968-69[1] OVERSEAS TEACHERS' SCHOOL YEAR SALARY SCHEDULE, BACHELOR'S DEGREE

Step	Class I	Class II	Class III	Class IV	Class V	Step	Class I	Class II	Class III	Class IV	Class V
1	$5,715	$6,250	$6,840	$7,485	$8,190	8	$7,395	$7,930	$8,520	$9,235	$10,115
2	5,955	6,490	7,080	7,735	8,465	9	7,635	8,170	8,760	9,485	10,390
3	6,195	6,730	7,320	7,985	8,740	10	7,875	8,410	9,000	9,735	10,665
4	6,435	6,970	7,560	8,235	9,015	11	8,115	8,650	9,240	9,985	10,940
5	6,675	7,210	7,800	8,485	9,290	12	8,355	8,890	9,480	10,235	11,215
6	6,915	7,450	8,040	8,735	9,565	13	8,595	9,130	9,720	10,485	11,490
7	7,155	7,690	8,280	8,985	9,840						

MASTER'S DEGREE

1	$6,255	$6,790	$7,380	$8,025	$8,730	8	$8,110	$8,465	$9,235	$9,880	$10,760
2	6,520	7,055	7,645	8,290	9,020	9	8,375	8,910	9,500	10,145	11,050
3	6,785	7,320	7,910	8,555	9,310	10	8,640	9,175	9,765	10,410	11,340
4	7,050	7,585	8,175	8,820	9,600	11	8,905	9,440	10,030	10,675	11,630
5	7,315	7,850	8,440	9,085	9,890	12	9,170	9,705	10,295	10,940	11,920
6	7,580	8,115	8,705	9,350	10,180	13	9,435	9,970	10,560	11,205	12,210
7	7,845	8,380	8,970	9,615	10,470	14	9,700	10,235	10,825	11,470	12,500

MASTER'S DEGREE PLUS 30 HOURS CREDIT

1	$6,590	$7,125	$7,715	$8,360	$9,065	9	$8,710	$9,245	$9,835	$10,600	$11,465
2	6,855	7,390	7,980	8,640	9,365	10	8,975	9,510	10,100	10,880	11,765
3	7,120	7,655	8,245	8,920	9,665	11	9,240	9,775	10,365	11,160	12,065
4	7,385	7,920	8,510	9,200	9,965	12	9,505	10,040	10,630	11,440	12,365
5	7,650	8,185	8,775	9,480	10,265	13	9,770	10,305	10,895	11,720	12,665
6	7,915	8,450	9,040	9,760	10,565	14	10,035	10,570	11,160	12,000	12,965
7	8,180	8,715	9,305	10,040	10,865	15	10,300	10,835	11,425	12,280	13,265
8	8,445	8,980	9,570	10,320	11,165						

DOCTOR'S DEGREE

1	$6,925	$7,460	$8,050	$8,695	$9,400	9	$9,125	$9,660	$10,250	$11,015	$11,920
2	7,200	7,735	8,325	8,985	9,715	10	9,400	9,935	10,525	11,305	12,235
3	7,475	8,010	8,600	9,275	10,030	11	9,675	10,210	10,800	11,595	12,550
4	7,750	8,285	8,875	9,565	10,345	12	9,950	10,485	11,075	11,885	12,865
5	8,025	8,560	9,150	9,855	10,660	13	10,225	10,760	11,350	12,175	13,180
6	8,300	8,835	9,425	10,145	10,975	14	10,500	11,035	11,625	12,465	13,495
7	8,575	9,110	9,700	10,435	11,290	15	10,775	11,310	11,900	12,755	13,810
8	8,850	9,385	9,975	10,725	11,605						

[1] Effective at the beginning of school year 1968-69.

SCHEDULE 2.—OVERSEAS TEACHERS' SCHOOL YEAR SALARY SCHEDULE, 1969-70[1] BACHELOR'S DEGREE

Step	Class I	Class II	Class III	Class IV	Class V	Step	Class I	Class II	Class III	Class IV	Class V
1	$6,120	$6,740	$7,420	$8,170	$8,995	8	$7,905	$8,525	$9,205	$10,060	$11,095
2	6,375	6,995	7,675	8,440	9,295	9	8,160	8,780	9,460	10,330	11,395
3	6,630	7,250	7,930	8,710	9,595	10	8,415	9,035	9,715	10,600	11,695
4	6,885	7,505	8,185	8,980	9,895	11	8,670	9,290	9,970	10,870	11,995
5	7,140	7,760	8,440	9,250	10,195	12	8,925	9,545	10,225	11,140	12,295
6	7,395	8,015	8,695	9,520	10,495	13	9,180	9,800	10,480	11,410	12,595
7	7,650	8,270	8,950	9,790	10,795						

MASTER'S DEGREE

1	$6,735	$7,355	$8,035	$8,785	$9,610	8	$8,730	$9,350	$10,030	$10,850	$11,850
2	7,020	7,640	8,320	9,080	9,930	9	9,015	9,635	10,315	11,145	12,170
3	7,305	7,925	8,605	9,375	10,250	10	9,300	9,920	10,600	11,440	12,490
4	7,590	8,210	8,890	9,670	10,570	11	9,585	10,205	10,885	11,735	12,810
5	7,875	8,495	9,175	9,965	10,890	12	9,870	10,490	11,170	12,030	13,130
6	8,160	8,780	9,460	10,260	11,210	13	10,155	10,775	11,455	12,325	13,450
7	8,445	9,065	9,745	10,555	11,530	14	10,440	11,060	11,740	12,620	13,770

MASTER'S DEGREE PLUS 30 HOURS CREDIT

1	$7,110	$7,730	$8,410	$9,160	$9,985	9	$9,390	$10,010	$10,690	$11,600	$12,665
2	7,395	8,015	8,695	9,465	10,320	10	9,675	10,295	10,975	11,905	13,000
3	7,680	8,300	8,980	9,770	10,655	11	9,960	10,580	11,260	12,210	13,335
4	7,965	8,585	9,265	10,075	10,990	12	10,245	10,865	11,545	12,515	13,670
5	8,250	8,870	9,550	10,380	11,325	13	10,530	11,150	11,830	12,820	14,005
6	8,535	9,155	9,835	10,685	11,660	14	10,815	11,435	12,115	13,125	14,340
7	8,820	9,440	10,120	10,990	11,995	15	11,100	11,720	12,400	13,430	14,675
8	9,105	9,725	10,405	11,295	12,330						

DOCTOR'S DEGREE

1	$7,460	$8,080	$8,760	$9,510	$10,335	9	$9,820	$10,440	$11,120	$12,030	$13,095
2	7,755	8,375	9,055	9,825	10,680	10	10,115	10,735	11,415	12,345	13,440
3	8,050	8,670	9,350	10,140	11,025	11	10,410	11,030	11,710	12,660	13,785
4	8,345	8,965	9,645	10,455	11,370	12	10,705	11,325	12,005	12,975	14,130
5	8,640	9,260	9,940	10,770	11,715	13	11,000	11,620	12,300	13,290	14,475
6	8,935	9,555	10,235	11,085	12,060	14	11,295	11,915	12,595	13,605	14,820
7	9,230	9,850	10,530	11,400	12,405	15	11,590	12,210	12,890	13,920	15,165
8	9,525	10,145	10,825	11,715	12,750						

[1] Effective at the beginning of school year 1969-70.

SCHEDULE 3.—OVERSEAS DEPENDENTS EDUCATION

[In millions of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
1. Administrative costs	3.1	3.5	3.8
(a) Salaries of personnel above school level	2.4	2.8	3.0
(b) Personnel benefits	.1	.1	.2
(c) Travel	.3	.3	.3
(d) Supplies	.3	.3	.3
2. Education costs	58.8	70.7	87.8
(a) Salaries of teachers	39.6	50.1	60.0
(b) Salaries of principals	3.4	3.7	3.9
(c) Salaries of clerical personnel	2.3	2.9	3.1
(d) Salaries of other employees	2.4	2.9	5.2
(e) Personnel benefits	3.4	4.3	5.3
(f) Instructional supplies, textbooks and library books, equipment	7.0	5.8	8.4
(g) Innovations and research		.2	1.0
(h) Summer school teachers' salaries	.4	.4	.4
(i) Other costs	.3	.4	.5
3. Support costs	15.0	16.6	19.0
(a) Salaries of support personnel	4.5	5.4	5.6
(b) Personnel benefits	.1	.1	.1
(c) Custodial services at school facilities	1.6	1.9	2.1
(d) Contractual services, other	1.0	.5	1.5
(e) Transportation	4.5	5.2	5.9
(f) Utilities	2.8	3.0	3.3
(g) Other costs (rents and supplies)	.5	.5	.5
Subtotal, costs of DOD schools	76.9	90.8	110.6
Less reimbursement for non-DOD students	3.8	4.9	5.5
Total, DOD costs	73.1	85.9	105.1
(Estimated number of pupils in DOD schools)	(145,470)	(163,283)	(173,000)
(Cost per pupil)	(502.35)	(525.83)	(607.51)
4. Costs unique to DOD schools	10.3	12.1	14.4
(a) Host nation teachers	1.2	1.5	2.3
(b) Costs of living and quarters allowance, foreign post differentials	3.1	3.9	4.7
(c) PCS travel of civilian personnel	5.1	5.6	6.3
(d) Cost of domitories (room and board, monitors)	.9	1.1	1.1
5. Panama Canal Zone Company schools tuition fees	6.4	7.5	8.5
6. Tuition fees for other tuition fee schools	5.4	6.9	7.6
Total DOD costs	[1]95.2	112.4	135.6
(Estimated number of pupils including tuition)	([2]163,294)	([2]181,649)	([2]191,583)
(Cost per pupil)	(582.91)	(618.50)	(707.91)

[1] Includes for comparability with fiscal year 1969 and fiscal year 1970, $6,686,000 not in limitation of $88,500,000 in fiscal year 1968.

[2] Includes 15,332 kindergarten pupils in fiscal year 1969, 19,052 in fiscal year 1970; fiscal year 1968 includes only 702 kindergarten pupils in the Canal Zone.

SCHEDULE 4.—OVERSEAS DEPENDENTS EDUCATION RECONCILIATION FISCAL YEAR 1969 AND FISCAL YEAR 1970 PROGRAMS

	In millions of dollars
Fiscal year 1969 estimate	112.4
Fiscal year 1970 increases:	
1. Pay raise for Public Law 86-91 employees	3.7
2. Within-grade increases	1.8
3. Restoration of program approved in fiscal year 1969 but not accomplished due to increased students and late implementation	4.3
4. Annual procurement of textbooks and library books (1-time savings in fiscal year 1969 due to accounting procedure change)	2.5
5. Estimated increase in student enrollment	2.9
6. Estimated increase in tuition fees	1.7
7. Improvement in teacher staffing ratios	3.7
8. DOD model school program	.4
9. Standardized school nurse program	1.4
10. Other	.8
Fiscal year 1970 request	135.6

SCHEDULE 5.—ESTIMATE BY SERVICE BASED ON CURRENT GEOGRAPHICAL RESPONSIBILITIES

[In thousands of dollars]

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Army (Europe)	58,768	64,353	81,659
Navy (Atlantic)	11,359	13,453	15,678
Air Force (Pacific)	25,059	34,545	38,287
Total	95,186	112,351	135,624

SCHEDULE 6.—FISCAL YEAR 1970 SAVINGS RESULTING FROM CHANGES IN OVERSEAS ENROLLMENT

	DOD enrollment			
	Budget	Revised [1]	Change	Savings
Army:				
Grades 1 to 12	$102,000	$97,810	−$4,190	
Kindergarten	14,000	10,240	−3,760	
Total			−7,950	$3.7
Air Force:				
Grades 1 to 12	46,314	44,200	−2,114	
Kindergarten	5,300	4,750	−550	
Total			−2,664	2.0
Navy:				
Grades 1 to 12	5,634	5,229	−405	
Kindergarten	700	680	−20	
Panama Canal Zone	7,400	7,618	+218	
Total			−207	[2] 0

[1] Based on opening day enrollment.
[2] Anticipated increase of Panama Canal Zone tuition fee charges offsets savings.

SCHEDULE 7.—ESTIMATED ENROLLMENTS IN TUITION-FEE SCHOOLS

	Fiscal year 1968	Fiscal year 1969	Fiscal year 1970
Canal Zone:			
Kindergarten	704	830	706
Grades 1 to 6	3,995	4,005	4,061
Grades 7 to 12	2,208	2,243	2,542
Junior college	105	125	91
Subtotal	7,012	7,203	7,400
Other tuition schools: Grades 1 to 12	11,497	11,499	11,183
Total enrollment	18,509	18,702	18,583

SCHEDULE 8.—CLASSROOM TEACHER/PUPIL RATIO BY ORGANIZATIONAL LEVEL

	All operating public school systems in the United States		DOD service-operated schools	
Year	Elementary	Secondary	Elementary	Secondary
1967 to 1968	[1] 26.3	20.3	[2] 28.9	21.5
1968 to 1969	[1] 25.4	20.3	[2] 27.3	23.1
1969 to 1970	[3] 25.2	20.2	[3][4] 25.2	[4] 20.5

[1] "Fall 1968 Statistics of Public Schools," U.S. Department of Health, Education, and Welfare.
[2] Information from Department of Defense overseas dependents schools.
[3] "Projection of Educational Statistics to 1978-79," U.S. Department of Health, Education, and Welfare, OE 10030-69.
[4] Estimated.

SCHEDULE 9.—COMPARISON OF TEACHER'S SALARIES, 1967-70

[Comparison of the 1967-70 salary schedules for classroom teachers in the overseas dependents schools with the salary schedules for 1969-70]

BACHELOR'S DEGREE

Step	Salary schedule, 1967-68	Salary schedule, 1968-69	Salary schedule, 1969-70	Step	Salary schedule, 1967-68	Salary schedule, 1968-69	Salary schedule, 1969-70
1	$5,320	$5,715	$6,120	8	$6,930	$7,395	$7,905
2	5,550	5,955	6,375	9	7,160	7,635	8,160
3	5,800	6,195	6,630	10	7,390	7,875	8,415
4	6,010	6,435	6,885	11	7,620	8,115	8,670
5	6,240	6,675	7,140	12	7,850	8,355	8,925
6	6,470	6,915	7,395	13	8,080	8,595	9,180
7	6,700	7,155	7,650				

MASTER'S DEGREE

1	$5,785	$6,255	$6,735	8	$7,535	$8,110	$8,730
2	6,035	6,520	7,020	9	7,785	8,375	9,015
3	6,285	6,785	7,305	10	8,035	8,640	9,300
4	6,535	7,050	7,590	11	8,285	8,905	9,585
5	6,785	7,315	7,875	12	8,535	9,170	9,870
6	7,035	7,580	8,160	13	8,785	9,435	10,155
7	7,285	7,845	8,445	14	9,035	9,700	10,440

MASTER'S DEGREE PLUS 30 HOURS

1	$6,050	$6,590	$7,110	9	$8,050	$8,710	$9,390
2	6,300	6,855	7,395	10	8,300	8,975	9,675
3	6,550	7,120	7,680	11	8,550	9,240	9,960
4	6,800	7,385	7,965	12	8,800	9,505	10,245
5	7,050	7,650	8,250	13	9,050	9,770	10,530
6	7,300	7,915	8,535	14	9,300	10,035	10,815
7	7,550	8,180	8,820	15	9,550	10,300	11,100
8	7,800	8,445	9,105				

DOCTOR'S DEGREE

1	$6,350	$6,925	$7,460	9	$8,430	$9,125	$9,820
2	6,610	7,200	7,755	10	8,690	9,400	10,115
3	6,870	7,475	8,050	11	8,950	9,675	10,410
4	7,130	7,750	8,345	12	9,210	9,950	10,705
5	7,390	8,025	8,640	13	9,470	10,225	11,000
6	7,650	8,300	8,935	14	9,730	10,500	11,295
7	7,910	8,575	9,230	15	9,990	10,775	11,590
8	8,170	8,850	9,525				

SCHEDULE 10—FRINGE BENEFITS AVAILABLE TO OVERSEAS TEACHERS NOT REFLECTED IN SALARIES

Teachers in the overseas dependents schools of the Department of Defense are eligible to receive the same benefits that are provided for other civil service employees in foreign areas by the Overseas Differential and Allowance Act, Public Law 86-707. The regulations governing payment of such benefits are issued by the Department of State and are contained in a manual titled, "Department of State Standardized Regulations (Government Civilians Foreign Areas)."

The benefits which may be paid to Department of Defense employees (including teachers) are as follows:

1. *Living quarters allowance.*—This is intended to reimburse an employee for substantially all of his costs for other temporary or residence quarters wherever Government-rented or Government-owned quarters are not provided without charge. Teachers receive Government quarters or their quarters allowance or storage of household effects during the summer recess between school years.

The majority of the teachers are provided Government quarters without charge. Most are single and are provided a room in bachelor officer quarters.

2. *Post allowance.*—A cost-of-living allowance granted to an employee stationed at a post where the cost of living, exclusive of quarters cost, is substantially higher than in Washington, D.C.

3. *Separate maintenance allowance.*—An allowance to assist an employee to meet the additional expense of maintaining his dependents other than at his post assignment when he is not permitted by the Government to take them to his post.

By regulation the Department of Defense does not permit payment of this allowance except at posts which are specifically approved by the Assistant Secretary of Defense (Manpower and Reserve Affairs). It has been authorized to be paid in Korea, Iceland, Greenland, and other certain isolated posts. For teachers the amount of the allowance would be $2,500 per year for one adult dependent, $2,000 for an adult and one additional dependent.

4. *Post differential.*—Additional compensation of 10, 15, 20, or 25 percent of basic compensation granted for service at places in foreign areas where conditions of environment differ substantially from conditions of environment in the continental United States and warrant additional compensation as a recruitment and rentention incentive. It is authorized only when the post involves extraordinarily difficult living conditions, excessive physical hardship, or notably unhealthful conditions.

No post differential is payable in Europe, Japan, or Okinawa. Examples of places where Department of Defense dependents schools are located for which a post differential has been authorized are:

Korea	20
Philippines	10, 15
Taiwan	10, 15, 20

5. *Medical care.*—Civilian employees in foreign areas are furnished medical care at the rate of $1 for each outpatient treatment.

Inpatient treatment is $45 per day. (This amount is usually covered in full by the major medical provisions available to teachers under the Federal Employees Health Benefits Act.)

6. *Commissaries and post exchange.*—Civilian personnel in foreign areas are authorized use of post exchange and if in housekeeping facilities are usually authorized use of military service commissaries. No data are available as to potential savings in foreign areas as actual savings are dependent on costs of items on the local market and the extent of utilization.

SCHEDULE 10.—EXAMPLES OF TOTAL COMPENSATION PAID TEACHERS IN OVERSEAS DEPENDENTS SCHOOLS FOR SCHOOL YEARS 1968-69

Schools location	Basic compensation	Post differential	Post allowance	Quarters allowance	Total
Frankfurt, Germany	$6,195			$1,400	$7,595.00
Madrid, Spain	6,195			1,400	7,595.00
Ankara, Turkey	6,195			1,500	7,695.00
Argentia, Newfoundland	6,195	$619.50		1,000	7,814.50
Tokyo, Japan	6,195			1,300	7,495.00
Okinawa	6,195			1,000	7,195.00
Seoul, Korea	6,195	1,177.05		3,000	10,372.05

1. Salary rates shown are those for teachers with a bachelor's degree, in the third year of teaching. The overseas dependents schools require 2 years of experience prior to employment.

2. The leave plan for the overseas dependents schools is patterned after the common practices in public schools in the United States. Leave practices are comparable.

3. Teachers in the dependents schools are covered by the civil service retirement plan and a deduction of 6½ percent of salary is made. Teachers retirement plans in the United States include social security and usually a supplementary State, county, or city plan. Although the civil service plan is probably more liberal, few teachers remain long enough to benefit. On separation the overseas teachers may request a refund with interest of the amount deducted from their salary.

4. Quarters allowances shown are the maximum that may be paid a single teacher. Actual amounts paid are approximate cost of quarters not to exceed the maximum. As a practical matter most teachers are furnished Government quarters without charge, usually a room in the bachelor officers quarters.

5. Value of medical care is nominal. Outpatient treatment charge is $1; however, inpatient treatment is $45 per day.

6. No figure is shown for the value of commissary and post exchange privileges as it depends upon the cost of items on the local market and the extent to which these facilities are used.

7. Overseas teachers receive transportation at Government expense to and from their post of duty. Costs depend upon the district and mode of travel.

SCHEDULE 11.—NUMBER OF APPLICATIONS AND TEACHER POSITIONS IN DOD OVERSEAS DEPENDENTS SCHOOLS

	Number of applications	Number of teacher positions
Fiscal year:[1]		
1969[2]	8,105	1,735
1968[2]	7,450	1,115
1967	6,313	1,407
1966	5,251	1,688
1965	4,554	1,676

[1] Fiscal year is the year in which most of the recruiting actions take place. Most applications are received between January and May for positions for the following school year. The number of positions is for the following school year.
[2] Final information.

SCHEDULE 12

Experience in overseas dependents schools

Years of experience, 1968–69:	*Teachers, 1968–69 school year*
1	2,477
2	1,304
3	788
4	565
5	404
6	336
7	267
8	235
9	178
10 or more	694
Total	7,248

SCHEDULE 13.—LENGTH OF TIME TEACHERS HAVE BEEN OVERSEAS

	1966-67		1967-68		1968-69	
	Number	Percent of total	Number	Percent of total	Number	Percent of total
1st	1,829	29.0	2,243	36.0	2,477	34.2
2d	930	14.7	1,227	19.9	1,304	18.0
3d	855	13.6	673	11.0	788	10.9
4th	548	8.7	455	7.0	565	7.8
5th	465	7.4	315	5.0	404	5.6
6th	346	5.5	265	4.0	336	4.6
7th	280	4.4	251	3.9	267	3.7
8th	216	3.4	186	2.9	235	3.2
9th	157	2.5	123	1.8	178	2.5
10th or more	679	10.8	508	8.3	694	9.5
Total	6,305	100.0	6,246	100.0	7,248	100.0
Summary:						
1st through 4th	4,162	66.0	4,598	73.5	5,134	70.9
5th through 9th	1,464	23.2	1,140	18.2	1,420	19.6
10th or more	679	10.8	508	8.3	694	9.5

TUESDAY, NOVEMBER 18, 1969.

ADDITIONAL FUNDING FOR NAVAL SHIPS

WITNESSES

HON. L. MENDEL RIVERS, CHAIRMAN, HOUSE ARMED SERVICES COMMITTEE
HON. CHARLES E. BENNETT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA
HON. ALVIN E. O'KONSKI, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN
JOHN R. BLANDFORD, CHIEF COUNSEL, HOUSE ARMED SERVICES COMMITTEE
GEORGE NORRIS, COUNSEL, HOUSE ARMED SERVICES COMMITTEE

Mr. MAHON. The committee will come to order.

The Committee on Armed Services has battled long and valiantly in connection with Defense authorizations this year. Our good friend and colleague, Mr. Rivers, has expressed a desire to appear before our committee and make a statement to us prior to our action on the markup on the Defense appropriations bill.

Mr. Chairman, we are pleased to have you and members of your staff before us. The floor is yours.

Mr. RIVERS. Mr. Chairman, I thank you very much for letting me come before the committee.

When you told me last night that I could come this morning I did not have time to make copies of my statement. We got it together as hastily as we could and I hope I can coherently tell you what I have in mind.

I have with me Mr. Norris on my right, and the chief counsel, Mr. Blandford, on my left, and Mr. O'Konski, who represents Mr. Arends, who favors this bill, so this bill is favored by the committee.

If you will remember, the Conference report passed the House unanimously. We didn't even have a rollcall on it.

Mr. Chairman, it is an honor to appear before you again. The last time I appeared before you representing the committee, Mr. Vinson sent me here to ask you to give us planes for an airlift which didn't exist. You responded by giving us money to buy some 130-E's by putting a tank and a pylon on wings and an extension tank which gave these 130-E's a range of 1,000 miles. "E" meant extended range. You also gave us money to convert some 135 tankers for emergency airlift. We still have them in our inventory.

I come again, Mr. Chairman, to tell you about the naval fleet as best I know how.

After talking to Mr. Vinson I asked him to give me some advice on what we should do for the Navy. You will be surprised how current he is. Today is his birthday. He is 86 years old today.

Mr. Vinson gave me his idea on how to handle this.

I went to the Navy to get their highest priority list, the list with which they went to the budget out of DOD and this is what is contained here. This is their list and not mine.

Then we went to conference and $1 billion additional was involved. There was a new carrier, a CVAN70. The CVAN69 is being funded this year but we added the CVAN70. In conference Senator Stennis spe-

cifically said he could not agree even to put on the long lead time items for a new carrier because he made a statement on the floor which bound him. That is what he said so it was knocked out.

We worked out as a compromise $415 million out of that $1 billion additional which the House passed.

Mr. BLANDFORD. In addition to the amount authorized in the President's budget.

Mr. RIVERS. That is right. This was over and above the President's budget.

I have a report here, The Status of Naval Ships, I would like to give you if you do not have it. It was made by Mr. Bennett with regard to the condition of our fleet.

Mr. MAHON. We have copies but we would be glad to have the additional copies.

Mr. ANDREWS. That is a fine compilation, one of the finest I have ever seen.

Mr. RIVERS. The Chief of Naval Operations in Great Britain says it is a best-seller in Great Britain.

Mr. ANDREWS. I am sure it would sell well in Russia, too.

U.S. VERSUS SOVIET NAVY

Mr. RIVERS. In this report the situation of this Navy, we found 58 percent of all the Navy ships were 20 years old or older; 58 percent of the Soviet Navy was 10 years old or younger. Less than one-quarter of 1 percent of the Soviet Navy was 20 years old. The Soviet Navy is modern in every way. I have a set of pictures of the new ships which I can pass among you. They have new propulsion equipment, new radars, and new missiles.

While the Soviets' surface naval forces are considerable, the Soviet submarine forces are a technical marvel according to Admiral Rickover.

The Soviets have a submarine force of 375 all built since World War II. They are turning out nuclear submarines in such volume that their number of nuclear submarines will equal ours by the end of this year. ———. They can make over 20 a year. The Soviets can turn out one ballistic missile submarine a month at least.

They have built up ship design teams that have stayed together through the development of various stages of all types of ships. They have an educational base of 168,000 engineers a year, and that was back in 1966, whereas we had only 36,000.

The Leningrad Shipbuilding Institute had 7,000 students in 1966 studying naval architecture and marine engineering. We did not even have 400.

Compared to the Soviet navy, our Navy is old and deteriorating. The machinery is wearing out. The electronic equipment cannot be updated under any conditions. It just cannot be. It is out of date and out of whack.

Their service is a drain upon manpower and funds. Jane's says—and that is the bible—that they are becoming a liability rather than a protection.

ACTIVITIES OF SOVIET NAVY

With their new ships the Soviets are engaging in more activities away from their home waters. They keep ships continuously in the Indian Ocean and are rapidly filling the vacuum created by the British with the withdrawal of their fleet east of Suez.

They have engaged in replenishment activities in the South Atlantic for their submarines which have opened new tactics for the Soviets and new approaches to the U.S. homeland.

The Soviet activities are not limited to their navy. The Soviet merchant marine is mostly under 10 years old. It is plying the oceans not only along the African shores but even more important trade routes such as those which bind Australia with Europe.

The Mediterranean Sea is rapidly becoming a Soviet lake. There are practically no liberty ports left for the Sixth Fleet. Maneuver areas are being reduced constantly. Almost the entire northern coast of Africa is in Soviet hands. We are being forced out of Libya. Even our NATO partners in Turkey have reservations about U.S. Naval vessels entering Turkish ports.

At any given time there are anywhere from 30 to 50 Soviet ships in the Mediterranean. Soviet submarines range throughout the world. Soviet trawlers may be found off every major port in the United States. They have a trawler down at Charleston and they have practically an APO there. When they come to Charleston they have to go around this trawler which stands just off the mouth of the harbor, and I am not kidding. The same thing applies in New England and at Norfolk and down there where they shoot missiles.

They maintain constant surveillance over the home ports of our Polaris submarines. This I know.

SERIOUSNESS OF THREAT

If this were not bad enough, look at the buildup in the Chinese Communist Navy. Superimpose that on our problem.

The threat, Mr. Chairman, exists today. It is far more serious than the American people want to believe. Seapower is something we have always taken for granted. Yet our naval supremacy is disappearing in front of our very eyes.

If I might paraphrase Churchill in reverse, we are presiding over the liquidation of our Navy and yet we are doing nothing.

ACTION OF CONFEREES

The bill that the administration sent up to us as passed by the Senate called for $2½ billion in shipbuilding and conversion. It included 17 new ships, of which 14 were warships. It also had 17 conversions. The House added an additional billion dollars in shipbuilding but in conference we settled for $415 million.

After we had the conference the items added were the nine highest priorities that the Navy had except for the long leadtime items for the CVAN 70 which we will have to work out.

We added $20 million for advance procurement for nuclear attack submarines.

Mr. SIKES. For one submarine?

Mr. RIVERS. We added an additional $20 million for long leadtime items for five advanced attack submarines. We added two frigates for conversion. These are the Navy's highest priorities.

We added the long leadtime items for two additional frigate conversions. We added three destroyers of the DD 963 class. We added advance procurement for one nuclear frigate. We added two ocean surface tugs. We added conversion for 10 ocean minesweepers and we added one destroyer tender. These were the Navy's highest priorities and they aggregated $415 million.

FREEDOM OF THE SEAS

The United States has long had the freedom of the seas. We have relied for almost all of our history upon the British maintaining their seapower. Now the British have had to withdraw from the prior position of eminence.

Now the Soviet navy commander has boasted that the: "flag of the Soviet Navy flies proudly over the oceans of the world. Sooner or later the United States will have to understand it no longer has mastery of the seas."

They learned in a hurry from the humiliating experience they had in the Cuban missile crisis. Using American seapower, based primarily on eight aircraft carriers and nearly 150 other ships, we were able to place a blockade around Cuba that gave the Soviets time to rethink and gave the United States time to plan further action. It was a most amazing demonstration of what seapower can do—and yet Cuba was within reach of land-based planes.

Following the Cuban crisis President Kennedy said:

If there is any lesson of the twentieth century, and especially of the past few years, it is that in spite of the advances in space and air this country must still move easily and safely across the seas of the world.

FUNDING OF NAVY AUTHORIZATION

Our committee has tried to do its job. The conferees went almost half way with us on the add-ons, adding on $415 million, recognizing the deplorable condition of our fleet today, since they received the same briefings we do.

It may be already too late to begin a large-scale naval shipbuilding construction program. It takes 3 to 4 years to build a ship and the bell may be already tolling for the demise of the supremacy of the seas that once belonged to America, I don't know.

Mr. Chairman, we have done our job. We lived through a conference that I didn't think would have an end.

(Discussion held off the record.)

Mr. RIVERS. I recognize, too, Mr. Chairman, that you have a job, and there are a lot of high priorities. This is not the problem now. The problem is to do our job and let somebody else face the other dilemma. I recognize the urgency of the F–14 and the urgency of the new F–15, that the Soviets have produced new fighter prototypes and are even now producing a new bomber.

This I guarantee. I didn't get this from Mel Laird originally, and you have the same source that I have.

IMPORTANCE OF SEAPOWER

But I think we have to remember that seapower gives us a form of defense that has no other equal. You cannot preplot the positions of naval vessels. You cannot make a carrier inoperable with parades, sit-downs, and demonstrations. You cannot deny landing rights to a carrier at sea. She is where she wants to be as long as she has those planes on her deck and those missiles to give her protection, and indeed she is the best bastion anywhere on earth, on the seas, or under the seas. There is nothing that can defend us as a carrier. Never forget that. There are doubting Thomases who say a carrier is vulnerable. This is not a fact.

Seapower is a projection of America's foreign policy unfettered by treaties, agreements or world opinion. It is just as essential for our survival as 2 and 2 equals 4.

FUNDING OF AUTHORIZATION

Our committee has done its job and we have issued our reports, prepared a bill with the complete support of the Navy and we know what the highest priority items are. They are in the authorization bill now on the President's desk.

The funding, of course, is your responsibility, It is up to you.

The ultimate responsibility will be in the President's hands but if you fund the full amount that we have authorized, you will have fulfilled your responsibility under the Constitution. I have quoted it so much to McNamara that I will never forget it. Only Congress can provide an army and navy, and only the President can the commander in chief of what we give him. The reverse is not true.

We are not supposed only to give the President what he says he wants. When we get the facts we are supposed to fulfill our responsibility.

With great deference, great admiration, and I can assure you the greatest respect I can engender for any committee as yours, I urge you with all the conviction I possess to give the Navy the money for the ships it needs. This is only a drop in the bucket and it is far short, I can assure you. Put Admiral Moorer under oath and see what he will tell you. I got this from the Navy and I will give it to you. These are the ships.

I will end with this statement: There is no strategy in the most secret archives of the Joint Chiefs for Europe or anywhere else that does not presuppose that the Navy will control the seas. I want you to know that the Navy is responsible for over 90 percent of the logistic lift support. That is why I have come to you. I have come to you to fulfill my responsibility because I just cannot sleep if I do not follow that to the end of the road. This is my end of the road.

In your wisdom you may say "We cannot give you all." However, whatever you can give be sure and include this.

How do you know the President's budget would decide that this Navy may be a little more important than OEO or the HEW or some other things for which we are spending money? These are not near as important. If you do not have survival the rest is a moot question.

Mr. MAHON. Thank you, Mr. Chairman, for your impassioned and utterly sincere and impressive presentation.

Mr. RIVERS. I will try to answer any questions.

Mr. MAHON. Would the gentleman from Wisconsin have anything to add?

Mr. O'KONSKI. No, except to support what my chairman has said.

Mr. MAHON. Would the gentleman from Florida care to add anything?

Mr. BENNETT. After this fine presentation I don't think I should add much. I do want to say that I was chairman of the Sea Power Subcommittee and as a result of this study I am convinced there are some vessels of the Russians which———. I think this should be brought to an end.

I also would like to emphasize that I feel we could really see some saving by having a more modern Navy. In other words, I believe we will actually save money by cutting down on personnel which is really the most expensive thing if we modernize certain ships of our Navy.

Mr. MAHON. I think we all agree that the Navy is in dire need of additional modernization.

Any questions from my colleagues? This has been a helpful presentation.

Mr. SIKES. Mr. Chairman, I feel that this has been a great presentation, a most important one to this committee. I am glad I had the privilege of hearing it.

ASSURANCE MONEY WILL BE SPENT

May I ask Mr. Rivers—do you have any assurance that the Navy will be permitted to spend this money?

Mr. RIVERS. No. However, I have the conviction and the complete feeling that the President of the United States is not in concrete. When I talked to him about this he approved the additional billion dollars which I introduced. He told me "We don't have to fund it this year, do we?" Mel said "No." I said "You don't have to fund all of it but I will not let you off the hook."

(Discussion held off the record.)

Mr. RIVERS. I wish you could hear Mr. Vinson's story of how he got the two-ocean Navy started. It sounded like something out of a story book. He had nobody with him and yet they spent that money and wanted more.

If the money is not spent I would rather have it in the Treasury.

AUTHORIZATION OF NUCLEAR SUBS

Mr. SIKES. Mr. Chairman, I have been quite concerned about the recent Russian emphasis on modern nuclear submarines. I am convinced that they are moving much more rapidly than we are in that area.

I note that you propose only one new submarine. I am surprised at this situation. You can comment on the reason for it.

Mr. NORRIS. The bill as passed by the Senate contained three new attack submarines. It also contained $90 million for long leadtime items for five submarines for next year.

We added $20 million for additional long leadtime items for the submarines for next year for the same five.

The reason for that, sir, was that we found that the Navy had options for the long leadtime items which expired at the end of September.

As soon as those options expired the price went up and we had to put in the additional $20 million to cover the same long leadtime items.

Mr. RIVERS. Mr. Chairman, these prices are down. If we do not get commitments now we will pay through the nose next year. We have the 415 and we have to do the best we can.

We will certainly get the CVAN 70 positively, but nobody knows beyond that. We have to survive and that is all there is to it.

MOVEMENT OF TROOPS

Mr. Bow. Mr. Chairman, there is one matter which has given me some concern and that is troop carriers and the movement of troops.

I think we all know that if we get into a conflict we will have to move troops. There is a serious question whether we can airlift.

This brings us to the question of how we will move troops. We alerted the passenger ships at the time of the Cuban difficulty.

My question to you is this: Give me your views on the movement of troops. We now have all of our American flagships tied up. They are not at sea. They are in mothballs and it will take time to break them out.

What is the situation so far as the movement of troops is concerned?

Mr. RIVERS. We depend primarily now on airlift.

Mr. Bow. Is there sufficient airlift that if we get into a situation where we have to move divisions, for instance, that we could do it?

Mr. RIVERS. We can move a division.

Mr. Bow. If we get into a real conflict.

Mr. BLANDFORD. This will depend upon a time factor.

Mr. RIVERS. Yes, there will be a time factor.

Mr. Bow. I am very much concerned about the fact that the *United States*, the *Argentina*, the *Brazil*, all of our American flagships, and Navy supremacy which is lost——

Mr. RIVERS. Completely.

Mr. Bow. You do not have the *United States* standing by and the *Argentina* and the *Brazil*.

Mr. RIVERS. McNamara testified before our committee that if we had 120 C–5A's flying plus all the 141's we have they would lift only 10 percent of our requirements to Southeast Asia. This is with all of them flying.

We don't have any surface ships. We have run these merchant ships to pieces in the Pacific.

Mr. BLANDFORD. This was a revised DPM which has been going on for some time as to whether we should have a 2⅔ division amphibious lift capability or 1⅓ capability, all of which is controlled by the slowest ship you have in the task force.

That has not yet been settled as to what the amphibious lift capability should be in the next few years.

Meantime we proceed with additional LHA's and we have the LPD's and LPH's which at least will give us the capability of putting assault

troops in to capture or hold an airfield which then will permit the C–5's and the 141's and 130's to bring in the troops. However, it is a tight thing.

You are absolutely right that the amphibious shipping has constantly suffered, and understandably so. The Navy is hard up for combatant vessels and amphibious shipping always goes down the ladder in priorities.

COST OF KEEPING U.S.-FLAG SHIPS IN OPERATIONS

Mr. Bow. We have now tied up the *United States* and the other passenger ships which could be used for the movement of troops. It would cost the Government to keep them in operation and on the seas about $16 million.

Mr. Rivers. That is right.

Mr. Bow. Is $16 million a good investment from keeping these ships from deteriorating?

Mr. Rivers. They are practically all tied up. The MSTS—you can bring Admiral Ramage in and he will tell you.

Mr. Blandford. You speak of the SS *United States* or the *Independence*, *Constitution*, and the *United States?*

Mr. Bow. And the *Brazil*, the *Argentina*, and the ships on the Pacific.

Mr. Blandford. Can this be done for $16 million?

Mr. Bow. Yes.

Mr. Blandford. I didn't realize that figure. That is a new figure.

Mr. Rivers. I wish you would read again Mr. Bennett's report which I gave you. It is a classic and a masterpiece. We go into the merchant marine situation, too.

(Clerk's note.—The following additional information was supplied for the record:)

U.S. House of Representatives,
Committee on Armed Services,
Washington, D.C., November 21, 1969.

Hon. George H. Mahon,
Chairman, Committee on Appropriations,
House of Representatives,
Washington, D.C.

Dear Mr. Chairman: When I appeared before your committee on November 18, Mr. Bow asked me some questions about our ability to move troops by sea.

Since that time I have asked the Navy about the status of its troop ships. I find that MSTS has eleven (11) troop ships, two or which are in actual use and one of which is used in rotation as backup and eight of which are in reserve. It costs the Navy $1.8 million a year to maintain each troop ship.

I have been informally advised that the Navy not only would be glad to give up these troop ships and rely on the merchant passenger ships such as the United States, but that it already has one possible purchasers for these ships for conversion to container ships.

If it is not too late, I would request that this letter be incorporated as part of my testimony before your committee.

Sincerely,

L. Mendel Rivers,
Chairman.

ITEMS ADDED BY CONFERENCE REPORT

Mr. ANDREWS. Mr. Chairman, your conference report is $415 million above the Senate Armed Services Committee bill.

Mr. RIVERS. Yes.

Mr. ANDREWS. Can you tell me how many new ships will be funded?

Mr. RIVERS. $20 million in advanced leadtime procurement for the nuclear attack submarines. We added two frigates for conversion. We added long leadtime item for two additional frigate conversions. We added three destroyers of the DD class. We added advance procurement for one nuclear frigate. We added two ocean surface tugs. We added conversions for 10 ocean mine sweepers and one destroyer tender.

Mr. ANDREWS. No submarines?

Mr. RIVERS. Additional funds for long lead items for five submarines.

Mr. BLANDFORD. $20 million additional for long leadtime. These are only the long leadtime items. They are frightfully expensive.

Mr. ANDREWS. $153 million would be a good figure for the cost of the new submarine?

Mr. BLANDFORD. Yes, sir.

Mr. RIVERS. You don't get much for $415 million. We also put in there some spares and we had better get that.

Mr. ANDREWS. That answers my question.

Mr. MAHON. Further questions?

Mr. MINSHALL. I would like to commend the chairman of the Armed Services Committee for a very excellent, candid, and sincere and forthright statement. I know there are few Americans who are as patriotic and have done more for the defense of our country than Mr. Rivers. I hope we can help you out in some way.

Mr. MAHON. Further questions?

Mr. RIVERS. I want to thank you gentlemen.

I know every one of you. I know the problems we face, but I hope in your wisdom you can figure out some way we can do something here.

These are the Navy's highest, highest, highest requirements. Remember that on all of our plans we presuppose control of the seas which we do not have. This is as plain as I can speak. I don't need to give you a pep talk, not this committee. I don't have the patriotic market cornered. I may have a very small part of it but this committee has an envious record.

Let me say this, too—if you don't give it to me I will not get on the floor and talk about you and neither will I put in an amendment.

Mr. MAHON. I want to thank you, gentlemen, for a very helpful presentation. I think it is very important that all of us who are interested in defense and feel we are somewhat knowledgeable, work together in the best interest of our country.

Mr. RIVERS. Thank you, Mr. Chairman. If you want any aid out of our staff we will be glad to help you.

DEPARTMENT OF DEFENSE BUDGET FOR FISCAL YEAR 1970

MONDAY, NOVEMBER 17, 1969.

WITNESSES

HON. MELVIN R. LAIRD, SECRETARY OF DEFENSE
GEN. EARLE G. WHEELER, U.S. ARMY, CHAIRMAN, JOINT CHIEFS OF STAFF
HON. ROBERT C. MOOT, ASSISTANT SECRETARY OF DEFENSE (COMPTROLLER)
CAPT. ANDREW J. VALENTINE, JAGC, U.S. NAVY, MILITARY ASSISTANT FOR LEGAL AND LEGISLATIVE MATTERS TO THE CHAIRMAN, JCS

OPENING REMARKS

Mr. MAHON. The committee is honored and pleased to have before it today the Secretary of Defense and the chairman of the Joint Chiefs of Staff, along with Mr. Robert Moot, the Controller, and other assistants who are here.

We are looking forward to a long and profitable day.

REVIEW OF CONGRESSIONAL ACTION

Mr. Secretary, this will be your major appearance this year before the committee. Of course I considered it very important early in the year when you appeared before us with regard to the ABM, the anti-ballistic-missile program. Your testimony at that time was excellent, in my judgment.

Then, you were before us in an informal way at some length a few weeks ago, at which time you discussed certain proposed reductions in the Defense budget.

I think it might be well to recite for the record the situation which has confronted the committee this year.

President Johnson sent down his budget in January. It was made known to us that the Johnson budget would be modified by President Nixon.

On April 15 President Nixon sent Congress a modified budget. Much of this bill requires annual authorization, as we all well know. Certainly, Mr. Secretary, in view of your experience, you are fully aware of the situation.

The other body, the Senate, passed the authorization bill on September 18, well after the fiscal year to which this appropriation relates had started. This House passed the authorization bill for Defense on October 3.

On October 7 the bill was sent to conference, and about a month thereafter, specifically November 4, a conference report was filed and the conference report was adopted by the House on November 5 and by the Senate on November 6.

I asked the staff to inquire this morning as to whether or not the President had signed the authorization bill and I was told that the President had not yet signed the bill. Do you know, Mr. Secretary?

Secretary LAIRD. No; he has not yet signed it but it should be signed very soon. The last day that he can act on it, I think, is the 19th, and he will do so either Tuesday or Wednesday.

Mr. MAHON. The record should make it clear that we could not appropriately bring the Defense bill to the floor without a rule waiving points of order prior to the time the President has signed the bill. The delays this year have, of course, been disturbing from the standpoint of this committee and, no doubt, from the standpoint of the Executive. Of course there were some delays in the executive branch.

Mr. Secretary, we welcome you before the committee of the House where you served with distinction for many years.

Mr. Lipscomb and I, in particular, and other members of the subcommittee as well, have been in frequent conversation with you since you became Secretary of Defense. You have been most cooperative and helpful. Of course, you have been Secretary of Defense for a relatively short time, and you have not had time to perform any miracles; and you are wise enough to know that it is impossible to perform miracles anyway, in your capacity as Secretary of Defense, but you can perform many useful and vitally important functions.

We do not expect to have a prolonged hearing with you, except we expect to have a long day today. Since Congress assembled in January, scores of witnesses from the Pentagon have testified before us; and the printed hearings are very voluminous.

This is a hearing with you just prior to our markup of the bill for presentation to the House. We want the last word as to what your recommendations are on a variety of matters. Of course, in the markup we must use our own independent judgment.

FEDERAL FISCAL SITUATION

While on the unified budget plan, the Nation is scheduled to show a surplus this year of $5.9 billion; we know that this is true only because there is expected to be a large excess of trust fund collections over trust fund expenditures. We know that under the old administrative budget the deficit is estimated to be $4.2 billion. That is actually what the deficit is. We have a paper surplus, but an actual deficit.

The public debt is now about $368 billion, and the annual interest on the debt is approaching $18 billion. Inflation is engulfing us. The Nation is in fiscal trouble. Whether we like it or not, the Nation must learn to practice restraint in spending and we thus far are not doing a satisfactory job in that direction.

This committee recognizes that we must reduce Defense spending and Defense appropriations wherever we reasonably can. The President presented a budget evidencing considerable restraint in planned Federal spending, in Defense and otherwise. He announced that he was determined to hold the spending for the current fiscal year at about $192.9 billion, and Congress approved legislation fixing a spending ceiling at about $1 billion below that figure. The legislation provides that the executive branch is bound by this figure, with certain stated exemptions, but that the Congress is at liberty by legislative action, of course, to raise the spending ceiling to a higher figure.

Mr. Secretary, I stated months ago that Congress would probably reduce the Defense budget by about $5 billion, speaking in terms of appropriations, though probably not making a clear distinction between appropriations and expenditures. Of course, this was just a judgment on my part. We all were free at that time to make such judgments. The President announced that uncontrollable costs in non-Defense expenditures were increasing, but that he was determined to live within the overall budget. This meant that he would inevitably have to make some substantial reductions in the Defense budget.

You stated, Mr. Secretary, that substantial cuts would have to be made. You took note of my stated opinion that Defense cuts would have to be made and, irrespective of my statement, of course, you were under instructions from the President to make Defense cuts. So here we are.

EFFECT OF REDUCTIONS ON NATION'S SECURITY

Mr. Secretary, I think you are recommending and making Defense cuts which will, to some degree, lessen the military strength and readiness of the United States. You have touched on this matter in public statements. Likewise, I think we in Congress will propose and make reductions in Defense programs which will lessen our military strength, but we seem to have no alternative and we want to work with you in establishing reductions which, while they will lessen our planned military strength, will not seriously impact on our military security. Of course, the committee will use its own independent judgment, as is appropriate, in formulating the appropriations bill.

Military strength is of the highest priority and we would not make reductions which could dangerously affect our national security. As I see it, it is fair to say that we will approve and you will approve reductions which we would not be willing to make except for the fiscal situation which confronts the Nation. Yet, many reductions are clearly in order and, in my opinion, other reductions and postponements will not seriously impair our long-range security.

We would like to encourage you to continue to strive to eliminate waste and mismanagement in the Defense Department. We know and you know that waste and mismanagement have always existed in Government agencies, including the Defense Department.

EFFECT OF REDUCTIONS ON VIETNAM OPERATIONS

One further word: We do not propose to make any reductions in the Defense budget which would impair the war effort in Vietnam and we do not propose to make any cuts in personnel funds or otherwise which would restrict the President in his efforts to bring the war to an end on an honorable basis. We want to be as helpful as possible to the President in his efforts to achieve an honorable peace.

I thought these preliminary remarks might be helpful in connection with the testimony which you are about to present and to those who might read the record.

Mr. FLOOD. Off the record.

(Discussion off the record.)

Mr. MAHON. Mr. Secretary, how would you like to proceed?

Secretary LAIRD. Mr. Chairman, I have a prepared statement which I think the members of the committee have. It is not a long statement. I would be glad to proceed with it or any other way you wish.

Mr. MAHON. I think you should proceed with the first part of the statement. When you come to certain details near the end of the statement, which we have had the opportunity to read, we would leave it to you to decide whether or not they should be read.

Secretary LAIRD. General Wheeler also has a statement.

Mr. MAHON. Yes. And General Wheeler, we do want to have a statement from you.

All right, Mr. Secretary; will you proceed.

STATEMENT OF THE SECRETARY OF DEFENSE

Secretary LAIRD. Mr. Chairman and members of the committee:

I welcome this opportunity to discuss with you the present status of our fiscal year 1970 budget request. The Service Secretaries and Chiefs, in their recent appearances before this committee, have already covered some of the details of their respective budgets. Today I will provide you additional details on these programs as a part of a brief review of the overall Defense budget and some of the problems that we have encountered.

As we press forward towards resolving the situation in Vietnam in accordance with the President's program, we must keep in mind the developments on a larger front which relate to this Nation's security. In determining what level of military strength is appropriate for the United States, we cannot ignore what is going on in the Soviet Union and China, nor should we overlook the potential dangers and threats to peace that exist in trouble spots around the world. Our defense program is necessarily based on commitments and obligations that our Nation has undertaken and must, until modified, honor.

This year, besides these external factors that must be considered, we have been faced with additional problems. The first is the state of this Nation's economy. As a result of a combination of circumstances, our economy has been experiencing a period of rapid inflation. Clearly, these forces of inflation must be brought under control, and promptly. I believe that the major cuts that we have made in programs and spending for fiscal year 1970 will help substantially in reducing inflationary pressures.

At the same time, the Government is confronted with many pressing domestic needs—alleviation of poverty, elimination of urban blight, modernization and expansion of our transportation systems, pollution abatement, and further improvements in health and education. The Congress has already expressed itself in many of these areas during the past few months and has recommended increases in the programed spending in some of these areas.

The growth in these domestic needs is outstripping the financial capabilities of the State and local governments. Until some of the exciting new concepts proposed by this Administration, such as revenue-sharing, are enacted into law, these needs will continue to add further to the burdens of the Federal Government.

Before summarizing the budget outlook, I would like to note one additional situation, inherited by this administration, that has compounded our difficulties in reducing the Defense Budget—the problem of cost growth, and the resulting funding deficiencies or cost overruns that we have heard so much about. In my first budget testimony before a congressional committee as Secretary of Defense last March, I outlined the cost overrun problems we uncovered in our initial review and pledged "to continue looking into this problem" and to "report back to the Congress any additional deficits we uncover."

Mr. Chairman, you can see the magnitude of our problem in the attached table 1. It shows a funding deficiency of over $700 million through fiscal year 1970, to be financed by reprograming, and an additional amount in excess of $1 billion to be financed in future years. The total of currently identified funding deficiencies thus remains at about the same level identified in March, $1.8 billion.

Mr. MAHON. Off the record.

(Discussion off the record.)

Mr. MAHON. Proceed.

Secretary LAIRD. One of our major problem areas continues to be the Navy shipbuilding program. In this area, as well as in others, the deficiencies shown on table 1 represent our best current estimate of the known problem. However, I am still not convinced that we have uncovered all the deficiencies in our current programs and we will continue to examine them and keep the Congress informed.

I should also note that the cost growth of the 34 major weapon systems on which we are reporting to the Congress is, as shown on table 2, some $16.2 billion over original or baseline estimates. This problem will affect our budget planning for some years to come as is evidenced by the size of the cost growth and the $1 billion near-term financial deficiencies. Hard decisions must be faced as new systems enter the production phase and additional amounts of the $16.2 billion (not already financed through the fiscal year 1970 budget) must be provided within limited budget funds in future years. We will continue to devote top level management attention, as we have since January, to solving our current problems and preventing, to the maximum extent possible, recurrences in the future.

The fiscal year 1970 Defense budget before you is based on the amended budget submitted by President Nixon on April 15, 1969, which provided for a reduction of $3.1 billion in new obligational authority and $1.1 billion in Defense outlays from the January budget. After submission of this budget, it became obvious that the combined impact of the economic needs of the Nation, the expenditure limitation enacted into law, and the strong indications of severe congressional cuts would require additional reductions in the Defense program. In the light of these factors, I announced on August 21, our intention to further reduce Defense outlays for fiscal year 1970 by up to an additional $3 billion below the April revised budget.

To reduce 1970 Defense expenditures by up to $3 billion more after the fiscal year had already begun, and before the authorization bill had cleared even one of the Houses of Congress, presented the Defense Department with an extremely difficult management problem.

It was clear to us that we could not achieve an additional $3 billion cut in fiscal year 1970 expenditures simply by a general reduction of about 4 percent in overall Defense spending. Rather, it would require a much larger percentage reduction in those programs that we judged could be included as candidates for cuts, such as personnel and operation and maintenance, as well as some of the faster spending areas in procurement. Of course, this meant a reduction of forces in-being. The reductions that I announced on August 21 were mostly in these categories. While these cuts will reduce our capability to meet current commitments, let me emphasize that all of us in the Defense Department, in considering reductions to the Defense Budget, will as I noted then, "try as best we can to assure that the reductions will have the least adverse effect on our present and on our long-range requirements."

With this as a background, let me summarize the actions we now propose to take with respect to the fiscal year 1970 Defense budget as revised by the President in April. Thus far we have identified a large part of the approximately $5.5 billion of additional reductions in fiscal year 1970 NOA that must be made to reach the goal of reducing fiscal year 1970 Defense outlays by another $3 billion. The NOA and outlay totals include approximately $400 million for items not yet approved for reduction, but currently under consideration to replace restorations made in the authorization bill. When we have identified the additional items, the overall total of reductions from the January budget estimates will amount to about $8.6 billion in NOA and $4.1 billion in outlays. The $4.1 billion reduction in fiscal year 1970 outlays is the greatest cut in an approved budget request to Congress in any single year since 1946.

The Congress has now completed action on the amended fiscal year 1970 authorization request for procurement and R.D.T. & E. and has made reductions totaling $1,253 million. These actions are consistent with adjustments that must be made in Defense programs in order to reach our expenditure reductions goals. I feel that they represent considered judgments on the part of the Congress as to where cuts could be made without severely affecting military readiness.

In its action on the authorization bill, the Congress also added a number of general provisions. All of them, while not completely supported by the Department of Defense, can be implemented without severe impact on our programs. There is one provision, however, which causes me concern with respect to our future course of action in South Vietnam. Section 401 establishes a limit of $2.5 billion of funds which can be used for the support of other than U.S. forces in Vietnam, and local forces in Laos and Thailand. I do not believe that this limit will restrict our plans to shift more of the burden to the Vietnamese during fiscal year 1970. I am concerned, however, that such a limitation in future years could severely restrict the administration in its plans for providing increased support of the Vietnamese where that is necessary for the ultimate withdrawal and reduction of U.S. forces. I would, therefore, urge that the Congress not impose limits in future authorization or appropriation bills on the value of support to be provided free world forces in Vietnam, and local forces in Laos and Thailand.

Mr. Chairman, the financial details of our recent expenditure reductions have been provided separately to the committee. Let me now turn to a brief review of the changes in end fiscal year 1970 forces from those in the January budget which contribute to the overall reduction of about $8.6 billion in NOA and $4.1 billion in outlays from the January budget estimates. These adjustments reflect both our recent expenditure reduction efforts and the earlier reductions made in the April amendments.

Given the need to reduce Defense expenditures by a total of $4.1 billion within the current fiscal year, the service Secretaries and Chiefs agree that these force adjustments will have the least adverse effect on our overall military posture. In fact, the military departments were given the initiative in determining what adjustments should be made. These adjustments were then reviewed by the Joint Chiefs of Staff, as well as by Mr. Packard and me, assisted by our staff. Thus, the final decisions were the product of a cooperative effort involving all of the principal civilian and military officials of the Department of Defense.

The first item involves a significant adjustment in the strategic bomber forces. All of the B–58's will be phased out by the end of the current fiscal year instead of in fiscal year 1974 as planned in the January budget. The direct operating cost of this force is estimated at about $45 million a year, and the full systems cost, including all indirect costs, is considerably higher. By phasing out all of the B–58's, the Air Force will be able to eliminate the entire logistic support structure for this aircraft, and that is where important savings can be made. You will recall that in our initial review of the fiscal year 1970 budget, we decided to cut off the FB–111 program at four squadrons instead of six as planned in the January budget. In order to offset the loss in bomber capability of these adjustments, three additional squadrons of B–52 C–F's will be retained in the force.

We are also reducing the B–52 C–F force used in support of Southeast Asia operations by two squadrons. This adjustment requires a word of explanation. The January budget provided for an end fiscal year 1970 authorized active inventory (AAI) of 132 B–52 C–F's in units (eight squadrons, plus command support). However, the Air Force also had an additional 83 B–52 C–F's not included in units including all aircraft used in Southeast Asia operations. The total inventory planned for end fiscal year 1970 was 215 aircraft, the equivalent of 13 squadrons plus command support. Of these 13 squadron equivalents, six squadrons were assigned to the strategic nuclear mission, five squadron equivalents to Southeast Asia operations and two squadrons to training and rotation. This year, we have placed all of the B–52's in actual squadrons. As a result of all the adjustments discussed above, at the end of fiscal year 1970 we will have a total of 14 squadrons: nine assigned to the strategic nuclear mission, three to Southeast Asia operations and two to training and rotation.

The reduction in the number of squadrons earmarked for Southeast Asia reflects, for the most part, a drop in the sortie rate to 1,400 per month, as compared with 1,600 provided in the January budget and 1,800 actually flown in the first half of this calendar year. You will recall that I added funds to the fiscal year 1969 supplemental to maintain the 1,800 per month sortie rate through June 1969. Although we have reduced the number of Southeast Asia related B–52 squadrons, we are still retaining a surge capability for 1,800 sorties a month.

The adjustments in strategic defensive forces, by and large, reflect an acceleration of the phase down projected in the January budget. As we all know, the air defense forces as presently constituted are of limited effectiveness. Pending a resolution of the modernization problem, we believe that some cutback in these lower priority forces is warranted in order to help reduce expenditures.

The reductions thus far identified in the General Purpose Land Forces total 1⅔ Division Force Equivalents (DFEs), 1 Army and ⅔ Marine Corps. This will reduce the total end fiscal year 1970 strength from 32⅔ to 31 DFEs.

The adjustments in the General Purpose Air Forces are quite modest since our objective is to retain as much of our tactical air power as is feasible under the circumstances. The largest reduction is in the Special Operations Forces, which are reduced by about 15 percent. These forces have been extensively used in South Vietnam but we believe that some reduction is now feasible. In contrast, we have beefed up somewhat the number of aircraft available to the Air Force Reserve Components, a matter which I know is of great interest to this committee.

One of the most significant reductions made in the General Purpose Forces is in naval vessels. The Navy is phasing out more than 100 ships and has announced 111 inactivations to date. Most of these, however, are older ships which had been scheduled to be phased out over the next few years. Nevertheless, this constitutes a significant reduction in the size of the active fleet and sharpens the need to press forward with the new construction program.

The reduction the Navy has announced in CVS aircraft reflects the inactivation of two ASW carriers. The January budget provided for six ships and five air groups. Under the revised plan, we will have at end fiscal year 1970 four ships and four air groups, a reduction of two ships and one air group.

The reductions made in the airlift forces are quite nominal. Because of a delay in the C–5A production program, we will have 17 fewer of these aircraft in the force at end fiscal year 1970 than originally planned. However, the C–130E force will be increased by one squadron to offset in part the projected attrition of C–7's and C–123's in Vietnam and the planned transfer of C–123's to the South Vietnamese Air Force. The new squadron will be formed with production aircraft which were originally procured to replace C–130's lost in Vietnam but which will not now be needed for that purpose. All of the remaining C–124's in the active force will be phased out in fiscal year 1970, instead of inactivating the last 18 in fiscal year 1971. In the Air Force Reserve, we will retain 18 more C–124's than planned in January, and phase out 35 more C–119's, leaving only 53 at end fiscal year 1970. The Air National Guard will also retain an additional 18 C–97's in fiscal year 1970, in lieu of 2 C–141 associate units previously planned for this year.

In addition to the force adjustments described above, some 200 indirect support aircraft will also be phased out of the active forces in fiscal year 1970, including 24 WB–47 weather reconnaissance aircraft, with the balance mostly proficiency training aircraft.

The end fiscal year 1970 personnel reductions thus far identified in conjunction with our budget reductions are shown on table 3. Again, I would like to caution that some further decreases may be required to achieve the reduction goal. You will note that we have already reduced the planned fiscal year 1970 military personnel end strength 220,000 below that provided in the January budget, and 217,000 below the amended budget. The April 15 amendments provided for a 20,000 reduction in the end fiscal year 1970 civilian personnel strength. We now plan to cut that strength by another 48,600, bringing it down to 68,600 below the January budget level.

Mr. Chairman and members of the committee, I am sure you realize that reductions of the magnitude that I have discussed today cannot help but have an impact on our posture and readiness. Throughout our deliberations, we have kept in mind the necessity for a strong military base that I believe we must maintain. President Nixon has said that we are entering an era of negotiations. However, I also believe that it is prudent to negotiate from strength, while assuring our ability to defend our national interest should negotiation fail. We have approached this problem of expenditure reductions with great care, and I believe the adjustments made to date will have the least adverse effect on our overall military posture.

(Attachments to Secretary Laird's statement follow:)

TABLE 1.—FUNDING DEFICIENCIES RELATED TO COST INCREASES ON PROGRAMS APPROVED FOR FINANCING THROUGH FISCAL YEAR 1970

[In millions of dollars]

	Total funding deficiency	Year in which obligational authority required			
		Prior years	Fiscal year 1969	Fiscal year 1970	Later years
Army					
Air Force	(740.0)				
C-5	424.1				424.1
F-111 A/E/D	315.9				315.9
Navy	(1,060.5/1,110.5)				
Shipbuilding	[1] 800.0/850.0		192.8	261.2	346.0/396.0
Aircraft	81.8	11.3	37.9	32.6	
Missiles	29.3		12.6	16.7	
Ship supply equipment	17.4	3.0	4.0	10.4	
Communications and electric equipment	26.3	26.3			
Aviation supply equipment	12.0	12.0			
Ordnance supply equipment	69.1	65.5	3.6		
R.D.T. & E., N	24.6			24.6	
Total funding deficiency	[1] 1,800.5/1,850.5	116.1	250.9	345.5	1,086.0/1,136.0
To be financed by reprograming	714.5	118.1	250.9	345.5	
Remaining deficiency	[1] 1,086.0/1,136.0				1,086.0/1,136.0

[1] In addition, there is a potential problem that could be as much as $350,000,000. Further analysis could reduce this estimate.

Note.—Relationship of funding deficiencies to program status reports submitted to Congress—Currently cost and technical data are reported to the Congress on 34 major weapons systems. As table 2 shows, these 34 systems are currently estimated to cost $79,300,000,000—an increase of $16,200,000,000 or 25.6 percent over original or baseline estimates.

The currently identified funding deficiency is $1,800,000,000 for program increments already approved for financing through the fiscal year 1970 budget. Furthermore, of the $1,800,000,000 about $800,000,000 is related to the 34 systems reported to the Congress. The remaining $1,000,000,000 of current funding deficiencies is related to other systems—mostly ships.

TABLE 2.—SELECTED ACQUISITION REPORT ON 34 MAJOR WEAPON SYSTEMS, JUNE 30, 1969 COST SUMMARY

[Dollars in millions]

	Contract definition plan (Col. 1)	Planned cost current quantity (Col. 2)	Current est mate total program (Col. 3)	Cost growth (Col. 3 minus 2)	Percent cost growth over original plan
A-7D	$2,012.1	$2,012.1	$2,012.1	$0.0	0.0
AWACS	[1] 2,652.7	2,652.7	2,652.7	.0	.0
B-1	[1] 8,800.0	8,800.0	8,800.0	.0	.0
C-5A	3,370.0	3,370.0	4,832.0	1,462.0	43.4
F-15	[1] [2] 6,039.0	6,039.0	7,700.0	1,661.0	27.5
F-111 A/C/D/E	5,505.5	2,941.9	7,401.3	4,459.4	151.6
FB-111A	1,781.5	655.7	1,218.5	562.8	85.8
RF-111D	[1] 579.4	542.1	895.6	353.5	65.2
Maverick	391.8	391.8	374.7	(17.1)	(4.4)
Minuteman II [3]	4,164.2	4,168.2	4,280.7	112.5	2.7
Minuteman III [3]	4,339.0	4,060.3	4,226.0	165.7	4.1
SRAM	261.1	421.0	1,470.1	1,049.1	249.2
Poseidon C-3	4,384.0	4,384.0	5,602.0	1,218.0	27.8
Condor (AGM-53A)	126.0	126.0	167.0	41.0	32.5
Walleye II	345.0	123.9	134.6	10.7	8.6
A-7E	1,465.6	1,421.5	1,919.1	497.6	35.0
Phoenix	469.0	529.5	1,013.8	484.3	91.5
Sparrow III 7E	740.7	265.6	258.1	(7.5)	(2.8)
Sparrow III 7F	393.0	246.3	425.9	179.6	72.9
P-3C	1,294.2	2,265.3	2,261.7	[illegible](3.6)	(.2)
F-14 A/B	6,166.0	6,166.0	6,373.0	207.0	3.4
Torpedo MK48 Mod 0	700.3	715.3	3,890.7	3,175.4	443.9
Torpedo MK48 Mod 1	71.6	71.6	111.0	39.4	55.0
SSN 688 class	[1] 1,614.0	3,462.0	[4]		[5]
CVAN 68	427.5	427.5	536.0	108.5	25.4
CVAN 69	[1] 519.0	519.0	519.0	0.0	0.0
LHA	1,346.5	1,346.5	1,379.4	32.9	2.4
DXGN	[1] 726.6	3,264.0	4,750.1	1,486.1	[6] 45.5
S 3A	2,891.1	2,891.1	2,891.1	0.0	0.0
DD 963 class	[1] 1,396.5	1,737.5	3,350.3	1,612.8	92.8
Safeguard	4,185.0	4,185.0	4,185.0	0.0	0.0
Cheyenne	[4]	[4]	[4]	[4]	[4]
General Sheridan	398.1	548.0	689.6	141.6	25.8
General Sheridan Ammo Annex [7]	[1] 370.1		489.0		[5]
Shillelagh	373.1	380.3	573.2	192.9	50.7
Lance (XRL)	[1] 543.8	421.9	472.3	50.4	11.9
Total	66,735.8	63,089.1	79,266.2	16,177.1	25.6

[1] Planning estimates.
[2] Baseline changed to March PSR.
[3] Minuteman II and III counted as 1 weapon system.
[4] Not available.
[5] Not in totals because of lack of definitive cost estimates and status of negotiations.
[6] Not available because of pending litigation.
[7] Not considered as a weapon system.

Note—Numbers represent June 30, 1969 SAR revised through Nov. 14, 1969.

TABLE 3.—CHANGES IN END FISCAL YEAR 1970 PERSONNEL STRENGTHS

	January budget	Amended budget (Apr. 15, 1969)	Revised plan	Net change	
				From January budget	From amended budget
Military:					
Army	1,507,900	1,509,300	1,435,400	−72,500	−71,900
Navy	771,500	766,900	694,300	−77,200	−72,600
Marine Corps	314,500	314,500	294,200	−20,300	−20,300
Air Force	861,200	861,200	811,200	−50,000	−50,000
Total	3,455,100	3,451,900	3,235,100	−220,000	−216,800
Civilian: [1]					
Army	444,100	430,420	412,350	−31,750	−18,070
Navy/Marine Corps	403,800	395,836	380,000	−23,800	−15,836
Air Force	318,200	319,814	306,800	−11,400	−13,014
Defense Agencies	68,900	68,930	67,250	−1,650	−1,680
Total	1,235,000	1,215,000	1,166,400	−68,600	−48,600

[1] Full-time, permanent civilian employees.

PHASEOUT OF B–58'S

Mr. MAHON. Thank you, Mr. Secretary. Mr. Flood.

Mr. FLOOD. You say "all of the B–58's will be phased out by the end of the current fiscal year instead of in fiscal 1974 as planned in the January budget."

Secretary LAIRD. Yes. We are keeping more B–52 C–F's in the inventory than had been planned. We have offset the B–58 phaseout by retention of more B–52 C–F's. There is a reduction in cost, a significant reduction in costs because the maintenance, repair, spare parts, and so forth, for the extra B–52's is considerably less than for the B–58 force. Instead of phasing out the B–58 at a later date we have moved up the phaseout to 1970, but we have continued more B–52's on active duty status than had been previously proposed.

Mr. MINSHALL. Since its inception how much money have we spent on the B–58 program, the whole program?

Secretary LAIRD. I could supply that for the record. At this point I am not sure of that figure.

Mr. MINSHALL. Put it in the record, please.

Secretary LAIRD. Yes, sir.

(The information follows:)

The amount spent on the B–58 program is as follows:

Total B–58 costs

[In millions]

R.D.T. & E. and investment [1]	$3,166.3
Operations [2]	1,082.0
Total	4,248.3

[1] Includes total procurement quantity of 116 aircraft. These included test and evaluation aircraft funded under the procurement account.
[2] Includes cost through phaseout.

Secretary LAIRD. We are going to keep more of the B–52's in inventory. This committee, as you know, in its reports has urged that we keep the B–52's in inventory and gave priority to the B–52's for a longer retention. I would just like to comment: Before we have any follow-on bomber, before we can possibly have any follow-on bomber to the B–52, the youngest of the B–52's will be over 15 years of age.

Mr. RHODES. Mr. Chairman.

Mr. Secretary, the B–58, of course, is a supersonic bomber, is it not?

Secretary LAIRD. Yes.

Mr. RHODES. It is the only one we have. What was the tradeoff there? Why keep the 52's instead of the supersonic 58?

Secretary LAIRD. The B–52, of course, has a longer range and greater payload. We feel during this particular period of time that the B–52 does have the penetration capability that is required. I would like General Wheeler to comment on this.

General WHEELER. It has a greater payload, it has a longer range and it has better avionics. Therefore, the Air Force preferred to keep additional B–52's in inventory and phase out the B–58's.

Mr. RHODES. Could you put in the record the difference in range and payload and the vital statstics of the two airplanes?

General WHEELER. I will do that.

(The information follows:)

STATISTICS ON B-52'S AND B-58'S

Characteristics	B-52 D/E[1]	B-52 F[1]	B-58
T/O weight (pounds)	450,000	450,000	163,000
Length/Weight span (feet)	156.5/185.0	156.5/185.0	96.8/56.8
T/O Ground run (feet)	8,000	7,000	7,400
Combat ceiling	46,350	46,600	64,400
Crew	6	6	3
Representative speeds (All speeds in knots):			
High altitude (maximum)	495	495	1,147
Low altitude (maximum)	390	390	610
Unrefueled range with 10,000 pound bomb load. (All distances in nautical miles):			
High altitude	6,438	6,587	4,021
Low altitude	2,300	2,460	1,810
Refueled range (KC-135 refueling and 10,000 pound bomb load)	8,426	8,807	6,125
Conventional bomb load (pounds)	54,318	54,318	(2)

[1] In addition to its primary load, it can carry 2 air-launched AGM 28 (Hound Dog) guided missiles and/or 4 ADM-20 (Quail) decoys.
[2] Not applicable.

Secretary LAIRD. The decision not to retain the B-58 indefinitely was made 3 years ago. It was a limited force of some 80 aircraft and there has been no further buy of the B-58 since fiscal year 1961.

Mr. RHODES. Is it true also that the B-58 only has a supersonic dash capability?

Secretary LAIRD. That is generally correct.

General WHEELER. That is correct. It is not supersonic in the sense that it has a completely supersonic flight profile.

RETENTION OF B-52'S

Secretary LAIRD. I have gone over your reports and you have recommended we give priority to the B-52's. It was recommended by this committee that we keep three squadrons that had been scheduled to go out by Secretary McNamara. Those squadrons would have gone out this year. We have decided to keep those squadrons in our inventory. I believe that it gives us a greater capability to keep the B-52's that had been scheduled to go out and let the B-58's go out.

Mr. FLOOD. By 1974 all the B-52's will be pretty well out, too, won't they?

Secretary LAIRD. We hope to keep the B-52's going through 1977, through that time period. The B-52 is very active in Southeast Asia. We believe that we can keep this aircraft operating through the 1977 time period. We may have to keep it longer than that, but by that time the youngest of the B-52's will be over 15 years of age.

PROTECTION OF DEFENSIVE CAPABILITY

Mr. SIKES. Mr. Secretary, I have not given too much credence to the rather optimistic statements that are appearing in the press about Russia's desire to achieve a substantial cutback in nuclear weapons.

Knowing that the Department of Defense feels that it must be prepared for any development if that cutback should come to pass and there should be a substantial reduction in the number of nuclear weapons, where is our defense posture? There are now in progress reductions in defense. For a number of years we have fallen behind in modernization because of the costs of the war in Vietnam. Are you

thinking forward to the possibility of a situation where we will be left without a truly effective defense, either in conventional or in nuclear weapons?

Secretary LAIRD. This has been foremost in our considerations as we reviewed the fiscal year 1970 budget. We tried to make all of our decisions with that in mind, that we had to look where we would be in the time period of 1973 and beyond. We have tried not to make large cuts in those particular areas.

Your question is based on the premise that the Russians have some desire to cut back on strategic weapons. I personally have not seen any evidence that they desire to cut back on strategic weapons. As a matter of fact, the evidence seems to be just the opposite. They are moving in the other direction and they have exceeded the estimates which we had just about a year ago on the total overall strategic offensive force which they will have in being. They have gone forward at a very rapid rate. I have not seen any direct evidence as yet that they desire to cut back on their present program. This may develop in the SALT talks. We hope it does. It certainly hasn't developed yet.

Mr. SIKES. But if it should develop, would it then be necessary for a reevaluation or reassessment of our capability for modifications in the direction that we are currently moving? I am concerned about deficiencies in conventional defense and in modernization of weapon systems.

Secretary LAIRD. Mr. Sikes, first I want you to know that all the way through we have emphasized both in our private deliberations and public discussions as we have prepared for not only the SALT talks but also as we prepared this revised budget, that our strategic forces must be designed to have a high retaliatory capability after a Soviet surprise attack or first strike. The primary purpose of our strategic forces is to provide this deterrence against Soviet attack. We have tried to develop this three-pronged program to deploy a number of bombers and land and sea based missile launchers to be able to deliver an adequate megatonnage to perform this task. It is true we have not built any new missile launchers since 1967. We did not develop and deploy any major new strategic weapon systems during the last 9 years although we have gone forward with the development of MIRV in the Poseidon and Minuteman III programs.

These are designed to deploy a large number of small warheads in order to maintain a retaliatory capability against a possible Soviet ABM defense of their cities. I think it should be borne in mind, however, that this MIRV capability which we have developed has very little effectiveness against hardened missile silos in the Soviet Union. The Soviets have gone forward not only on a very rapid ballistic missile submarine construction program but they have gone forward on a land-based missile construction program which has already exceeded the high estimate of the intelligence community of just 9 months ago.

Mr. SIKES. Those are the things that disturb me. If the Soviets feel that they are sufficiently far ahead in modernization and they know we are not, then it conceivably could be to their advantage to ask for a reduction in strategic strike capability, of nuclear weapons during

the SALT talks. If that were to be the case—and I am not optimistic—but if that were to be the case, would the shift in emphasis on modernization to more capability in modern conventional weapons, take place during the fiscal year 1970 budget or would it have to come in a later budget?

Secretary LAIRD. It would have to come in a later budget. I want to make it clear that as far as reductions in the strategic offensive forces of the United States are concerned, we are not planning any unilateral reductions in that area. But the Soviets are putting a greater emphasis in that area than they ever have before and they have surpassed us in the number of ICBM's and they are now able to deliver considerably more missile megatonnage on the United States than the United Statets is able to deliver on the Soviet Union. From the standpoint of their missile deployments, not only ICBM's but also submarine ballistic missile launchers, they now have acquired that capability.

MEGATONNAGE STUDY

I can give you the figures on the reentry vehicles that each country has if you are interested in those figures.

Mr. SIKES. It would be well to have them for the committee's purposes if you will submit them for the record.

Mr. RHODES. Does that study completely discount any ability on the part of the Air Force to drop nuclear bombs from airplanes, that megatonnage study?

Secretary LAIRD. No. The megatonnage study shows it both ways. I have given it to the committee both including our bombers and excluding our bombers. That has already been supplied to the committee and I assume will be in your record. I have the tables right here on both of those measures. Perhaps General Wheeler would like to comment on this question.

Mr. FLOOD. You have told us, in a nutshell, that they are building up and we are slowing down—period.

Secretary LAIRD. We are not slowing down in this area but we are not going forward in this area.

Mr. FLOOD. You are not keeping up.

Secretary LAIRD. We have not gone forward with any new ballistic missile submarines, we have not gone forward with any new offensive missile silos—

Mr. FLOOD. They are building up and we are not keeping up.

Secretary LAIRD. The only thing——

Mr. FLOOD. Isn't that true; they are building up and we are not keeping up?

Secretary LAIRD. That is true, but we are going forward with the MIRV program for Minuteman III and Poseidon, and, of course, the ABM program.

EFFECT OF BUDGET CUTS ON MODERNIZATION OF WEAPONS SYSTEMS

Mr. SIKES. I am not one of those who is demanding Defense cuts. I think we have cut as much as we should. I am more concerned with whether there will be enough funds in the fiscal 1970 budget to continue the modernization which really is essential if we are going to have an effective force. Now, we are falling behind. We are a genera-

tion behind the Russians on many weapons systems. Is that situation going to worsen during fiscal 1970 as a result of the cuts that have been made or that are anticipated?

Secretary LAIRD. Mr. Sikes, most of the reductions that we have made affect only our general-purpose forces. Those which relate to strategic forces, in the cuts that I have outlined to this committee, are of two types. There is, first, acceleration of the previously programed reductions in the air defense forces which are currently limited in their effectiveness, and, two, the item which we earlier discussed of phasing out the B–58's and retaining a number of the B–52's previously scheduled for phaseout. These reductions have not weakened the effectiveness of our strategic forces in any significant way as far as the megatonnage that can be delivered in a retaliatory strike is concerned.

As a matter of fact, by retaining the B–52's we keep a greater capability than we had with the B–58's if we had phased out the B–52's as scheduled and not phased out the B–58's.

The point that you make is an important point because there have had to be postponements during the war in Vietnam as far as general-purpose forces are concerned, and there has been a drawdown of inventories in our forces elsewhere in the world.

Now, we have made some significant improvements in the last 18 months as far as our forces in Europe are concerned. At the start of the Vietnam war there were drawdowns not only of the general-purpose forces in the United States but also in our forces in Europe. I can report that those forces have been improved in the last 12 to 18 months but I would like General Wheeler to comment on that military question.

Mr. MAHON. All right, General.

General WHEELER. Actually, we have a situation where the Soviet Union has a larger number of ICBM's than we have. In other words, we have reached the crossover point. However, of that number ——— of their ICBM's are soft. Of course, we still put great reliance on our B–52 force which delivers a sizable fraction of the megatonnage which we have programed against the Soviet Union. For example, our total force can deliver 4,200 weapons as opposed to a total Soviet delivered force of somewhere between 1,300 and 1,400.

BOMBER PENETRATION CAPABILITY

Mr. SIKES. General, are you cranking in the capability of the Russians to withstand a bomber attack? I remember we have been hearing about the new Tallinn force, which some people insist is an antibomber rather than an antimissile system. Has the effectiveness of our bomber forces been degraded as much by Russian countermeasures as it has by the age of the weapons?

General WHEELER. We could have and should have a better bomber penetration capability, in other words, a newer and faster bomber which can penetrate at low level, at high speed.

Mr. SIKES. Are you talking about the next generation?

General WHEELER. I am talking of the next generation.

Mr. SIKES. The AMSA?

General WHEELER. The AMSA or some similar weapon.

Mr. SIKES. Are you saying that the Russians have improved their defense capabilities against the bomber, but we have not correspondnigly improved the capability of our delivery system?

General WHEELER. Let me go back a moment. The so-called SA-5, which is called the Tallinn system, is estimated to be a weapon which is capable of intercepts at a very high altitude. It is not designed for a low-level intercept. The SA-2 system—and they do have another, the SA-3—is a lower level system ———. The B-52 force is programed to penetrate at low level and the Air Force—and I must say SAC does these figures—continues to believe that they have a very good low-level penetration capability using air-to-surface missiles, to in effect create a gap through which they can penetrate to the targets which the bombers would follow on to strike. It is true that the Soviets have improved their defense against air-breathing platforms. However, we believe that by changing our tactics we have thwarted them to a considerable degree. I still believe—in fact, all of the Joint Chiefs believe—that we need a follow-on bomber which will give improved penetration capability at supersonic speeds at low levels.

Mr. SIKES. This committee agrees. But are you moving as fast as you can on the new bomber?

General WHEELER. I believe we are, sir.

Secretary LAIRD. This is an area where we have requested an add-on over the budget that was submitted by the previous administration, because we felt that this was an area that we should move forward in.

DEVELOPMENT OF NEW BOMBER

Mr. MAHON. General Wheeler, you did not complete the answer to the question which Mr. Sikes had asked. Would you supply a complete answer for the record?

General WHEELER. I will do that.

(The information follows:)

In response to the question as to whether we are moving as fast as we can on the new bomber, the answer is yes. This is best explained by the steps that have been taken to permit the early start of development. A program involving a competitive design development effort had been approved by the previous administration for fiscal 1970. However, we requested an additional $23 million for fiscal 1970 to shorten the competitive design phase and to initiate full-scale engineering development, since it is believed that adequate paper studies have been conducted. This revised approach will permit the following: (1) an earlier procurement decision and advancement of the initial operational capability, if necessary; and (2) a reduction of the R.D.T. & E. costs by about $350 million as a result of shortening the competitive design phase.

The original program involved about a 2 year competition in each of three major areas (system, propulsion, avionics) prior to completion of development and thus was more costly and by necessity spread out. In view of the extensive effort that has already been conducted on this program in a competitive environment, the competitive design phase was shortened. Consequently, the new program could result in an earlier operational capability if a production decision is subsequently made. The program we have initiated would extend through design, fabrication and flight test of five aircraft and their subsystems. However, the program does not involve a production commitment on the part of the Government.

Requests for proposal were released to industry on November 3, 1969, and the entire proposal preparation and source selection is to be completed within 28 weeks. To permit this tight schedule, the contractor proposal requirements were cut by approximately one-half. Their technical proposals are due within 70 days and the management, schedule, and cost information is due within 105 days. This schedule will permit the Air Force to award contracts for the initiation of engineering development prior to the end of fiscal 1970.

AMSA

COMPARISON WITH B–52H AND FB–111

Mr. MAHON. What will the AMSA aircraft be able to do that the B–52H and FB–111 aircraft will not?

Secretary LAIRD. If a decision is made to go forward with production of AMSA in the future, its currently planned design would give it superior characteristics with respect to both ground survival and defense penetration capability.

———. The time required for AMSA to take off and get to a safe distance would be much shorter than that of the B–52 and better than the FB–111. In addition, because of its short takeoff requirements, AMSA could be dispersed to many runways in the United States which the B–52 could not use.

The ability of a bomber to penetrate defenses is a strong function of its payload capability. AMSA would have better penetration capability than the FB–111 because it will carry several times the number of SRAM or SCAD as the FB–111, has a better low altitude capability, and could carry a significantly larger ECM complement. The AMSA penetration capability would also be better than that of the B–52 because of its larger SRAM or SCAD payload, ——— and its reduced exposure time because of higher speed.

In general, AMSA would possess both superior ground survival characteristics and better penetration capabilities than the B–52. Due to its larger payload carrying ability, its penetration capability would be much improved over that of the FB–111.

NEED FOR MANNED BOMBERS

Mr. MAHON. Must we continue to support a large force of strategic manned bombers with their attendant basing, operational and other costs?

Secretary LAIRD. Our current deterrent policy is to maintain a mixed strategic retaliatory force so that all elements must be compromised before the deterrent fails. This mix consists of ICBM's, SLBM's and manned bombers. Each presents a different problem to an aggressor and would tax his resources to the maximum if he were to counter all of them simultaneously. The ICBM's and bombers have very different pre-launch survival characteristics than does the SLBM. A defense against ICBM's and SLBM's is much different than that needed to counter a bomber attack. Bombers have the ability to be launched on warning without an irrevocable commitment while the others do not.

We feel that, while any one of our offensive force elements (ICBM's, SLBM's, or bombers) could, under certain circumstances, possess the capability to inflict a very high or even unacceptable level of damage upon an enemy's military forces or population centers, reliance upon only one force element to perform this task under all circumstances would reduce our confidence in the deterrent capability of the United States. Our policy has been to maintain our ability to penetrate the enemy defenses through the capability to attack from all altitudes and azimuths with ICBM's and SLBM's, that have a mix of trajectories and reentry vehicle characteristics and with bombers

that attack with differing speeds and are equipped with air-to-surface missiles and decoys.

ICBM'S VERSUS BOMBERS

Mr. MAHON. Do we have sufficient ICBM's to destroy enough of the Soviet Union to make a Soviet attack on the United States an act of madness? If so, must we also have strategic bomber aircraft? Explain.

Secretary LAIRD. Mr. Chairman, if we could be certain that all of our ICBM's would survive a Soviet first strike against us, and afterwards be capable of retaliatory launch, followed by successful impact, then yes, their number should be adequate to deter a rational being from attacking us. I do not feel we can be certain of such survivability, however, as I believe I made clear in advocating development of the Safeguard ABM system.

Our basic policy has been to provide a mix of offensive forces: sea-based missiles, land-based missiles and bombers. By so doing we not only hedge against unexpected failure or serious problems of survivability of one element of the force (such as that posed by the SS–9 threat to Minuteman) but also force the Soviets to employ a diversity of defenses to account for our diversity in attacking forces. We do not allow him to concentrate all of his resources against one type of weapon. Thus, we feel it is necessary to maintain a viable and effective strategic bomber force.

Mr. MAHON. How many Minuteman III missiles in silos could be purchased for the cost of developing and procuring a force of AMSA's?

Secretary LAIRD. Mr. Chairman, we have provided Senator Stennis a previous estimate of the cost to place 300 new MM III missiles in silos, complete with all required support equipment. This estimate, which is still valid, assigned a cost of $2.5 billion for the 300 MM. On this basis a $7 to $8 billion program to procure the AMSA would be the equivalent of approximately 900 new MM III in operating silos.

Mr. MAHON. How many Poseidon missiles and the required submarines, et cetera, could be purchased for the estimated $7 to $8 billion required for AMSA?

Secretary LAIRD. Mr. Chairman, we previously furnished Senator Stennis information on the cost of new Poseidon missiles and submarines. Using existing shipbuilding facilities the cost would run approximately $250 million per submarine, equipped with missiles (but with AEC costs excluded). On the basis a $7 to $8 billion program to procure the AMSA would be the equivalent of approximately 28 to 32 new missile-equipped submarines, still exclusive of AEC costs.

ROLE OF BOMBER IN NUCLEAR WAR

Mr. MAHON. It is thought by some that in a strategic nuclear war the first blow would be struck by ICBM's and that manned bombers would play a clean-up role after the missile exchange. Is this the role you proposed for AMSA?

Secretary LAIRD. A general war strategy should be predicated on having multiple options that permit a flexible use of our strategic forces. This is due to the difficulty in predicting how a general war

would start and how it would be fought. The AMSA would have a large payload capacity, a very high accuracy and a capability to withhold or release weapons as conditions warranted. These capabilities would make it a weapon system of unique value in the so-called clean-up role. We certainly do not anticipate that this is the only role AMSA would perform in a strategic nuclear war. In a retaliatory attack we would have the option of employing AMSA either relatively early or late in the exchange.

Mr. MAHON. Should future strategic nuclear bomber attacks be preceded by a missile attack in order to destroy, at least in part, the enemy's anti-bomber defenses?

Secretary LAIRD. I have stated in answer to earlier questions, I stated that the primary role of our bomber force is that of deterrence. If deterrence fails, and either nuclear or non-nuclear war results, the bomber can be used in a variety of ways depending on the nature of the conflict. These applications of the bomber could range from a very small number of selective strikes to total commitment of virtually the entire bomber and missile forces. ———.

Mr. MAHON. In this kind of an attack, is a higher performance bomber necessary? Would a C–5, for example, loaded with bombs be an acceptable postmissile attack bomber?

Secretary LAIRD. Mr. Chairman, the answer to this question is almost completely dependent upon the assumptions made regarding the number and type of defenses remaining. If we postulate *all* defenses to be negated by prior missile strikes, then a bomb-laden C–5 could do the job.

If any defenses remained, however, and we think this is a more reasonable assumption, the C–5 would have a very low probability of penetration because of its low speed and limited low altitude capability.

If major modifications were made to the C–5 so that it could accurately deliver bombs, SRAM's and use SCAD's, its penetration capability would be improved. However, due to its size, speed, and very limited maneuverability, it would still be extremely vulnerable to both air and ground attack and would therefore probably not be an acceptable postmissile attack bomber.

Mr. MAHON. How much will AMSA enhance our national security? Would we be somewhat helpless without AMSA? Can you quantify the contribution of an AMSA force?

Secretary LAIRD. In all candor, Mr. Chairman, this is a question which is difficult to answer in quantifiable terms since the answer depends so completely upon the underlying assumptions. I have already made clear that we have sought to achieve our objective of deterrence by maintaining an ability to penetrate enemy defenses by attacking from all altitudes and azimuths with a mix of ICBM's, SLBM's, and bombers. AMSA would enhance our security by helping to maintain a bomber force which is capable of surviving and penetrating increased enemy defenses in the future.

I am sure you realize the difficulty in assessing, in definite terms, the future viability of these systems. Essentially, AMSA would help to provide insurance against unanticipated failures in our missiles, or unforeseen developments in weapons which might counter our missiles. I firmly believe that bombers materially contribute to the viability of the missile systems by forcing the Soviets to allocate their resources to defense against bombers as well as missiles, rather than

simply against missiles alone. But this factor is not meaningfully quantifiable.

I should note that bombers have one distinctive feature, which could someday be of immeasurable value, and which is not possessed by missiles.

This is the ability to be launched upon warning and yet still be recallable after launch. During a time of crisis we might even keep our bombers on continuous airborne alert. I believe this is a significant and desirable feature, although I am still unable to quantify it. It is my intention to do all I can to insure the continued viability of our missile systems—which is equivalent to saying I shall attempt to insure we would not be helpless without a bomber force. But I believe, for reasons such as I have just mentioned, that we need to continue our development of AMSA in order to keep the deployment option open.

SELECTION OF CONTRACTOR

Mr. MAHON. When and how will the AMSA contractor be selected?

Secretary LAIRD. Requests for proposal (RFP's) were issued to the potential AMSA contractors on November 3, 1969. The proposal and evaluation period is planned to take 6 months. The source selection will be made after completion of the evaluation and anticipated contracts will be awarded for engineering and development prior to the end of fiscal 1970.

All of the contractors solicited will have the basic capability and be able to perform in the areas that we consider to be critical. These are prelaunch survival, integration of penetration aids and accomodation of tactics, and the ability to trade performance parameters, within reasonable limits, so as to arrive at a unit production price that we can afford and that is reasonable.

NEW RUSSIAN BOMBER

Mr. MAHON. It has been stated that you recently disclosed that new intelligence indicates the Soviets are building a new intercontinental medium bomber. Mr. Secretary, can you tell us something about this new Soviet bomber and how it compares with AMSA?

Secretary LAIRD. Yes, Mr. Chairman, the Soviets are believed to have begun flight tests of a new medium jet bomber. The program ——— is expected to follow a cycle similar to that of other medium bombers.

The aircraft is expected to be in the ——— pound class. Like Blinder, it will probably have a stand-off air-to-surface missile. Its combat payload will probably be between that of the FB-111 ——— and the AMSA ———.

Performance is postulated to some degree by a comparison with known Soviet aircraft technology and is expected to be comparable to AMSA. Like its predecessors it might also be equipped for inflight refueling.

Our proposed AMSA will weigh about ——— thousand pounds, have a maximum speed of ——— and an unrefueled combat radius of about 1950 nautical miles. Combat load will include ——— SRAMs.

LONG RANGE MISSILES

Mr. RHODES. I have a question which has to do with the development of additional capability for our existing bombing force—to wit, a long range air-to-ground missile. Do we have anything like this on the boards, like the Skybolt or something of that nature?

General WHEELER. We have nothing like the Skybolt. We have a missile known as the SRAM which is an air-to-ground missile. It is still in a development stage. There is money in the budget for it.

Mr. RHODES. It is a very short-range missile?

General WHEELER. It is a short-range missile.

There is some R. & D. on a long-range missile, air-to-surface, which would improve our capability.

Mr. SIKES. It seems to me we have been hearing these names for a long, long time. Always we are developing them. When are we going to have something that is usable? I am concerned about the long period of development on these new weapons.

General WHEELER. We all are, Mr. Sikes. This is one of the areas in which the Joint Chiefs and the Secretary of Defense have expressed great concern, but, unfortunately, we are just unable to force technology beyond a certain point. The technology as of today will not support some of the things we would like to have.

Secretary LAIRD. I would like to add to General Wheeler's comments. We have the SRAM under consideration for procurement in the 1971 budget, but this program has slipped in R. & D. and there are questions whether we can go into procurement in 1971. But I want to assure the distinguished gentleman from Florida that that is a matter which is under consideration in the 1971 budget. However, I don't want to hold out too much hope that it will be ready for procurement in that next budget.

EFFECT OF SALT TALKS ON DEFENSE APPROPRIATION FOR 1970

Mr. MAHON. Mr. Secretary, Mr. Lipscomb and I have discussed a problem which I believe should be discussed at this time I believe it would be appropriate to ask it at this time in view of a question Mr. Sikes has asked. The question is this: Do you have any information which you can provide the committee which would indicate that the fiscal year 1970 appropriation for defense should be modified either upward or downward, solely because of possible conclusions which might result from strategic arms limitation talks commonly called SALT?

Secretary LAIRD. No.

Mr. MAHON. General Wheeler, as I stated earlier, we are delighted to have you before us. You have been before us many times in prior years. How long have you been chairman of the Joint Chiefs?

General WHEELER. Nearly 5½ years, sir.

Mr. MAHON. You may proceed with the statement that you have for the record.

STATEMENT OF THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF

General WHEELER. Mr. Chairman, I have a prepared statement which has been distributed to the committee. Much of what I say in

the prepared statement was covered in the Secretary's statement or has been covered in questions here.

With your permission, sir, I would submit that for the record but I would like to make a couple of remarks.

Mr. MAHON. Very well.

(The prepared statement of General Wheeler follows:)

STATEMENT BY GEN. EARLE G. WHEELER, U.S. ARMY

Mr. Chairman and members of the committee, the Joint Chiefs of Staff support the Department of Defense budget for fiscal year 1970 which, as you know, was initially formulated and submitted by the previous administration and reviewed and modified by the present administration. They participated fully in the executive branch decision processes which established the January budget levels and which subsequently made major downward revisions to those levels. The Joint Chiefs of Staff assisted in the articulation of the major defense objectives which the present budget seeks, they helped clarify the impact which the required budget reductions are going to have upon the national security, they advocated modifications where proposed cuts could have seriously jeopardized our defense posture, and they assessed the overall effects which the fiscal year 1970 budget will have upon our worldwide military capability. Although the fiscal year 1970 defense budget, as subsequently modified by an additional $3 billion expenditure reduction, will impact on our national power and increase the risks to our national security, it nevertheless represents a careful balancing of competing national interests, and it has accommodated security goals with economic stability and domestic needs.

There are, of course, many considerations other than purely military factors which must be taken into account in preparing a budget for the Department of Defense. Many domestic national goals as well as national economic trends must be kept in focus in reaching an optimum defense budget level. Still, the primary objective of the Joint Chiefs of Staff in rendering advice in these matters continues to be the maintenance of adequate U.S. power and security in a contemporary world arena which finds a major portion of the U.S. forces engaged in Vietnam, a global growth in Soviet military general purpose and strategic strike capabilities and a rising Red Chinese nuclear potential. The military posture of the United States must be fully adequate to provide for the security of our forces on the battlefield in Southeast Asia and be adequate to contain the current challenges of existing world power realities. Additionally, we cannot be satisfied with solutions which look only to the contemporary scene. The future, irrespective of our hopes and aspirations, is capable of producing recognizable situations which could be dangerously hostile to free men and to America. We must be prepared to preserve the physical and social integrity of the United States in such an environment, even as we seek political formulas to meet the new challenges at home and to reach peaceful settlements and arms control agreements abroad. Any defense budget must contain funding both for the present and the future.

Although the recommended figures of the fiscal year 1970 defense budget, when lessened by an expenditure reduction of $3 billion, will reduce our current military capability, we shall, nevertheless, be able to support the conflict in Southeast Asia on the scale presently planned, meet our other U.S. military requirements stemming from our worldwide national commitments, and prepare for the future. It should be recognized, however, that the contemplated reductions will reduce our military capability to meet unanticipated requirements in Southeast Asia, will limit the number of U.S. military options which will be available to meet new crises elsewhere in the world, and will, to some degree, slow new weapon development and procurement for our future military posture. The degree of new weapon sacrifice to budget limitations has, however, been carefully adjusted to maintain an appropriate emphasis on tomorrow's needs.

In past budgets, the future military needs of the United States have been deemphasized because of the pressing demands of the conflict in Southeast Asia. As a result, there are many new weapon systems starts in the current budget which can no longer be deferred if our future military strength is to be reasonably adequate. The problem of modernizing the forces of all the services is now extremely urgent. Of increasing concern to me is the U.S.S.R. military research

and development effort. Accelerating in the past, it is now equivalent to ours. From a broad and apparently extremely competent base of military technology now available to the Soviets, we can expect the upward trend in Soviet research and development to continue. It will, therefore, be necessary for the United States to carry out an aggressive research and development program adequate to meet this emerging advanced threat. The budget request of the Department of Defense does provide for the bare minimum in funds to perform the necessary research, development, and procurement for the new systems required even though significant reductions have been made here as elsewhere.

As you are well aware, most of the major downward revisions to the defense budget which have been transmitted to Congress since this past January were made in order to reduce total Federal spending for this fiscal year. To accomplish this purpose, reductions not only had to be made in future development and procurement programs, they also had to be made in the current operating expenses of our forces in being. Thus, our present as well as our future capabilities have had to be reduced. The following reductions in end fiscal 1970 operating forces have been made as a result of the downward adjustments to the January budget levels made in April and the recent expenditure reductions:

The Army is inactivating the 9th Infantry Division base and two of its three brigades, and all of the units included in the most recently announced withdrawals from the Republic of Vietnam. You will recall this withdrawal includes, for the Army, one more combat brigade and selected combat support and combat service support units. The support establishment based in the United States is also being reduced proportionately.

The Navy is inactivating more than 100 ships and more than 200 aircraft.

The Air Force is releasing more than 450 aircraft from its active operating inventory of strategic offensive and defensive aircraft, tactical aircraft, and airlift aircraft. Thirty-six Mace missiles will also be released. ---- —.

The Marine Corps is inactivating the 5th Marine Division, less one regimental landing team. Notwithstanding this reduction, forward deployment of Marine Corps forces in Japan and Okinawa, and afloat in the Pacific and Mediterranean, will still permit rapid reaction. However, reduction in naval amphibious lift and gunfire support will preclude making full use of this capability and will present definite risks.

As a result of the above and other actions taken thus far to reduce the fiscal year 1970 budget, the end-of-fiscal-year military end strengths will be decreased by 220,000 from the January budget ceilings—Army 72,500, Navy 77,200, Air Force 50,000, and Marine Corps 20,300.

These actions will not, as you may recognize, meet the full $3 billion expenditure reduction goal. Careful assessments are being made as to how and where the additional cuts can be applied with the least adverse impact. In formulating their recommendations concerning these and prior cuts, the Joint Chiefs of Staff are aware that the accumulating changes in the U.S. military posture, which the current fiscal restraints will produce, can carry with them consequences which go beyond a pure military assessment of force strengths. Abrupt changes in our military forces without concurrent change in political commitment can have the widest of consequences. Such actions could affect the force structures and expectations of other nations whose national security has been identified with ours.

A major unilateral reduction of our NATO-oriented forces or of our forces deployed in the Pacific, without a concomitant reduction in our commitments, could carry with it a progressive military deterioration in NATO and in the Far East. Should serious doubts be raised concerning the U.S. resolve, our security arrangements across the globe could be placed in jeopardy. For example, a weakening of the effectiveness or cohesiveness of the U.S. contribution to NATO could stimulate a military reduction by other members of the alliance. Thus, changes in U.S. forces could have unanticipated aggregate consequences to the free world overall military posture. World security, as well as U.S. security, could then be placed in danger were the Soviets to attempt to take military advantage of such a Western European weakening. The survival of the free world—indeed all the world—could be caught up in the stakes.

There is, of course, always a measure of risk associated with any force posture which must be responsive to fiscal restraints. Absolute certainty is a commodity which all of mankind seeks but it sometimes demands too high a price and it is always elusive. We cannot have certainty but neither can we abandon cau-

tion. As we adjust present and future military forces to meet the overall needs of the Nation, we must seek that balance between too much and too little—that balance called prudence. Considering the defense reductions which have been made and those which are now in the planning stage, the Joint Chiefs of Staff believe that we have reached the limits of prudent risk in the present circumstances.

Thank you, Mr. Chairman.

PARTICIPATION OF JCS IN BUDGET REDUCTIONS

General WHEELER. I would like to assure the committee that the Joint Chiefs of Staff have participated fully in the examination of the reductions that have been made in the budget.

Mr. MAHON. That have been made and that have been proposed.

General WHEELER. Yes, sir, we have.

It is our belief that the reductions have been made, as the Secretary said a moment ago, in such a way as to have the least possible adverse effect on our security.

Mr. MAHON. General Wheeler, do you say that under all the circumstances, fiscal and otherwise, you feel the proposed reductions are reasonably acceptable and are you in support of them?

General WHEELER. Yes, sir, the Joint Chiefs of Staff are.

I would like to say further that, of course, any force structure that is prepared with fiscal constraint obviously is not going to provide the forces and the posture to meet every possible contingency. However, we have provided in here for the continuance of the war in Vietnam in such a way as to support our forces effectively and permit them to carry out their mission.

We have struck a balance, I think, between the needs of the present and the needs for the future. In other words, we have tried to maintain forces to protect our security today. At the same time we have supported programs that will provide for our security 5 or 10 years in the future.

I would like to conclude by saying this, sir: The Joint Chiefs of Staff consider that these reductions in this budget really represent the limits of what we would call prudent risk.

TWO AND ONE-HALF WAR CONCEPT

Mr. MAHON. Thank you, General.

Of course, no one can foresee the future and we recognize there are danger spots all over the world. We realize a nation cannot be prepared to fight instantaneously at every point of the globe. This is understandable.

As you know, there has been considerable discussion in the Congress and in the press relative to the so-called two and a half war concept. I believe it has been reported recently that the Department of Defense has indicated this concept has been altered somewhat, and that we are now embracing a defensive and offensive posture sufficient to support only one and a half wars, or conflicts.

This brings up the question of how this reported change in concept will impact this year and in future years on the Defense budget.

I would like to know the justification for the change, if it has been made, and just what is involved here.

Mr. Laird, probably you should speak to this first.

Secretary LAIRD. First, Mr. Chairman, I think there is a lot of misinformation about where we are now, what the posture of the United States is at the present time.

It is true that the Joint Chiefs of Staff, in submitting their joint strategic objectives plan to the Secretary of Defense, submitted a request which would have provided this country with a capability of fighting two major wars and one minor conflict. This was the first so-called request which was made to the Secretary of Defense for the fiscal year 1970 budget. It contained forces and programs which, together with the Defense Agencies, MAP, and so forth, I believe, would have required about $111 billion in fiscal year 1970. This was finally reduced in the service budget submissions to about $100 billion. Both of these figures excluded new pay increases. Then the Secretary of Defense went through his budget review.

Now, when the budget was finally submitted by the Secretary of Defense to the President of the United States, it included a total request for approximately $80 billion, excluding new pay increases. The $80 billion was a realistic estimate as to what the Secretary of Defense and the President felt could be spent in the defense area, but it was not enough to provide this country or put this country in a posture to handle two major wars and one minor war. If we price out where we are in our budget today, we are realistically in a position—if we discount the present Vietnam situation—where we could support one major war and one minor conflict.

I did not like to see the Joint Chiefs of Staff put in a position where the Secretary of Defense could always come up to the Congress and say that he had made tremendous budget reductions. My immediate predecessor could claim a reduction of almost $31 billion in the forces and program requests made by the Joint Chiefs in the JSOP. But the Chiefs were planning on one basis and the Secretary of Defense and the President were planning on another basis. It just did not seem to me realistic to require the Joint Chiefs of Staff to submit a force plan based on one type of strategy when the country wasn't about to finance that particular type of strategy.

Now, back in the Eisenhower administration there developed a policy which was based almost entirely on fiscal restraints and guidelines which were set forth by the Secretary of Defense prior to the time the budget was drawn. There was a swing in the Kennedy administration in which all fiscal guidelines were done away with as far as the services were concerned in preparing their budgets. I believe that these were two extremes. The approach in the Eisenhower administration, and then the new approach that came about in the Kennedy administration, with no fiscal restraints being given to the services in the preparation of their budgets, but only the general guideline of being prepared for two major wars and a minor war. They would prepare their budgets and the budget figures they had worked long and hard on would mean very little because they weren't really in the ball park of what the country could support.

What we are now trying to do is to look at where we are and what we can support and then take the procedures that were used in the Eisenhower administration and the procedures used in the Kennedy administration and try to take the best of both. And so in our review

of the fiscal year 1971 budget we are now looking at what we can support and how much it will cost us to continue the program at its present level, rather than go through this other exercise.

I will probably go down on the record as the Secretary of Defense who has reduced the Chiefs' and the service recommendations by less than any other Defense Secretary in the last 10 years, but we are using a different basis. However, this does not mean that we are changing our capabilities as far as what we can do right now is concerned.

Mr. MAHON. General Wheeler, do you concur in what Mr. Laird has said and do you have anything to add?

General WHEELER. I concur in what he has said. I would like to add this, Mr. Chairman: The forces provided by the budgets of past years could not support a 2½-war concept, loosely expressed. We, in effect, were kidding ourselves by having a strategic concept which envisioned such a capability. I believe that the way the strategic concept is formulated today is a much more realistic concept in view of fiscal limitations and the other pressures of which members of this committee are well aware.

Secretary LAIRD. Mr. Chairman, I just think that the military shouldn't be in a position where they are embarrassed to the extent that they were in being required to submit figures on one basis to the Secretary of Defense, while the Secretary of Defense and the President submit them on an entirely different basis to the Congress. I just don't think it does anybody any good to operate that way.

Mr. ANDREWS. A 2½-war, or a 1½-war?

Secretary LAIRD. What we are trying to do is to put together a budget based on where we are today and what it would cost to continue our strategic posture at the same level that it is today without any changes, and also what it would cost to continue our conventional force posture at the level that it is now, discounting Vietnam.

ARBITRARY DEFENSE BUDGET CEILINGS

Mr. MAHON. Mr. Secretary, what you are doing, and proposing to do, in the way of controlling the Defense Department is beginning to sound quite familiar. As I recall, and I think you well remember, during the middle and late 1950's the Chief Executive would issue an arbitrary defense budget ceiling; the Department of Defense would divide that up among the military services proportionately, and the military services were pretty much allowed to go their own way. Do you intend to resume that system?

Secretary LAIRD. It is true that the situation in the national economy, as well as the relative priority attached to nondefense programs, are major factors in determining the level of resources that can be devoted to defense programs. However, I want to make it clear that our approach to budget formulation will not be arbitrarily to divide this total among the services.

We plan to allocate the estimated resources available by force and functional areas, rather than by arbitrary division among the services. The amounts provided for each of these categories will be developed as the result of our review of specific programs and will not be issued in terms of arbitrary ceilings. The military departments and the Joint Chiefs of Staff will be asked to develop programs and forces under the total fiscal guidance, and to propose equal cost tradeoffs which,

in their judgment, will provide a more balanced program within the total resources available. Mr. Packard and I will review these equal cost tradeoffs, together with our staff, and make specific decisions concerning their approval, disapproval, or modification.

Mr. MAHON. We are concerned that the stage could be set for inordinate budget requests from the services to begin with, the strong probability of uncoordinated, duplicating, and overlapping weapons systems, and much lobbying activity on the part of the military services before Congress in support of their favorite programs. You will recall the Thor and Jupiter. It could result in inept and ineffective forces in the future since they may be equipped and operating on an uncoordinated basis. I presume you have considered all these matters. Since you once sat here, and have seen this type of thing unfold before the committee, how do you propose to avoid these pitfalls?

Secretary LAIRD. We certainly appreciate the importance of the problems you mention, but I believe our approach to resource allocation within the Department will enable us to avoid them. The new system of planning, programing, and budgeting will be based upon a national strategy approved by the President, which can be financed with the resources available for defense programs. The fiscal guidance, which will be provided to the Joint Chiefs of Staff and military departments, will be an initial estimate of the allocation of resources, to implement this strategy. The Chiefs and services will review the guidance and recommend changes as appropriate. This planning, and our decisions, will not be uncoordinated. Since we all start with the same ground rules, I would expect that it might be just the opposite, a highly coordinated procedure. The new system has the support of the Joint Chiefs and the service Secretaries, and has been structured in such a manner as to avoid the kinds of debates that occurred some years ago in support of the services' favorite programs.

EFFECT OF REDUCTIONS ON MILITARY POSTURE

Mr. MAHON. Mr. Secretary, in announcing cutbacks, you said on one occasion, "I want the American people to know that there will be an inevitable weakening of our worldwide military posture."

You also said, "It is clear that our defense readiness will be weakened."

In your statement today you have made statements of similar import. I would like for you to give us for the record the areas where the weaknesses will occur.

(The information follows:)

In announcing reductions in defense spending of up to $3 billion, I did say that our defense readiness would be weakened and that our capability to meet current commitments would be reduced. However, I also stated that we would strive to make cuts that would have the *least* possible impact on our readiness. The review of the fiscal year 1970 budget was undertaken with that guidance.

It must be recognized that even before the reductions our military posture worldwide was less than optimum because support of the stringent demands of the war in Vietnam has caused a reduced level of readiness elsewhere. The reductions are being undertaken so as to maintain a reasonable balance of capabilities and to avoid deficiencies in functional or geographic areas that would jeopardize our national interests.

I covered briefly in my statement the reductions in our forces in-being and our military posture by force area. In addition to these reductions, we plan to reduce the tempo of operations in some areas, and cut down our civilian per-

sonnel force. I am confident, Mr. Chairman, that although these cutbacks will weaken our *overall* level of readiness, they will not result in deficiencies, either functional or geographical, that would jeopardize our national interests.

Mr. MAHON. I believe a majority of the citizens of this country are convinced that we possess enough missiles, with enough nuclear warheads, to destroy civilization, really, as we know it. Have the proposed reductions weakened our strategic forces in any significant way?

In answer to a question from Mr. Sikes, you pointed out your views on that to some extent. Would you like to amplify those views?

Secretary LAIRD. No, Mr. Chairman. I think we pointed out we did not weaken the overall strategic-force posture. I went into that with Mr. Sikes.

NEED TO DEAL FROM A POSITION OF STRENGTH

Mr. MAHON. As you know, this committee has always advocated that the United States should deal with other nations at the conference table or otherwise from a position of strength. We feel the United States should not be required to deal from a position of weakness, or be made to appear to be dealing from a position of weakness.

Some of the statements made during the ABM debate by officials in the executive and legislative branches as to the growing strength of the Soviet Union were alarming. Some of the statements you have made today concern us, and the facts which we have had during our hearings this year give us concern that the Soviet Union is building up its strength strategically and otherwise. I am thinking in terms of the number of Soviet missiles of certain types, the number and size of their warheads, and so forth.

Do you feel that in our international negotiations the United States is still dealing from a position of strength, or have you concluded that we are presently dealing from a position of weakness?

Secretary LAIRD. Well, Mr. Chairman, if we were to look at this question from the standpoint of where the United States was at the time of the Cuban missile crisis and the balance, which favored the United States by more than 4 to 1 at that particular time, we were dealing at that time from a position of strength.

Now, Mr. Chairman, as we move into the strategic arms limitation talks which have started in Helsinki this week with the Soviet Union, I think it should be perfectly clear that the United States possesses an unquestionable deterrent force today. However, I am concerned about the growing strategic strength of the Soviet Union and we certainly have seen no indication of a halt in the building of that strength. We cannot predict the outcome of the talks, Mr. Chairman or their duration.

As Secretary of Defense, I consider it my responsibility to insure the maintenance of our deterrent in the face of this growing threat of the Soviet Union by recommending to the President and the Congress programs and forces which I feel will meet that responsibility.

DESTRUCTION OF NATION THROUGH OVERSPENDING

Mr. MAHON. Mr. Secretary, the Communist leaders have, over the years—I am now looking at the matter of national defense from an-

other angle—prophesied that the capitalistic countries would destroy themselves economically. As you know and have indicated, much of the reduction in the Defense budget before us is a part of an effort to control gross Federal spending. We cannot risk the destruction of our Nation by irresponsible spending and irresponsible fiscal policies in domestic and international fields.

Are we threatening to make it impossible to maintain an adequate defense as a result of spending on defense or in other areas? Is there any logic, in your opinion, to the hope of our opponents that we will destroy ourselves from within by overspending?

Secretary LAIRD. Mr. Chairman, there is this danger, but I believe we have taken it into consideration in our budget review. The administration recognizes the dangers to our country's security from faulty economic policies and from the threat of inflation which has increased at a growing rate. We recognize, further, that total Federal spending has a tremendous impact on the economy and is a direct factor in the inflation we are presently experiencing.

The most important function that can be performed is the control of Federal spending as far as the executive branch and the Congress are concerned, and we are trying to do our part in that. We have reduced military forces as well as nondefense areas of the budget in recognition of this economic threat which does endanger the national security of the country.

We also recognize the importance of the domestic needs, the claims that are made on Federal revenues by other programs. But I can assure you, Mr. Chairman, that this problem which you outlined, the threat to our national security from faulty economic planning, is a very severe threat and one that affects our national security along with our military spending programs.

Although we have reduced the readiness somewhat by some of the actions we have taken and proposed to this committee, we are also assessing them against a review of our national security objectives in the National Security Council. I believe the administration's actions have been taken in the light of the economic requirements and they certainly weren't just taken as a direct refutation of the Communist leaders, or the philosophy of Lenin. They were based upon sound economic policy which we feel we must pursue here in the United States.

PROPOSED REDUCTIONS

Mr. MAHON. I believe now that you are proposing reductions in appropriations of about $5.5 billion. About $400 million of this relates to military construction and about $5.1 billion relates to the regular defense appropriation bill. Is this about correct?

Secretary LAIRD. That is correct.

Mr. MAHON. I wish you would for the record give us a breakdown of the total reductions between the regular military functions which are included in our bill and those for military construction and other military related activities.

Secretary LAIRD. The currently planned reductions for regular military functions total approximately $5.1 billion in NOA and $2.9 billion in expenditures. The military construction reductions are presently targeted at about $400 million in NOA and $100 million in expenditures. I will provide a summary table of these reductions for the record.

(The information follows:)

[Dollars in billions]

	NOA	Outlays
Military functions	5.1	2.9
Military construction	.4	.1
Total	5.5	3.0

The current status of these reductions is:

[Dollars in billions]

	NOA	Outlays
Provided to House Appropriations Committee by military services	3.4	2.0
Provided to House Appropriations Committee by SecDef	1.3	.6
Items under consideration to replace restorations by conference in authorization bill	.4	.3
Military construction reductions, House Armed Services Committee	.4	.1
Total	5.5	3.0

Mr. MAHON. It has been a little difficult to keep track exactly of all the proposed recommendations regarding reductions that have been made by the Department of Defense. I wish you would make sure the record shows precisely what proposed cuts in appropriations you wish to present.

Of course, it is the responsibility and the duty of Congress—and Congress will exercise the responsibility—to use its own independent judgment in determining what will be contained in the bill.

Secretary LAIRD. Mr. Chairman, could I give you a list of the dates——

Mr. MAHON. I am not especially concerned about the dates. I am just concerned that the information be clear in this record. I believe that your statement pretty well answers the question.

Secretary LAIRD. I have a table here which outlines it by date.

Mr. MAHON. That may be included in the record.

(The information follows:)

PRESS ANNOUNCEMENTS, PROJECT 703

Date		Expenditure reductions amount (in millions)	Approximate NOA reduction (not shown in press announcements)
June 8, 1969 (President Nixon)	"As a consequence of the recommendation by the President [Thieu] and the assessment of our own commander in the field, I have decided to order the immediate redeployment from Vietnam of a division equivalent of approximately 25,000 men."	(1)	220.4
Aug. 21, 1969 (Laird)	The Armed Forces fiscal year end strength will be reduced by more than 100,000 military and more than 50,000 civilian.		
Do	Defense expenditures in fiscal year 1970 will be cut up to $3,000,000,000.	$3,000	[2] 5,100.0
Sept. 16, 1969 (President Nixon)	"After careful consideration with senior civilians and military advisers and in full consultation with the Government of Vietnam, I have decided to reduce the authorized troop ceiling in Vietnam to 484,000 by Dec. 15 . . . a minimum of 60,000 troops will have been withdrawn by Dec. 15." [3]	(1)	278.5
Oct. 20, 1969 (Laird)	Major actions we have taken or plan to take in fiscal year 1970 include: [4] A $4,100,000,000 reduction in expenditures; About $8,000,000,000 cut in budget authority; A 220,000-man reduction in military manpower; A 68,000-man reduction in the civilian work force, and A significant impact on the defense industry resulting from these actions.		
Oct. 27, 1969 (Laird)	Secretary has approved 307 actions to consolidate, reduce, refine or close installations and activities in the United States, Puerto Rico, and overseas.	[5] 200	200.0

[1] Not announced.
[2] Approximate.
[3] Actually the total reduction in authorized strength amounts to 65,500 (25,000 previously announced and 40,500 now).
[4] Note that these amounts include reductions made by the Apr. 15 amendments as well as the Project 703 reductions.
[5] Approximately $200,000,000 will be saved during fiscal year 1970, and $609,000,000 annually thereafter.

ARMY—PROJECT 703, PRESS ANNOUNCEMENTS

Date		Expenditure reductions amount (in millions)	Approximate NOA reduction (not shown in press announcements)
May 19, 1969 (Resor)	Terminate Cheyenne helicopter program	(1)	429.0
Aug. 21, 1969 (Laird)	Army will reduce its fiscal year 1970 non-SEA operations, maintenance, and training by approximately $500,000,000.	500.0	
Aug. 21, 1969 (Laird)	Army plans to inactivate the 9th Infantry Division	40.4	55.5

[1] None announced.

NAVY-MARINE CORPS—PROJECT 703, PRESS ANNOUNCEMENTS

Date		Expenditure reductions amount (millions)	Approximate NOA reduction (not shown in press announcements)
Aug. 22, 1969 (Chaffee)	Navy identifies 76 ships to be retired	(1)	145.0
Do	As a result of the retirement of 76 ships and subsequent actions, the Navy will reduce its military manpower by about 72,000.	(1)	139.0
Do	Reduce military personnel strength by about 20,300 in the Marine Corps.	(1)	53.3
Do	Reduce military personnel 7,200 of the previously announced 72,000 military manpower reductions in the Navy.	(1)	(2)
Sept. 22, 1969 (Chafee)	Deactivation of the 5th Marine Division with the exception of the 26th Regiment in Vietnam.	(1)	(3)
Do	A reduction of approximately $115,000,000 in Marine Corps expenditures.	$115.0	155.9
Do	An end strength reduction of 20,300 Marines during fiscal year 1970.	(1)	(4)
Do	Plans to base, on Okinawa and at Camp Pendleton, elements of the 3d Marine Division being redeployed from Vietnam.	(1)	(5)
Do	Navy announced names of 22 additional ships and 11 aviation units.	48.0	(3)
Oct. 1, 1969 (Chafee)	Inactivate the U.S.S. "Boston"	1.8	(3)
Oct. 17, 1969 (Chafee)	Navy plans to reduce its civilian work force by about 30,000 during the present fiscal year.	(1)	51.2
Oct. 17, 1969 (Chafee)	Navy plans to retire 4 technical research ships	(1)	6.6
Do	Navy plans to retire 7 construction battalions (Seabees) (as a result about 5,000 men will be released from active duty).	(1)	17.2
Oct. 29, 1969 (Chafee)	28 Naval Reserve training centers and facilities across the country will be disestablished by December 31, 1969, as part of Defense savings program. Approximate annual savings, $0.4 million.	.4	.5
Nov. 5, 1969 (Chafee)	Navy announced today that 8 destroyers and 2 aviation units (CVSG-52 and VP-21) will be retired as a part of the economy program announced by Secretary Laird on Aug. 21. Total ships retired to date is 111.	8.8	10.1

[1] None announced.
[2] Not applicable.
[3] Included in the 145.0 shown for the first item in this table.
[4] See above.
[5] Included in 53.3 shown for 3d item in this table.
[6] No NOA involved.

AIR FORCE—PROJECT 703, PRESS ANNOUNCEMENTS

Date		Expenditure reductions amount (in millions)	Approximate NOA reduction (not shown in press announcements)
June 10, 1969 (Packard)	MOL cancellation	(1)	(1)
Aug. 21, 1969 (Laird)	Air Force will reduce its non-SEA training by 300,000 flying hours for the remainder of this fiscal year.	(2)	53.0
Sept. 22, 1969 (Seamans)	Reduce personnel strength by 45,000 airmen; 5,000 officers; and 13,000 civilians.	(2)	117.0
Do	Reduction in the active inventory of indirect support and test aircraft by approximately 185 aircraft.	(2)	
Do	Phase out 24 WB-47 aircraft	(2)	4.4
Do	Termination of the F-100 Fighter Weapons Course at Nellis AFB, Nev.	(2)	.5
Do	No large-scale RIF—reduce by reduced personnel procurement, early release from active duty on nonreplacement of attrition.	(2)	(4)
Do	Of the total number of aircraft being reduced, approximately 90 are AF Systems Command testbed aircraft, including C-97's, C-135's, F-100's, F-101's, F-106's, and F-4's.	(2)	(4)
Do	Planned procurement of vehicles, supplies, electronics, base maintenance and support equipment of approximately $100,000,000 is being deferred.	(2)	100.0
Do	Planned expansion of leased commercial communications deferred.	8.0	8.3
Do	Installation of phase II B-3500 data processing and other computer systems at AF bases partially deferred.	10.0	10.6
Do	Reduce military personnel strength by about 50,000 in the Air Force.	(2)	(4)
Nov. 3, 1969 (President Nixon)	"Our air operations (in South Vietnam) have been reduced by over 20 percent."	(2)	184.8

[1] Several hundred million.
[2] None announced.
[3] Approximately $193,000,000.
[4] Not applicable.
[5] See above.

Mr. MAHON. How firm was the $5.1 billion reduction in new obligational authority and the $2.9 billion in expenditures?

Secretary LAIRD. The $5.1 billion reduction in new obligational authority and the $2.9 billion expenditures were not firm figures since those amounts assumed the conferees on the procurement and R.D.T. & E. authorization bills would agree on the lower amount of either the House or the Senate Armed Services Committee recommendations. It was recognized that to the extent that a higher amount was approved by the conferees, substitute items of equal expenditure value would need to be identified. The new obligational authority reduction assumed as a part of the authorization bill and included in the $5.1 billion was $990.5 million. The conferees actually restored $747.8 million of this amount, requiring substitute items to be identified to replace this NOA figure. Associated with the $990.5 million was the estimated expenditure amount of approximately $400 million. Accordingly, it is necessary to find replacements for about $350 million of expenditures. The revised targeted reduction—including military construction—in new obligational authority is $5.5 billion and in expenditures is $3 billion. Of these amounts $0.4 billion in authority and $0.3 billion in expenditures have not yet been finally determined.

EFFECT OF AUTHORIZATION BILL ON REDUCTIONS

Mr. MAHON. What effect did the military procurement authorization bill have on these reductions?

Secretary LAIRD. It required us to make adjustments in our reductions, because of the difference between our planning base and the actual conferees' report. As a consequence, we still have $0.4 billion in authority and $0.3 billion in expenditure adjustments to finally determine.

Mr. MAHON. What effect will the restoration of items deleted from the authorization bills have on the total reduction in new obligational authority and expenditures of $5.1 billion and $2.9 billion, respectively.

Secretary LAIRD. As a result of the restorations in the authorization bill and the compensating actions taken to date, the NOA reductions, including military construction, now total $5.5 billion of which $0.3 billion has not been finalized. Associated with this $5.5 billion is a $3 billion expenditure reduction of which $0.3 billion has not been finalized. The NOA of $5.1 billion and expenditures of $2.7 billion represent firm decisions as of this date insofar as appropriation amounts are concerned. There may be some changes within the appropriation totals however as we proceed with the execution of the fiscal year 1970 program. The remaining items are currently under review for final decision. Definitive action, however, will be taken in the near future to assure the full $3 billion expenditure reduction is effected.

IDENTIFICATION OF FURTHER REDUCTIONS

Mr. SIKES. Will there be additional reductions beyond those previously announced?

Secretary LAIRD. Yes, there will. In order to achieve the goal which was set out and which I discussed with this committee informally several weeks ago, we will still have to identify $400 million in further NOA reductions which have not been announced and which have not been identified as of today.

Mr. MAHON. You are speaking of expenditure reductions?

Secretary LAIRD. That is correct. We have to get $300 million more of expenditure reductions in order to meet the target which I outlined earlier to this committee and it happens to be in this case that we need $400 million in NOA to get about $300 million in expenditures.

Mr. SIKES. Then I understand that other than an additional $300 million, the Department of Defense has no further cuts projected for fiscal year 1970?

Secretary LAIRD. That is correct.

ADDITIONAL BASE CLOSURES

Mr. SIKES. Will there be further base closures or reductions?

Secretary LAIRD. There will be some reductions that will be announced in fiscal year 1970, that is correct.

Mr. SIKES. When can that announcement be anticipated?

Secretary LAIRD. We will probably have one in early spring, but I want to make it clear, Mr. Sikes, that that will not have any signifi-

cant effect on expenditures or new obligational authority in fiscal year 1970. There are very few exceptions—there are some personnel reductions yet to be announced, and then there is a Navy announcement to come on its headquarters, but these are not base closings. They will only be personnel reductions and they will be the only things affecting expenditures in 1970. Any further base closings this coming spring would not affect expenditures in 1970.

Mr. SIKES. Is that reduction list available now?

Secretary LAIRD. No, it is not. I have a list of force reductions which will be announced between now and January 1 and that is pretty well finalized, but it has to do with a cutback of personnel.

REDUCTIONS IN CIVILIAN PERSONNEL

Mr. SIKES. Will there be additional civilian reductions beyond those already announced?

Secretary LAIRD. They will be within the 68,600 that have been announced, though.

Mr. SIKES. No civilian reductions beyond the 68,600 already announced?

Secretary LAIRD. With the exception of the spring base actions. We are also reviewing some personnel in the Department of Defense and in each of the services, trying to make additional reductions. I don't want to say that if we can find some places where we can reduce personnel we are not going to do it. We will do it and will tell this committee.

The budget announcements that we have made and the recommendations that we have before you now are based on 68,600 civilian reductions and 220,000 military reductions in fiscal year 1970.

AIRCRAFT OVERHAUL AND REPAIR OVERSEAS

Mr. SIKES. You have already announced reductions in force at all of the Navy's overhaul and repair facilities. I note at the same time, and I have called this to your attention by letter, that we are continuing to do aircraft overhaul and repair in overseas installations, particularly in the Pacific. I raised this point; will it not be preferable to return those planes to the United States in the majority of cases for overhaul and repair within the continental United States rather than to discharge American workmen and to give this employment to foreign workmen, with the attendant gold flow and other problems?

Secretary LAIRD. Mr. Sikes, this matter is currently under consideration and I can assure you that we are looking at it right now.

Mr. MAHON. Will you supply an answer at this point?

Secretary LAIRD. I will supply a detailed answer.

(The information follows:)

After conducting an in-depth review and analysis of the overseas contract depot maintenance program projected for fiscal year 1970 and 1971, the following workload and costs associated with these programs are depicted in the chart below. The assessments and evaluations were made in coordination with representatives of each of the military departments and the consolidated data represents projections to be accomplished in both the Asian and European theaters.

OVERSEAS CONTRACT DEPOT MAINTENANCE PROGRAM FOR AERONAUTICAL EQUIPMENT, FISCAL YEAR 1970-71

[Dollar amounts in millions]

	Workload in man-years	Cost	Workload in man-years	Cost
Army	115	$0.405	202	$0.900
Navy	3,517	32.356	3,478	32.000
Air Force	2,598	12.358	2,350	13.547
DOD	6,230	45.069	6,030	46.447

It will be noted that the above data reflects a slight reduction in workloads to be performed by contract in the overseas areas between fiscal year 1970 and fiscal year 1971. After making a review of each of the specific aircraft and their associated hardware, which is being processed by contractual sources in the overseas area, it has been determined that all equipments which can be returned to the Continental United States for depot maintenance are being returned. Specifically, only those Navy aircraft which are shore based in Asia are being supported by contractual means in the theater. Carrier based or fleet operating aircraft are being returned to CONUS activities for depot maintenance support. Additionally, hardware associated with these aircraft are being accomplished in the same manner. Exceptions to this basic policy occurs only when emergency support is required for accessories and components which are in critical short supply in the Navy system. Another significant element of work that is being commercially supported relates to the Marine Corps helicopters which are operating in Southeast Asia. While these equipments are shore based and it would seem reasonable to conclude they could be returned to CONUS for depot maintenance support, such action cannot be implemented due to the lack of sufficient quantities of those types and configured aircraft to support a transportation and overhaul pipeline and at the same time provide operating units with the required number of aircraft to carry out and execute their basic tactical mission. Thus, it will not be feasible to return these helicopters to CONUS activities for maintenance support until such time as tactical conditions permit a reduction of the need for present quantities in Southeast Asia.

In the case of the Air Force, only those aircraft which cannot be flown back to CONUS for depot maintenance are being supported by overseas contractors. Even though the aircraft are being supported by contractual means, all accessories, componentry, and other hardware are being returned to CONUS activities for maintenance support as opposed to contracting for this work. All multi-engine Air Force aircraft having sufficient range to return to CONUS are cycled through either Air Force organic facilities or contract sources as appropriate.

The Army has been returning the majority of all their aeronautical equipment to the CONUS for depot maintenance support since the outset of hostilities in Southeast Asia. Only a minimum of contractor depot maintenance support is being used in Southeast Asia and an even lesser amount is being performed by contract in Europe. Army plans call for complete phaseout of contracting for aeronautical equipment maintenance in Europe in fiscal year 1971. A small contract program is being carried out by Army on CH-47 helicopters during fiscal year 1970 and 1971. The work is being performed in South Vietnam by a Vietnamese contractor. The accomplishment of this program through this means is deemed both desirable and prudent in order to reduce downtime of the equipment that would be incurred if the work were performed in CONUS and this approach will provide for the availability of a greater number of these helicopters to tactical units than would be otherwise possible. These equipments are few in number and serve a critical need in Southeast Asia.

It must be recognized that the programs as projected for fiscal year 1970 and 1971 are predicated on an extension of the current levels of air and combat activity rates. In general, they are geared to tactical activity rates currently experienced and projected. In the event that tactical operations are significantly reduced during the time frame covered, these depot maintenance workloads will be reduced accordingly and in those instances where the aeronautical equipment included in these overseas programs are to be retained by U.S. forces they will be returned to CONUS for depot maintenance support.

SHIP CONSTRUCTION AND REPAIR OVERSEAS

Mr. ADDABBO. We in New York have the same problem of the shipyards and men being put out of work. I have taken this up with the Navy. While you are looking into the question of the aircraft, perhaps you could look at the question of the Navy.

Secretary LAIRD. Except for five small ships, we are not doing any ship construction work outside of the United States at the present time. I will be very happy to look at that problem, however.

Mr. MAHON. He is talking about ship repairs.

Secretary LAIRD. We are doing very little in the way of repairs in foreign yards. We have had several suggestions that we do some ship repair work in Singapore in order to have a cooperative arrangement with the Australians there. But that would not be significant in amount. I will be glad to look into that matter also.

It would seem to me, though, as we look over the ship construction program and as we go forward with budget reductions, that if there are additional budget reductions to be made in the future we are going to be moving in the direction of closing more facilities in the United States. This is one of the things that comes about when you curtail defense expenditures and curtail the defense budget. It is unfortunate, but it is one of those things that we have to do.

ESTIMATED COST OF VIETNAM WAR

Mr. MAHON. Mr. Secretary, I would like to move to another subject now.

When you were a member of the Committee on Appropriations, you were often critical of budget estimates submitted by the Department of Defense. Would you say to the committee that the budget for fiscal 1970 which we are presently considering includes all costs of the war in Vietnam for the fiscal year 1970?

Secretary LAIRD. The budget for 1970, Mr. Chairman, is based upon our best estimate of the levels of activity and forces in Vietnam. Should there be any significant increase, or decrease in activity levels, or changes in the force deployments, our present estimates would have to be revised.

Mr. MAHON. Your current estimate is about $23 billion.

Secretary LAIRD. Our current estimate, overall estimate, is $23.2 billion for fiscal year 1970. This is the full cost, not the incremental cost, as far as the war in Vietnam is concerned. This is the full cost of the war in Vietnam at the present time and at the present spending rate. The incremental cost is somewhat lower. I am sure the members of the committee will recall I used to get into these arguments with the Secretary of Defense—whether we were talking about full costs or incremental costs. I am talking about full costs.

Mr. MAHON. Explain, for the record, the difference between full costs and incremental costs.

Secretary LAIRD. I will do that. I think it is well that we understand that difference, because some of the costs that are in the $23.2 billion will be continuing whether the forces are supported in Vietnam or not. I have argued this point repeatedly, and I think it is well to put it in here in detail—what the difference is between incremental cost and full cost.

(The information follows:)

FULL COSTS AND INCREMENTAL COSTS OF THE WAR IN SOUTHEAST ASIA

The full costs of the war cover the military personnel (deployed and backup) added for Southeast Asia since 1965 and the costs of equipping and supporting forces in Southeast Asia. Some of these costs would have been incurred in any event, incremental costs represent the *net* difference between wartime and peacetime needs.

For example, the ammunition used in Southeast Asia is counted as a war cost. Had there been no war, our ammunition requirements for peacetime training would have been somewhat greater than they now are. A unit deployed in Vietnam might use 1,000 rounds per month in combat. In peacetime, that unit might have used 50 rounds per month for training. Full costs would reflect 1,000 rounds per month; incremental costs would reflect 950 rounds per month--the net difference between wartime and peacetime needs.

Similar considerations would apply to aircraft operations. Full costs reflect the cost of operating aircraft in Southeast Asia—fuel, parts, maintenance, and so forth. However, some costs would be incurred in peacetime training of the units, and this should be recognized in determining incremental costs.

Other examples involve equipment attrition and losses. The cost of replacing aircraft losses in Southeast Asia is treated as a war cost (under full costs). However, some aircraft would have been lost by those units in peacetime training, and, to the extent possible, this should be recognized in determining incremental costs. Moreover, as older aircraft are lost, they have often been replaced with newer-type aircraft—with the cost of the newer aircraft being treated as a special war cost, since the immediate reason for buying them was to replace combat losses. Some of these procurements would have been made in any event, to modernize the force; this, too, should be recognized to the extent possible in determining incremental costs.

Units deployed to Vietnam have sometimes received special equipment, or greater quantities of some items than previously provided. The costs of the added items have been treated as special war costs. However, in some cases our experience has proved that the equipment should be incorporated in the baseline force (the peacetime force level necessary to meet our commitments excluding Vietnam). Once again, the incremental cost would be considerably below the full cost we have reported.

Many new units have been created for operations in Vietnam, and the cost of these units has been treated as a special war cost. In some cases, however, it has been determined that these new units should be continued in the baseline force, and other units have been disestablished. Our wartime costs (on a full-cost basis) continue to reflect the full costs of the new units, while the disestablished units have been deleted from our non-war costs. Incremental costs would reflect only a part of the costs of such new units.

The war greatly increased our needs for equipment maintenance—there is much more equipment in use, it is used more intensively, and the standards must be high. We have tried to recognize this in developing estimates of special war costs. Our experience has shown, however, that in some respects our prewar maintenance standards were too low, and we do not plan to return to them. To this extent, the full cost which we have reported is higher than an incremental cost.

A significant part of our R. & D. effort has been directed to problems arising from combat in Southeast Asia, and has been reflected as a war cost. However, a great deal of this effort in limited war R. & D. would have been necessary in any event, so that our reported full costs of R. & D. in support of Southeast Asia are considerably above the incremental costs.

In summary, the costs of the war as we have reported them include costs of many types which would have been incurred in any event. Incremental costs, to the extent possible, exclude these.

In addition to the distinction between full and incremental costing, there are other important factors in considering the impact of Southeast Asia developments upon Defense budgets. These include problems with respect to reconstituting inventory levels and meeting backlogs that have accumulated in other areas while priority was given to operations in Southeast Asia.

It should again be emphasized that there are no precise accounting records for these special war costs, nor can there be.

Mr. ANDREWS. We keep hearing about $30 billion. Is that figure not correct?

Secretary LAIRD. That was approximately the cost in 1969. We were up at $28.8 billion. That was the full cost in 1969.

Mr. MAHON. We are almost halfway through fiscal year 1970, so you are in a position to make some pretty good estimates here.

Give us for the record the original estimate for 1970 costs of the war and the original estimate for the cost of fiscal year 1969 and the actual cost of fiscal year 1969 of the war. Supply that for the record.

(The information follows:)

The estimate of Southeast Asia expenditures in the President's fiscal year 1969 budget (submitted in January 1968) was $25.8 billion. The cost for fiscal year 1969 was reestimated in the fiscal year 1970 budget submitted in January 1969 at $28.8 billion which included a fiscal year 1969 supplemental appropriation for Southeast Asia support. The original estimate in the budget submitted in January 1969 was $25.4 billion for fiscal year 1970.

It should be emphasized that these amounts represent estimates only, since they are not based upon specific accounting records; nor is it possible to establish such records. The computations, however, are based upon a consistent set of ground rules and assumptions so that they are comparable.

Mr. RHODES. Did I understand correctly that the projected cost for Vietnam for fiscal year 1970 is $23.2 billion?

Secretary LAIRD. It is now estimated to be $23.2 billion. In the original fiscal year 1970 budget it was $25.4 billion. As I pointed out, the 1969 cost was $28.8 billion. These are full costs.

PERSONNEL REDUCTIONS

Mr. MAHON. Make it clear because there is so much misunderstanding.

Have you allocated the 68,000 civilian employees reduction and the 220,000 military personnel reduction to the various services?

Secretary LAIRD. Yes, we have, Mr. Chairman, and I have the figures here.

Mr. MAHON. Be sure to put them in the record. I believe your statement contained them.

Secretary LAIRD. Yes. I didn't break them out by service in the text of my statement. Table 4 of my prepared statement has such a breakdown.

Mr. MAHON. I believe so.

DRAFT-CALL REDUCTIONS

Mr. ANDREWS. Mr. Secretary, in view of the fact that you are cutting the military personnel, all services, by 220,000, does that mean there will be smaller draft calls in the future, as you have in November and December for this year?

Secretary LAIRD. Mr. Chairman and Mr. Andrews, the draft calls for the next calendar year, based upon the end strength that is projected in this budget, and assuming we were to continue that end strength through fiscal year 1971, we would estimate that we would have to draft 250,000 young men in calendar year 1970. This compares with 290,000 young men who will be drafted in calendar year 1969, our current calendar year. So the draft calls in 1970 would be reduced by 40,000 as compared with this year. We have already, this

year, cut out the draft calls for November and December, but it should be clear that the total draft call this last year was 290,000. Assuming that the end strength in fiscal year 1971 would be the same as the end strength at the end of fiscal year 1970, the draft call in calendar 1970 would be 250,000. I want to make it clear, however, that the draft call would go down below 250,000 if the end strength in the fiscal 1971 budget is reduced as compared with the end strength in the fiscal 1970 budget.

ALL-VOLUNTEER ARMED SERVICE

Mr. ANDREWS. One further question: Do you foresee the time when you will get enough volunteers to keep up this end strength?

Secretary LAIRD. I personally do not look to that until we get down near the 2 million mark as far as the military services are concerned. We have a Presidential Commission headed by the former Secretary of Defense, Mr. Tom Gates, which is making a very thorough study of this matter. They may come in with a recommendation which shows that it is a possibility that at a 2.5 million manpower level it can be accomplished.

Mr. ANDREWS. Mr. Secretary, I would like for you to give us your opinion as to the feasibility of implementing an all-volunteer armed service at this time or in the near future.

Secretary LAIRD. President Nixon has made it clear that our long-run objective is to eliminate the need to draft men into service during peacetime. He has appointed a Presidential Commission of eminent citizens, headed by former Secretary of Defense Gates, to develop a plan for accomplishing this objective. This study is scheduled to be completed by the end of this year or shortly thereafter. Although I do not wish to anticipate its findings, I believe that the all-volunteer force is a realistic goal under peacetime conditions if we can safely reduce our military strength requirements to levels below those which were maintained in the early 1960's. This assumes, of course, that we will also take all those additional measures necessary to modernize our military pay structure and to otherwise make military service an attractive career for our young men.

However, at the present time and in the near future we will have to continue to rely on inductions to meet our military strength requirements. In spite of all our efforts to reduce our reliance upon the draft, including the reduction of our draft calls by 50,000 for the period October–December 1969, it was necessary to place draft calls totaling 290,000 during 1969. I hope it will be possible to reduce this draft call level during the coming year as we progress in our efforts to Vietnamize the war. However, in the absence of the draft we would not be able to meet our currently planned manpower strengths for fiscal year 1970 and fiscal year 1971.

Mr. ANDREWS. What type of individual do you believe will be inclined to enter the service under an all-volunteer program?

Secretary LAIRD. I believe that the type of individual who would volunteer for service under an all-volunteer program would not differ very greatly from the type of young man who has volunteered for service under conditions of a draft. Many of these young men, although partly motivated to volunteer at present by the draft itself, have also taken into consideration some of the positive benefits stemming from longer term enlistment commitments, including particu-

larly the many excellent training opportunities offered by military service. We hope that by increasing pay and by other incentives we would induce many of the same men to enlist, even in the absence of a draft.

Mr. ANDREWS. What is the cost of an all-volunteer force?

Secretary LAIRD. This is currently under study in the Department of Defense and by the Presidential Commission. The cost will clearly depend upon the level of our future strength requirements under peacetime conditions as well as many other variable factors, including the status of the civilian economy. Although various estimates, ranging from as low as $2 billion to as high as $14 billion depending on the assumptions have been discussed. I am not prepared at this time to give you a specific estimate prior to submission of the Commission's report.

OVERSTAFFING OF HEADQUARTERS

Mr. MAHON. Mr. Secretary, I would like to move to the subject of inflation briefly.

We have had economic inflation for decades to a certain degree, but there has been intolerable inflation in recent years. When you have inflation, you have to raise the pay of people if they are going to maintain the same standard of living. The House passed a pay increase bill in October for Federal workers. I believe it will require an additional expenditure of in excess of $5 billion in a couple of years if it is enacted into law.

My point is that it is inevitable that pay increases will continue to be made as long as there is inflation. In view of the fact that these pay increases are inevitable, it seems even more important that we streamline the Government agencies and reduce civilian personnel as much as possible, and also military personnel wherever you can safely reduce military personnel.

Our hearings convinced us that you need to do a major overhaul on personnel in the various headquarters in Washington. I think we have too many people here. Not all of them are essential. I wish you would reply to this now and more in detail for the record.

Secretary LAIRD. The headquarters staffing is under review by us at the present time. The administrative elements to which you refer are certainly important as far as the organization of the Department is concerned. We are making reductions in this area and I would like to supply the reductions which we have made as far as the DOD and the services are concerned. The Air Force has already announced its headquarters reduction in Washington. The Army——

Mr. MAHON. Mr. Secretary, please amplify that for the record.

Secretary LAIRD. The Army has announced it and the Navy will announce its headquarters reduction within the next week or 10 days.

Mr. MAHON. I would like to have a good statement in the record with regard to this point.

Secretary LAIRD. I would like to give you a table I have for the record.

Mr. MAHON. Provide it for the record. We want this information.

(The information follows:)

DOD PERSONNEL REDUCTIONS PROGRAMED FOR COMPLETION BY JULY 1, 1970, WASHINGTON HEADQUARTERS STAFFS

	Military	Civilian	Total
OSD/OJCS		117	117
Army	941	526	1,467
Navy	324	529	853
Air Force	490	367	857

HEADQUARTERS PERSONNEL REDUCTIONS

Departmental administration, and its corollary, headquarters administration and staffing are matters of continuous analysis and review. The administrative elements to which you refer are integral to the organization of the Department itself, and organization, in large part, dictates what administrative arrangements result.

I have thought for some time that there were opportunities for substantial improvement in our defense organization. I thought so while in the Congress. On becoming Secretary of Defense, I appointed a blue ribbon panel to study, report, and make recommendations on the organization and management of the Department. That panel is at work now on studies of considerable scope and depth.

In an activity separate from the panel's examination, we have made reductions in the staffing of my office. As part of overall budget reductions, military and civilian staffing in OSD has been reduced by about 4 percent. The budget might be called the principal immediate restraint, for resource competition within the Department is increasingly sharp. This is illustrated by our recent $3 billion cut in fiscal year 1970 outlays over and above the $1.1 billion cut announced in April. The cut was symptomatic of today's budgetary climate, and should indicate my determination to continue looking with a skeptical eye at any proposed increase in headquarter's staffing.

But it is in major realinements that may be proposed by the blue ribbon panel that I look for substantial improvements in organization. The panel is reviewing overall organization of the Department. It has the advantages that come from perspective. I expect it to perceive areas where organization can be improved, and to make recommendations accordingly. I don't want to prejudge the panel's work, but it has time for careful analysis and comparison, and its work should enable us to make further improvements in organization and administration.

With regard to the headquarters staffs and command staffs of the services that are located in the field, I look to the Secretaries of the military departments to manage their headquarters staffs and command staffs. Their management follows my policy guidelines, and, of course, the budgetary limitations we're all operating under. Each of the military departments has reviewed headquarters and field command staffs with an eye to making reductions and actions to date are reflected in the detailed listing provided the committee staff as well as in the details of the base reduction and realinement list.

SOCIAL PROGRAMS

Mr. MAHON. There is one other related question here: In fiscal year 1970, the services have requested approximately $39 million for programs such as Project Referral, Project One Hundred Thousand, Project Value, and Project Transition.

As you know, there was considerable discussion in the hearings as to whether these programs should be operated by the Department of Defense. Are these programs affected in any way by the reductions the Department has made and what are your plans for the future?

Secretary LAIRD. $39 million is involved in these programs you outlined. We have already cut them back $3 million. I have no plans to cut these programs any further at this time.

Now, Project Transition has come in for some criticism. I have been convinced, though, that the project has been working very well with the men being discharged at the present time from the services. Project Referral is more important now, as we reduce forces, than it was before.

We have reduced all of these programs by $3 million, from a total of $39 million in our budget review exercise.

EXPLANATION OF VARIOUS SOCIAL PROGRAMS

Mr. MAHON. Please let the record show, Mr. Secretary, just what these various projects are. We are familiar with them, but they may not be familiar to all who read the record.

Secretary LAIRD. We will give you a brief explanation of each project, the total cost of each one and the reductions we now plan in these projects.

Mr. MAHON. And what the projects really are, so it will be understandable.

Secretary LAIRD. We will do that, Mr. Chairman. Let me just say that we have sought to find ways of making Defense dollars do double duty wherever possible since I have been Secretary of Defense. Members of this committee know, for example, of the medical emergency we face here in the United States, especially in terms of delivery of services to people. I think the Defense Department is uniquely qualified to contribute in helping to solve that problem through, for example, a special application of our "Project Referral" program. I will provide a full description of this program for the record, but let me say this: There are some 30,000 to 35,000 military personnel who are qualified medical technicians or technologists—trained and experienced during their period of military service—who reenter civilian life each year. They include a vast galaxy of talent in 40 different skill categories as varied as a radioisotope technician to a renal dialysis technician.

As you know, one of the greatest bottlenecks in the delivery of health care to people is the shortage of skilled personnel. There are not enough doctors, nurses, and other trained personnel to take care of today's needs, and the outlook for tomorrow is grimmer.

By bringing together in some way these trained men and the jobs in civilian life in the field of health services for which they are qualified, I believe we can help to improve health care and avoid a waste of skill and training.

Consequently, I have directed the Assistant Secretary of Defense for Manpower, Roger Kelley, to develop a plan in conjunction with Project Referral that will maximize the opportunities to utilize in civilian life the valuable medical skill possessed by many servicemen. I can assure you that we will move promptly to devise and implement this plan.

(The information follows:)

PROJECT ONE HUNDRED THOUSAND

Project One Hundred Thousand was initiated in October 1966 to accept men who were being disqualified for military service under previous mental standards and those with easily correctable physical defects. We were convinced that a very high proportion of these men would qualify as fully satisfactory servicemen when exposed to the modern instructional techniques used in the Armed Forces, and that as a byproduct their military service would prepare them for more productive lives when they returned to civilian life.

From October 1966 to September 1969, we accepted 246,000 men on the basis of the lowered standards. About half were volunteers, thereby reducing our reliance on the draft.

The strength of the Armed Forces was not increased for Project One Hundred Thousand. We are accepting these men in lieu of other men with higher educational or physical qualifications. Most Project One Hundred Thousand men complete their training on schedule and become satisfactory servicemen.

Separate cost accounts are not maintained for Project One Hundred Thousand men because they are trained in our regular training centers and schools along with all other men. They are given extra help only when necessary.

TRANSITION PROGRAM

The Transition program is designed to help enlisted personnel leaving military service to become gainfully employed on their return to civilian life. It is directed primarily at those individuals who have gained no occupational skills useful for civilian employment prior to or during military service.

The program operates on a voluntary basis and provides occupational counseling, training and job referral assistance to the separating serviceman. Counseling assistance is given by civilian or military counselors in the employ of the military service. Training is provided on a released time basis as the military mission permits. Training is given by private industry, through courses supported by Manpower Development and Training Act (MDTA) funds and through on-the-job training on military installations.

The major thrust of the training effort is to make available training provided by civilian industry. The industries involved in the program train the men and women they expect to hire. This training is provided at no cost to the individual or to the Government. The MDTA courses are developed in cooperation with the Departments of Labor and Health, Education, and Welfare which have the responsibility for the administration of the MDTA programs. MDTA training under Transition costs less per man than does other MDTA training.

Transition counselors provide assistance to the serviceman by helping him crystallize his career objectives, learn how to prepare job résumés and how to conduct himself at job interviews. Assisted by the Department of Labor, the Veterans' Administration, the various State employment services and private industry, the Transition counselors help servicemen obtain civilian employment and additional training on separation from military service.

During fiscal year 1969, 300,000 men were counseled and over 60,000 received training under the Transition program.

PROJECT VALUE

Project Value is a joint Labor Department-DOD program. The Department of Labor funds the program as part of its concentrated employment program to train hard-core unemployed young men and women for productive employment. The Department of Defense does not pay the salaries or expenses of these "enrollees."

The way the program operates is that the enrollee is placed on the rolls of the local manpower agency for up to 9 months in a program of remedial education and onsite training.

Remedial education is provided by the local manpower sponsor. DOD installations provide only the work sites, supervision and counseling. Supervision and counseling of enrollees involve some minor expenditures of funds; counterbalancing this is the fact that the trainees do perform useful work for the Department during their on-the-job training. The $639,000 is programed for fiscal year 1970 for Project Value. If the trainee successfully completes the program and passes a civil service examination, he is hired by the DOD installation in a vacancy for which he qualifies. Trainees are spread through 41 areas in which DOD employees exceed 500,000 and at which an estimated 125,000 entry-level jobs exist. The projected vacancies toward which the trainees are targeted are normal vacancies which result from turnover (about 25 percent) in these 125,000 entry-level positions, such as helpers in the crafts and trades. A goal of 5,600 trainees was established for Project Value, over 5,200 have been assigned to the program and over 2,500 are currently undergoing training.

The objective of the program is for the Department of Defense, as a large employer, to cooperate in much the same manner as do private employers in programs supported by Department of Labor funds to provide job training and job opportunities for disadvantaged young men and women.

Project Value is a project under the concentration employment program. The statutory authority for the concentrated employment program is section

123(a)(5) of the Economic Opportunity Act, as amended, 42 U.S.C. 2740(a)(5) and section 231 of the Manpower and Development Training Act, 42 U.S.C. 2601.

Federal agencies may serve as host employers for programs initiated pursuant to these acts. Section 123(a)(5) of the Economic Opportunity Act provides that the programs will be initiated with the cooperation of private and public employers.

THE REFERRAL PROGRAM

The Department of Defense is developing a plan to expand and further upgrade the preretirement assistance provided military personnel seeking second careers after their retirement from military service. This plan, called the Referral program, is being developed in recognition of the vast reservoir of unique skills represented in the increasing number of military personnel scheduled for retirement from the Armed Forces, and of their potential for contributing to the national welfare as civilian employees.

The Referral program will provide a computerized employment referral service for retiring military personnel who may voluntarily use the system. After receiving appropriate counseling active duty servicemen and women about to retire may register their skills and job preferences with a DOD computer facility located at Dayton, Ohio. Prospective employers from both the public and private sectors will be permitted to query the computer facility to determine which retiree registrants meet the employer's requirements for specific employment opportunities. After a man-job match has been accomplished by the computer facility, names and abbreviated résumés of registrants who meet specific job requirements will be provided to prospective employers. Direct negotiations may then be made between the employer and the retiree. The hoped-for result of these negotiations will be the beginning of a second career opportunity for the serviceman immediately upon his retirement. The Department of Defense will not enter into these direct negotiations.

Detailed planning of the Referral system is now underway, and initial registration of retirees is planned for June of 1970. Referral is being developed in full coordination with the Department of Labor, the Veterans' Administration and other Government agencies. Referral will greatly expand the employment options for the retiree and bring the services now furnished by other Government agencies closer to the retiree.

REDUCTIONS IN "SOCIAL PROGRAMS", DEPARTMENT OF DEFENSE

[In thousands of dollars]

	Fiscal year 1970 budget	Reductions	Revised fiscal year budget
Project 100,000	18,954	−1,422	17,532
Transition program	17,958	−376	17,582
Project value	807	−168	639
Referral program [1]	1,152	−975	173
Total	38,871	−2,941	35,926

[1] The Referral program has not been considered as a "social program" by the Department of Defense.

CIVILIANIZATION IN REVERSE

Mr. SIKES. For a matter of 2 or 3 years, under the pressure of the buildup in Vietnam, you had civilianization of work at U.S. bases which had previously been performed by military personnel. Am I to assume from what I see that the procedure has now been reversed and that this work is being returned to military hands as civilian positions are eliminated?

Secretary LAIRD. In some of our bases that may have taken place, but as far as Southeast Asia is concerned, this is not the case at the present time.

Mr. SIKES. I speak of U.S. bases.

Secretary LAIRD. No, we have not established that as a policy on U.S. bases as of today, Mr. Sikes. I thought you were perhaps referring to Europe. We have not established that policy as far as the United States is concerned.

VIETNAMIZATION OF THE WAR

Mr. MAHON. Mr. Secretary, I want to move into another subject involving the war in Vietnam, the Vietnamization of the war included in the President's plan for peace and the impact of this program on the safety and security of our men in Vietnam.

Do any of your planned reductions in defense programs threaten to jeopardize the war effort in Vietnam?

Secretary LAIRD. No, Mr. Chairman.

Mr. MAHON. Do any of them make significant reductions in our capability to prosecute the war?

Secretary LAIRD. Mr. Chairman, I mentioned earlier in my statement the fact that there has been a limitation written into the authorization bill on how far we can go with Vietnamization. That limitation is that we cannot go beyond $2.5 billion in support of free world forces in Vietnam and local forces in Laos and Thailand. This places a very definite limitation on how far we can go in turning over equipment to those forces, how far we can go in supporting training programs, how far we can go with many of these other expenditures. We will come very close to that $2.5 billion figure in fiscal year 1970, so we do have a limitation on how far we can go with Vietnamization.

Mr. MAHON. You have a limitation which doesn't pose an immediate threat but which could pose a threat on your flexibility.

Secretary LAIRD. It depends on how fast we can accelerate the pace. If we can accelerate it—and there are some who have given estimates that we can—then this would be a very strong limitation that the Congress has written in here. The Congress has, in effect, put a limit on Vietnamization as far as the authorization bill is concerned.

Mr. MAHON. This is the authorization bill which has been approved by the Congress through the Committee on Armed Services?

Secretary LAIRD. That is correct.

Mr. MAHON. This is a matter upon which we are glad to have your views. The Congress would need to take note of that. I would say we would want you to have ample flexibility.

Secretary LAIRD. I would like to make it clear, Mr. Chairman, that our present program in Southeast Asia is programed at a level of $2.2 billion so that you have——

Mr. MAHON. $300 million flexibility.

Secretary LAIRD (continuing). $300 million flexibility in that limitation.

Mr. MAHON. You can come to Congress if you need more flexibility. The Congress could pass legislation to take care of that.

Mr. ANDREWS. Mr. Secretary, was that limitation put into the law prior to the time that you announced your Vietnamization program?

Secretary LAIRD. No, it was placed into law after we announced the program and after the Midway meeting. It was not placed in the bill by the House of Representatives, it was placed in the bill by the Senate. I think the author of the amendment which added the limitation to the bill was Senator Cooper.

Mr. ANDREWS. With that limitation you cannot accomplish your plan.

Secretary LAIRD. We cannot if it continues into 1971. I can assure you, Mr. Andrews. I tried to point that out in my opening remarks.

From our standpoint, not only is it important from the viewpoint of reducing the American commitment in personnel, but also, even taking into account the cost of the equipment and training programs, it is much cheaper for us in dollars to move in this direction. I don't believe that kind of a limitation is the best kind of a limitation to write into legislation.

Mr. RHODES. Actually this will make it necessary for you to keep American personnel over there longer than you otherwise would if you could step up the rate of Vietnamization.

Secretary LAIRD. That is correct. That is the effect of the amendment. I want all of you to understand that our present program is $2.2 billion but there is a possibility we could go up to a higher rate. But I certainly hope the Congress doesn't maintain any limitation like this in the authorization bill for fiscal year 1971.

Mr. ANDREWS. You can't implement your plan if they do.

Secretary LAIRD. That is correct. The plan cannot be accomplished if this limitation is continued through fiscal year 1971.

EFFECT OF WITHDRAWAL ON SAFETY OF MEN REMAINING

Mr. MAHON. I think it would be fair to say, of course, that the Congress would undoubtedly give more flexibility if more flexibility appears to be needed in the future.

Now, Mr. Secretary, what about the security of our men in Vietnam? As you withdraw some of our force and leave other of our forces there, what is the situation as to the safety of those who remain in Southeast Asia?

I have received letters of concern from people indicating that a husband or son was being sent to Vietnam and the question was asked whether or not his safety might be jeopardized by the fact that we are withdrawing some of our forces from Vietnam.

We cannot afford to take any steps that would jeopardize the security of our men remaining in Vietnam. Have you considered this problem? What is the overall situation?

Secretary LAIRD. Yes, Mr. Chairman, we have considered this problem and I can assure you that the U.S. forces that remain in Vietnam in support of the Vietnamese will be adequately protected.

I think there is a misunderstanding on the part of some people as to what the United States transitional force in Vietnam will be, as combat responsibilities are increasingly turned over to the South Vietnamese. Although the logistics support forces remaining in Vietnam will not have combat responsibility, there will be some combat forces to provide security for the support forces.

I don't want to get into these plans in too much detail, ———. But in all of our planning on this particular program we realize the necessity of protecting American personnel in the area. Although they will not have combat responsibilities as far as the country as a whole is concerned, they will be prepared to protect the safety and security of American military personnel.

Mr. MAHON. I would like for you to there make it a little clearer as to whether or not there is any additional jeopardy upon the troops remaining in Vietnam. We need the assurance that no action will be taken to unduly jeopardize the security of our men in Vietnam.

Secretary LAIRD. Mr. Chairman, I will give you that assurance. You can be assured that the safety of the United States soldiers in Vietnam is one of the major factors in determining both the replacement schedule and the composition of the transitional forces in Vietnam.

ATTACK ON CAMP RADCLIFFE

Mr. SIKES. Now, Mr. Secretary, how do you assess what appears to be security lapses which permit small hostile forces to penetrate our bases by cutting barbed wire protective lines, or otherwise gaining access to base facilities? Recently such a force destroyed a number of aircraft and were even able to attack a U.S. hospital before they were driven off?

Secretary LAIRD. Mr. Sikes, we have had some experiences with standoff attacks on hospitals and on other installations at which aircraft are operated. This is a problem but it is a continuing problem.

We have had less of it in the past few months than we have previously had.

I would like to point out that I don't think we can eliminate it completely. These mortar attacks that have been made by the enemy are not going to be completely stopped. They are going to try to concentrate on United States and South Vietnamese personnel, in order to bring casualties up.

Mr. SIKES. A band of men were able to cut a fence and get into the area of aircraft and into the hosptial area. That would appear to be a security lapse. I know some of these things are going to happen, but it appears that here the security forces were not as alert as they should have been.

Secretary LAIRD. I think that is probably true. I think you are referring to the hospital in Da Nang.

General WHEELER. He is referring to the attack on Camp Radcliffe near An Khe. This is the base camp of the 1st Air Cavalry Division.

Mr. MAHON. How many planes were destroyed?

General WHEELER. ——— helicopters.

Mr. MAHON. At a cost to the United States of about how much? Insert that figure in the record.

(The information follows:)

COST TO THE UNITED STATES OF HELICOPTERS DESTROYED AT CAMP RADCLIFFE NEAR AN KHE

———. This totals out to a cost to the United States of about $4,506,273.

Mr. ANDREWS. The papers said 20 at a cost of $5 million.

General WHEELER. ——— were destroyed and ——— were damaged. They had various degrees of damage. From the first report I understand one American soldier was killed and several were wounded.

Mr. SIKES. The hospital was also attacked.

General WHEELER. That is correct.

Mr. MINSHALL. What protection have these helicopters? Were they revetted?

General WHEELER. They have an outside perimeter of wire; they have guards; they have dogs; they have radar; and I think I would be inclined to agree with Mr. Sikes that undoubtedly there was a security lapse of some kind, Mr. Minshall.

Mr. MINSHALL. I have been at An Khe and I have seen it.

Secretary LAIRD. The hospital attack I referred to was done by mortar. This was not. This was probably a security lapse.

Mr. MINSHALL. What do you mean by "security lapse"?

General WHEELER. In other words, somebody wasn't as alert as he should have been. These people are very clever at this stuff, by the way. They are first-class infiltrators, as we know.

Mr. FLOOD. It was a sapper.

General WHEELER. It was a sapper attack.

Secretary LAIRD. The other day we lost two helicopters while Americans were loading into them. Now, personally, I think there wasn't enough security as they were loading those two helicopters and it just seems to me sometimes you will have some lapses with personnel. We suffered about 16 casualties in that one incident simply becauses the personnel were not as alert as they should have been.

FORCES TO REMAIN IN VIETNAM

Mr. MAHON. Mr. Secretary, in speaking of our forces that are being withdrawn from Vietnam and the forces that will remain in Vietnam as well as the forces that will later be sent to Vietnam as replacements, you have made reference to transitional forces in some of the statements which you have made. You have made reference to support forces in some of those statements and you have made reference to residual forces. Will you clarify for the record just what you are talking about in all of these cases? Would you do that for the record?

Secretary LAIRD. All right.

(The information follows:)

The term "residual" gives a rather unfortunate connotation. These forces should be thought of more as "transitional forces." These are temporary support forces whose primary role is to assist RVNAF as it approaches self-sufficiency and, at the same time, to provide protection of our forces which are phasing down. In terms of numbers, or the size of these forces, this is to be determined on the basis of continuing assessment of the three criteria mentioned so often by the President: (1) progress in the Paris negotiations; (2) the levels of enemy activity; and (3) improvement in South Vietnam's capability to provide its own defense. Should there continue to be no significant progress in the negotiations, redeployment of U.S. Forces will be based on the latter two criteria. ———.

Mr. MINSHALL. Would you yield for a minute, Mr. Chairman?

Mr. MAHON. Surely.

VIETNAM TROOP WITHDRAWALS

Mr. MINSHALL. It has been stated publicly that on June 10, 1969, when President Nixon announced his intention to withdraw 25,000 troops from Vietnam, the total number of men in that country was 537,500. It was stated that on July 19, 1969, there were 535,500 troops in Vietnam. Now that the first troop reduction has been completed, what was the actual number returned and how many U.S. troops

are left in Vietnam today? This is confusing. Of course, all along men have been rotated out of Vietnam. What have been the net, unreplaced withdrawals as of given dates?

Secretary LAIRD. The first phase of the redeployment of U.S. troops from South Vietnam took place from July 1 to August 31, 1969. On July 1 the troop strength which was authorized for all American units/elements in Vietnam and which was used for manpower, materiel and financial planning, was 549,500. This was the maximum authorized strength and it was set by the Johnson administration. This authorized strength was reduced by President Nixon by 25,000 spaces to 524,500.

On July 3 there were 538,300 actual troops in SVN. By the end of the first-phase reduction—August 31—28,700 actual troops had been withdrawn without replacements. This brought the actual strength remaining in SVN on August 31 to 509,600 personnel.

The second phase of withdrawals commenced on September 18 and will be completed on December 15. The authorized strength will be reduced by 40,500 spaces, from 524,500 to 484,000 on December 15.

On November 8, we were at 490,700 and on November 15, 489,200.

Mr. MINSHALL. And how many combat troops have been withdrawn?

Secretary LAIRD. Both combat and support forces have been withdrawn. Do you want them broken down?

Mr. MINSHALL. Please.

Secretary LAIRD. I will supply that for the record.

Mr. MINSHALL. The reason I asked this question is that in the public press and elsewhere many people have said they have not withdrawn any combat troops.

General WHEELER. Why, the entire 3d Marine Division is out.

Mr. MINSHALL. I know, but this should all be at one spot in the record where people can read it.

Mr. MAHON. Make it clear at this point in the record what the withdrawals have been.

(The information follows:)

BREAKDOWN OF COMBAT AND SUPPORT FORCES REDEPLOYED FROM RVN

Of the announced Presidential total reductions in the U.S. military manpower authorization from RVN to be effected by December 15, 1969, approximately ——— are from units/elements assigned to combat/combat support operations, and ——— from service support activities.

The following major ground combat units are included in the reductions:
9th Infantry Division less one brigade
3d Marine Division
3d Brigade, 82d Airborne Division

Mr. MINSHALL. Off the record.

(Discussion off the record.)

Mr. MAHON. We will resume at 1:30.

AFTERNOON SESSION

VIETNAMIZATION

PRESIDENT'S PLAN FOR PEACE

Mr. MAHON. We will resume the hearing.

Mr. Secretary, the President made a speech on November 3, with regard to his hopes and his plans for peace in Vietnam.

It has been my privilege to be at the White House several times this year upon occasions when the President discussed the war and the problems which confront us. He has expressed every concern about the war and has indicated his burning desire and hope to bring the war to an honorable conclusion at the earliest possible moment.

I have before me a magazine which headlines the story "Will the President's Plan Bring Peace?"

Inherent in this question is the matter of Vietnamization. Can we with confidence hope that the South Vietnamese will rather soon be able to bear the major brunt of the fighting?

There are many questions involved here. My question of you now is whether the President's plan for peace will achieve success in your opinion? If so, when?

Secretary LAIRD. Mr. Chairman, the President's plan for peace involves two major courses of action on the part of the administration. First, of course, is negotiation. Second is the Vietnamization plan of the Nixon administration.

Everyone, I think, hopes that there will be success in the negotiations, but the President realized that we could not put all of our hope in a negotiated settlement as far as Southeast Asia and Vietnam are concerned. To be perfectly frank, we have not had much success on the negotiating front.

For that reason the plan for Vietnamizing our activities in Southeast Asia offers the best hope for success at the present time.

Vietnamizing the war in Vietnam complements negotiations. If negotiations are successful, which we hope they will be, the Vietnamization process merely complements them. If negotiations are not successful, then Vietnamization, it seems to me, is the best course of action that we can follow.

We have made considerable progress during the last year in the Vietnamization process. When I first took over as Secretary of Defense I found that there had been plans made to prepare the South Vietnamese forces to deal with the Vietcong threat, but no plans had been formally approved and implemented to prepare the South Vietnamese to deal with both the threat of the Vietcong and the threat of the North Vietnamese.

The military aspects of the Vietnamization program involve preparing the South Vietnamese to deal with both of these threats. I have a long list of things that have been accomplished in the last year in this particular program.

SUCCESS OF VIETNAMIZATION PROGRAM

Mr. MAHON. Would you like to place it in the record?

Secretary LAIRD. I would like to place it in the record if I may——

Mr. MAHON. I wish you would.

Secretary LAIRD. Because I think it points out the success that we have had thus far.

(The information follows:)

EVIDENCES OF SOUTH VIETNAMESE MILITARY PROGRESS—RELATIVE TO THE VIETCONG AND NORTH VIETNAM

Future South Vietnamese military success is built upon a solid base of progress in the past year and a half since the Tet offensive by both United States and South Vietnamese forces. Looking at the present situation, there are indicators which point the way toward the ability of the South Vietnamese forces (or RVNAF) to cope with both the North Vietnamese and Vietcong threat as it stands today. Some of these indicators are:

The Republic of Vietnam Armed Forces (RVNAF) have made considerable progress, especially in 1969—

The Regular Army demonstrated at Ben Het that it can stand and fight—and win.

Except for U.S. helicopter, engineer, tactical air, and naval support, the RVNAF have largely assumed responsibility for the war in the Mekong Delta.

The Vietnamese have assumed responsibility for the security of Saigon and the immediate vicinity.

They have met and exceeded the manpower goals they set for expanding regular forces as well as the regional and popular forces.

Volunteers outnumber conscripts by about three to one.

Training is now being carefully reviewed to find those areas which will really count in raising the effectiveness of the RVNAF.

The Vietnamese are making progress in their efforts to neutralize the Vietcong infrastructure. This is a high priority problem.

For the future, the RVNAF are planned to be disposed militarily with the—

Regional forces, popular forces, and peoples' self-defense forces maintaining the security of the hamlets and villages, supplementing police forces, as they too, increase in size and effectiveness.

The Regular Army (ARVN) meeting the North Vietnamese threat with the help of the U.S. support forces for a time which is *not* indefinite.

The civilian irregular defense groups (CIDG) taking care of border surveillance, backed up by the Regular Army.

On the U.S. side, we have nearly completed major programs to give RVNAF modern and effective weapons and equipment. We are putting similar emphasis on finding ways to help the Vietnamese improve RVNAF effectiveness even faster than they are at present.

On the other side of the coin, looking at the North Vietnamese and Vietcong forces, there are indicators which show some of their real problems.

The Vietcong have problems and difficult ones. While they remain a potentially dangerous force, we should recognize that—

More of them are coming over to the GVN side under the Chieu Hoi program than ever before. The total for October 1969 was a record high. An average of about 1,000 per week have returned to Government control since mid-September.

In certain areas, the Vietcong organizational structure is being neutralized by the GVN. Much remains to be done, but there is noticeable progress.

There is some evidence of slumping morale and of war weariness, even among some of the higher ranking Vietcong cadre.

Similarly, while North Vietnamese problems should not be overemphasized, neither should they be ignored.

The new national leadership is not yet entirely unified, and they face pressure to rebuild and improve living conditions in North Vietnam.

They have taken staggering losses, particularly as far as experienced leaders are concerned, since Tet 1968. At the very least, this loss of leaders has had an adverse impact on the fighting quality of some North Vietnamese Army units.

Morale of North Vietnamese Army units in the south may be trending downward. There are reports of a substantial number of NVA deserters in one area who get their food by attacking Vietcong units. Furthermore, there are reports of increasing friction between NVA and VC soldiers in other areas.

Secretary LAIRD. I know of no other plan which has been set forth by anyone in the Congress nor anyone in this country which offers the chance of success that this Vietnamization program does, Mr. Chairman.

PLAN FOR SOUTH VIETNAMESE TAKEOVER OF WAR

Mr. MAHON. Do you have some considerable confidence that the South Vietnamese can take over this responsibility successfully?

Secretary LAIRD. Yes, I do.

Mr. MAHON. Do you have any guess at all as to within what time frame this can be done?

Secretary LAIRD. Mr. Chairman, we have worked with the Government of South Vietnam on the plan to turn over the full combat responsibilities in South Vietnam to the South Vietnamese forces.

As far as the time frame is concerned, Mr. Chairman, I have been unwilling to make any public forecast or private prophesies as to the time period that is involved simply because I think we have had too much of that in the past as far as Southeast Asia and Vietnam are concerned. This has led to a credibility gap, or whatever you want to call it, in the past.

The answer to this question as to the exact time period depends on how fast the South Vietnamese can increase their effectiveness. I think the progress indicators that I referred to earlier point to a fairly reasonable time period within which this will take place.

I am not trying to hedge on this question but I just don't like to give timetables.

Mr. MAHON. Mr. Secretary, I do not want you to place yourself in an untenable position. If you do not feel it is appropriate to speculate as to the timetable, I do not think we should undertake to require you to do so. We just want you to tell us what you can tell us for the record at this time because there is a lot of interest in this question. If I thought you knew the answer, if there was a good answer, it would be fine, but I am afraid nobody knows the timetable.

Secretary LAIRD. Well, we hope to move in the direction of the smallest possible U.S. force in South Vietnam in the shortest possible time. This depends not only upon success in the Vietnamization program, but also upon certain factors which we cannot precisely estimate, such as the amount of enemy infiltration and the level of activity on the part of the North Vietnamese.

Mr. MAHON. What the North Vietnamese do will, of course, affect what you and we as a Nation can do.

Secretary LAIRD. That is correct.

Mr. FLOOD. On the other hand, Mr. Chairman, if and when you execute your timetable, whatever the date is, you will still have a number of medics, Air Force bomber and fighter pilots, field hospitals, et cetera. An awful lot of people will still be there.

Secretary LAIRD. We are currently planning ways to move down in that area, too. This is part of our program. That program will not move as rapidly as the transfer of combat responsibility, however. We can transfer the combat responsibilities to the Vietnamese in a much shorter time period than we can transfer the support functions to which you refer.

I am not trying to hedge on this question, but the President feels that it is most important to make our announcements on this program

based on what we actually can deliver. I have urged all along that we do not make projections that are more than 4 to 6 months in advance as far as announcing figures in this particular area is concerned. However, I want to assure you that we have a plan, and it is a definite plan. It has a higher level and a lower level projected within certain periods of time, and it is a program to transfer the complete combat responsibilities to the South Vietnamese. That plan also involves the eventual phaseout of U.S. support activities and brings U.S. responsibilities down to what I refer to as a training mission.

NEGOTIATION OF TROOP WITHDRAWALS

Mr. FLOOD. Would you still continue, after you finish your first timetable, and then timetable 2, the support functions, to keep Green Berets there for a third timetable?

Secretary LAIRD. The President has said we are prepared to negotiate the complete withdrawal of all American forces from South Vietnam.

The Vietnamization program is not the same as negotiating the complete withdrawal of American forces because in the Vietnamization program you go from relieving our forces from the combat responsibilities to one of relieving them from the support responsibilities and you would end up with what might be referred to as a military assistance group. That is somewhat different from the President's program to negotiate the withdrawal of all external troops from Vietnam.

Mr. MAHON. Mr. Secretary, of course you would like to negotiate an arrangement to remove all troops from Vietnam. In my opinion, the chances of doing that in the foreseeable future are extremely remote.

Secretary LAIRD. We have not had much movement in that direction, Mr. Chairman, but the President still stands ready to negotiate——

Mr. MAHON. I understand that and he should——

Secretary LAIRD (continuing). All external troops out of Vietnam on the basis of mutual troop withdrawals.

TROOPS TO REMAIN IN VIETNAM

Mr. MAHON. As a practical matter, we will have troops in Vietnam for 10 years or more, I mean limited numbers of troops? We have them in Europe, we have them in South Korea. I realize situations are different there, but as a practical matter will we probably have troops in Vietnam to some extent for quite a number of years?

Secretary LAIRD. If negotiations are not successful I would assume that some U.S. troops would remain in Vietnam, but not at the same levels that are in Korea or in Europe.

Mr. MAHON. No.

Secretary LAIRD. I would like to express in the record at this point the difference between the Vietnam situation and the situation in Europe and Korea. If I may I can do it right now.

Mr. MAHON. Put it in the record, please. We know what it is.

(The information follows:)

The U.S. forces stationed in Korea and West Germany are there to meet a very different type of threat and under different circumstances; therefore, the situation in South Vietnam does not provide a relevant comparison with the situation in those two countries. As the security situation stands now in South Vietnam, it is our intention to move toward a MAAG/U.S. Advisory Force as soon as possible. We are determined to move ahead with redeployment of our forces from South Vietnam just as rapidly as possible. We are making every effort to develop South Vietnamese forces to the point of self-sufficiency with a view to ultimate withdrawal of all U.S. forces from South Vietnam. This is also consistent with our stated policy to seek no bases in South Vietnam over the long term.

POSSIBILITY OF ESCALATION

Mr. MAHON. If Vietnamization does not work, and if the North Vietnamese escalate the war, and if agreements cannot be reached in the Paris peace talks or otherwise, do you foresee the possibility of an escalation of the war in Vietnam?

Secretary LAIRD. I would not rule out that possibility completely, Mr. Chairman.

LEVEL OF U.S. FORCES TO REMAIN

Mr. RHODES. My question has to do with the troop level after Vietnamization, with the Paris talks having come to no result.

In January 1964 there were about 16,000 troops in Vietnam. Would this be commensurate with your idea of a military assistance mission at that time? Would this be about the troop level?

Secretary LAIRD. I wouldn't want to be pinned down on an exact figure, Mr. Rhodes, but I certainly believe it would be lower than the number in Korea. The remaining forces would be in the general category of a military assistance mission.

Mr. MINSHALL. Would these be in the role of logistics people or in the role of advisers?

Secretary LAIRD. They would primarily be in the role of advisers, but there would be some logistics support involved.

Let me give you an example. We have ——— installations which I would assume we would continue to operate. But they would probably have to be operated by U.S. personnel or else we would have to get some contract personnel to do this, and I believe we probably cannot get contract personnel to operate these ———.

General WHEELER. I would doubt it.

Secretary LAIRD. So there would be some of that involved for a period of time.

(Discussion held off the record.)

CUBAN MIG FLOWN TO FLORIDA

Mr. SIKES. Can you bring us up to date on the recent flight of the Mig aircraft from Cuba into Florida? As you known, there was some discussion at the time that our guard was down because our radar planes had been grounded due to defense cutbacks.

I would like to have from you a thorough explanation of the matter. I would like to know what has been done to preclude such a recurrence. This appears to be a very serious matter.

Mr. MAHON. Is it really possible in the foreseeable future to prevent an incident somewhat similar to this situation?

Secretary LAIRD. I will provide an explanation for the record.

(The information follows:)

On October 5, 1969, a Mig–17 piloted by Lt. Eduardo Guerra Jiminez, chief of the plans section of the 1913th Base Unit, Santa Clara, Cuba, diverted from Cuba to Homestead AFB, Fla.

In order to underfly the radar coverage of both the Cuban and United States radars, the Mig–17 was flown as low as possible for most of the route. The pilot stated that his altitude was 10 meters (30–40 feet). A popup maneuver was performed at 12:10 e.d.t., 87 nautical miles east of Key West for the purpose of navigational reorientation. The air defense system detected a target at this point; however, ——— because tracking was so intermittent and poor, was dropped by the system. We now know that this was the Mig–17 which immediately descended to the 40-foot low level cruise altitude. Despite the fact that the air defense system could not establish a track on this unknown return sufficient to perform an interception, two F–104 fighter/interceptors were directed to assume a minimum reaction alert posture; but were not launched.

While crossing the coast south of Homestead AFB, the Mig–17 again climbed up for reorientation and again descended to low altitude proceeding into Homestead over land at approximately 100 feet. The Mig–17, with gear down, proceeded down the runway at 100 feet rocking from side to side in order to signal to the Homestead tower that a no-radio aircraft was in the landing pattern with intent to land. The MIG then landed at 12:23 e.d.t.

The aircraft and pilot were taken into custody. The aircraft was identified as a Mig–17A (No. 232), with Cuban insignias on fuselage, wings, and tail. External stores consisted of two drop, tanks and ordnance was one 37 millimeter gun with 40 rounds and two 23 millimeter guns with 160 rounds.

Surveillance and warning information was being received into the NORAD system from long-range radars at Key West NAS and Richmond AFS (just north or Homestead AFB). In addition, three gap filler radars are tied into Richmond; however, the Mig–17 *basically underflew the coverage* of these radars except for the brief periods of his "popup" previously described. The only low altitude coverage in this area is that provided by airborne EC–121 aircraft.

As the committee knows, the incident occurred during a period of time when an airborne early warning and control EC-121 airplane was not on station. Since mid-1962 these radar airplanes have patrolled the Florida Straits between Cuba and the United States 24 hours a day. The recent DOD budget reduction for this year required the Air Force to examine its entire operational force structure. Reduction of the EC–121 force was approved and directed based on the determination that loss of the EC–121 capability would have a minimal impact on the overall operational status of the U.S. Air Force.

In view of the extremely low altitude flown by the Cuban Mig, and the fact that only a single aircraft was involved in the penetration, ———.

To correct weaknesses in our present system, to achieve a capability to counter the present threat, and to realize cost savings in total expenditures for air defense, we should proceed with the air defense modernization program. The AWACS, OTH, and an improved manned interceptor are the key elements of this program. While the greatest advantage would be realized by employing an improved interceptor with AWACS, any delay in an interceptor decision should not be permitted to delay proceeding with AWACS. Regardless of the interceptor employed, AWACS will provide improved survivability, command and control, and low altitude coverage.

In the interim, recognizing the need to continue an air defense force in southern Florida, the Air Force has directed that a detachment of personnel and EC–121 aircraft be continued at McCoy AFB, Fla. To provide a ready identification and interception capability in that area, the Air Force has directed that F–4 tactical fighter aircraft from the tactical air command wing at Homestead AFB be utilized to provide this alert capability in place of the F–104 aircraft being retired from the active inventory.

It should be noted that the following additional air defense weapons are available in southern Florida:

Key West: ——— Hawk fire units, ——— missiles, ——— launchers.

Homestead: ——— Nike Here ——— missiles ——— launchers, ——— Hawk ———missiles ——— launchers.

Mr. SIKES. What do we have in the way of bomber defense today, and how do you assess its effectiveness?

Secretary LAIRD. Our current defenses before our fiscal year 70 expenditure reductions take effect consist of a force of about 400 century series interceptors (F–101's, F–102's, F–104's and F–106's) in NORAD Forces and about 300 F–102's in Air National Guard units under NORAD operational control. They are directed through the SAGE/BUIC system that integrates the inputs of radars covering a zone along our coasts and on each side of the Canadian border. Alaskan command and control is similarly provided.

Terminal defenses are also provided by Bomarc, Nike/Hercules, and Hawk missiles deployed throughout the urban industrial areas of our mid and northeast, in south Florida, California, around Seattle, and in Alaska.

My overall appraisal of these defenses is that they would be fairly effective against high altitude bombers dropping gravity bombs, but would be less effective against low altitude attacks or attacks by bombers launching air to surface missiles.

Mr. SIKES. What reductions have you proposed in our present bomber defenses?

Secretary LAIRD. In general, the impact of our recent expenditure reductions will be an acceleration of the phasedown previously planned in our bomber defense forces.

During fiscal year 1970 we will phase out one F–102 squadron and one F–104 squadron in the Active Forces. Three F–101 squadrons in the Active Forces will be transferred to the Air National Guard to replace the three additional F–102 squadrons we now plan to phase out of the ANG.

One Bomarc missile squadron will be phased out in fiscal year 1970, along with a total of ——— Nike-Hercules batteries in the active Army (including two batteries previously planned to be phased out). A total of nine Nike-Hercules in the Army National Guard will be phased out (including three we had previously planned to phase out). In addition to those adjustments, the mission of four active Nike-Hercules batteries and eight Hawk batteries will be assumed by STRAF in fiscal year 1970.

Additional reductions have also been proposed in the control and surveillance systems during fiscal year 1970. A total of three Sage combat centers and five Sage direction centers will now be phased out in fiscal year 1970, including one combat center and two direction centers that we had previously planned to phase out. In addition, our recent cuts in expenditures will result in end fiscal year 1970 reductions of one BUIC III Control Center, six search radars, ——— Nike-Hercules fire coordination centers, and 33 EC–121 aircraft.

Other actions we now plan to take include a reduction of 27 target aircraft and six support aircraft.

Mr. SIKES. What impact will the new Soviet bomber you spoke of earlier have on the proposed new air defense requirements in the 1970 budget?

Secretary LAIRD. The introduction of a new Soviet bomber will have little effect upon the fiscal year 1970 budget request. The fiscal year

1970 budget includes programs that lead to development of AWACS, a new CONUS air defense interceptor, OTH–B radar, and R. & D. funding which leads to the development of an advanced manned interceptor. The forces developed as a result of these programs are designed to provide the capability needed to counter qualitative improvements in the Soviet bomber threat in the near future.

MILITARY VICTORY IN VIETNAM

Mr. ANDREWS. Mr. Secretary, people ask me every day wherever I go—why are we not fighting this war to win? I have returning veterans asking me that question, those who have been over there.

The policy of the previous administration was not to seek a military victory. That is also the policy of the present administration if I understand correctly.

Secretary LAIRD. You are correct.

Mr. ANDREWS. The Secretary of State told one of the Senate committees last spring that this country did not seek to achieve military victory.

Secretary LAIRD. The President said that in his May 14 speech, too.

Mr. ANDREWS. Mr. Flood has been telling me that for 8 to 10 years. Now what can I tell these people who ask me that and what can you tell me to satisfy my opinion of this war? Why are we not trying to seek a military victory in South Vietnam?

Secretary LAIRD. Mr. Andrews, I think the answer to that question is that a decision has been made to seek a settlement in Southeast Asia, particularly in Vietnam, through negotiations. The administration has considered the advice of those who argue for an intensified American effort designed to bring a military victory over North Vietnam. It has not been persuaded that this would be a wise course. It would involve costs, in manpower and resources, far beyond those committed to the conflict at this time and at the time of our greatest involvement there. More importantly, it would run counter to the general policy of the Nation toward the Far East and the Pacific, the Nixon Doctrine, which the President outlined at Guam last July and summarized in his November 3d address.

We have come to the conclusion that it may be difficult to achieve a negotiated settlement——

Mr. ANDREWS. Do you have any hope whatsoever that there will be a negotiated peace at the table in Paris?

Secretary LAIRD. I always have hope but I am not very optimistic about it. That is why we have supplemented the effort to seek a negotiated settlement with the program to Vietnamize the war and turn over combat responsibilities to the forces of South Vietnam.

In answer to an earlier question, if both negotiations and Vietnamization do not succeed, then we would have to pursue another course of action. But I am confident that our program to Vietnamize the war effort will be successful, and I believe that that in itself could lead the way to a military victory in the sense of the South Vietnamese being able to defend their country, even against North Vietnam.

Mr. ANDREWS. I admire your optimism, Mr. Secretary.

MILITARY VICTORY THROUGH VIETNAMIZATION

Mr. RHODES. If the gentleman will yield at that point, you are not ruling out the possibility, then, that the South Vietnamese, when Vietnamization is completed, could actually do what is necessary to end the war by military victory over North Vietnam?

Secretary LAIRD. I am not, and that is one of the points I would like to communicate as well as we can to Hanoi and to the other side in Paris.

Mr. RHODES. The reason I ask the question is because this is the first time I have ever heard an official of this administration or any other administration say that. I think it is very important to have it said because the end result of Vietnamization, as I understand it, is to hedge against the probability that there will be no progress in the Paris talks. The concept you have outlined would still allow us to look down the pipe and see some light at the end, in other words, the end of this war.

Secretary LAIRD. That is correct.

Mr. RHODES. This is very important.

Mr. MINSHALL. You say you are not ruling out any course of action. You mean by that conventional warfare only or would that also include nuclear weapons?

Secretary LAIRD. I would not anticipate the use of nuclear weapons in Vietnam. I am not, however, ruling out other actions that might be necessary in the event the Vietnamization program does not work, even though I am confident it will work.

Perhaps General Wheeler would like to comment on that.

General WHEELER. Our experience with Vietnamization to date has been favorable. By that I mean that we have removed the whole 3d Marine Air Division Wing team from North I Corps. We have also removed the equivalent of one Army division.

The Vietnamese, by an increase largely in regional force and popular force units—these are paramilitary units—have filled in the void, and to date they have not suffered any major military reversals.

In IV Corps today—this is the delta region—there are no American combat units except support units. There are some helicopter gunship companies down there, and, of course, we do fly Air Force close air support missions for the Vietnamese. The Vietnamese have been able to more than hold their own.

CONDITION OF SOUTH VIETNAMESE ARMED FORCES

Mr. FLOOD. And they tell me they have gone from ——— good divisions to ———.

(Discussion off the record.)

———.

Mr. FLOOD. We went through the same thing in Korea.

General WHEELER. That is right.

Mr. FLOOD. They are good now.

SOUTH VIETNAMESE AIR FORCE

General WHEELER. I was very interested when I was last in Vietnam, which was in early October, in talking to Gen. George Brown, who commands the 7th Air Force. He told me that his program of improving the Vietnamese Air Force has gone extremely well, and they are handling their F–5's and their A–37's in superb fashion.

Mr. FLOOD. They tell me this Vietnamese Air Force is a fine outfit.

General WHEELER. For their size they are doing a very fine job. In other words, they are doing as much as they can do.

Now, their helicopter units are in the Vietnamese Air Force, which is probably a very wise thing for the size force they have.

They are flying as many support missions per aircraft with their helicopters as the U.S. Army is flying with theirs. I consider this to be a pretty remarkable achievement.

Mr. FLOOD. And we are training a lot of chopper pilots, South Vietnamese, right here.

General WHEELER. Right here in the United States at Fort Rucker there is a sizable program.

SOUTH VIETNAMESE NAVY

Admiral Zumwalt has been very pleased with the progress of the Vietnamese Navy. This is an elite force, ——— all of them high school graduates, all of them volunteers. They have been trained on the job with our people. In other words, first they go on with a group of American sailors. As the Vietnamese learn the job, American sailors are taken off.

Mr. FLOOD. How are they doing with the gunboats in the Delta?

General WHEELER. Very well. They turned over well over 100 vessels now in the Riverine Force to the Vietnamese. They put——— and they are operating a Riverine Force down there. They have been having some rather sharp fights in the Ca Man Peninsula near the U Hinh Forest.

Our experience today with the Vietnamization program has been good.

There are two things that are worrisome. One, they still continue to be thin on leadership. I speak particularly of officer and senior noncommissioned officer leadership, and this is something that only time will correct.

We have to be patient because their units have got to gain confidence in themselves.

One of the major aspects of a good army or a good navy or a good air force is the confidence the unit has in its own ability to defeat the enemy.

DESERTION RATES

Mr. FLOOD. You forgot one thing. What is the desertion rate?

General WHEELER. Too high, but it is going down and they are trying to do something about it.

As a matter of fact, I talked to General Diem when I was out there in October. He is well aware of the problem.——.

Mr. FLOOD. Their deserters do not go to the Vietcong, they go home.

General WHEELER. Either they go home or desert and join a regional force unit or a popular force unit where they can stay close to home.

They are trying to correct that because they are giving ID cards with fingerprints and pictures to every Vietnamese soldier, something they have never done before, so they can keep track of these people.

Mr. FLOOD. When they desert do they take the small arms with them?

General WHEELER. Very seldom.

Secretary LAIRD. I think it is important to point out, Mr. Flood, that the volunteers outnumber the conscripts three to one. The desertion problem that you refer to is a serious one but I think you have to understand that the net monthly desertion rate has gone down from about ——— out of a thousand in 1968 to ——— out of a thousand in the last few months.

PLANS FOR KEEPING FAMILIES TOGETHER

Mr. FLOOD. Do they still move their women and kids with them?

Secretary LAIRD. This is one of the problems that we have in many of these areas. It is a matter of some of these men wanting to get back to see their families, too. I had a little study made of this and sent some people over to look at the problem. I was surprised that some of the people interviewed, who had left their units, had not been in touch with their families for a period of sometimes as long as 9 or 10 months, and had not even been able to send money to them. They just went home to see how their families were getting along, and in several cases they joined the regional and popular forces when they got home.

This is a problem we are looking into, to see whether there is not some way to bring these families together. There are several experiments going on in this area where families live together and where we can get allotments to families, as well as other things.

Mr. FLOOD. This is not peculiar to the Vietnamese. This is historic with Southeast Asian troops and has been for a thousand years. This is not a thing peculiar to these Vietnamese outfits in just this fighting. This has been a custom of the trade for a long time.

Secretary LAIRD. But it is still a serious problem. It is always something which has to be solved.

Then there is also the leadership problem General Wheeler pointed out.

General WHEELER. We are trying to work out a local R and R program and also are building some inexpensive shelters for their families.

These people, as you know from going out there, really live in a one-room house. They are trying to figure out some way to build a large number of these small houses so that if a unit moves the women and children can follow along behind them. They are also trying to provide an R and R program.

Mr. ANDREWS. Are the South Vietnamese people getting tired of the war?

General WHEELER. I would say there is no question about it.

Mr. ANDREWS. Some are and some are not. Those who are getting rich, according to what I hear and read, do not want the war to end.

Mr. FLOOD. That is a small number—a corporal's guard.

General WHEELER. The great majority of the South Vietnamese people—and when I say the great majority, I would say perhaps 99 percent—would like nothing better than to have peace. They have not had peace in Vietnam for 20 years. This gets to be an old story.

I would agree with what Mr. Flood said—it is a corporal's guard that would like to see this war continue.

HISTORY OF VIETNAMIZATION PROGRAM

Mr. RHODES. General, Vietnamization is something that we had not really heard too much about until Secretary Laird came aboard, although I think a lot of us had sort of dreamed that it might be possible.

What has happened to make it possible for us to think of this in real terms now, whereas a year ago we didn't even dare think of such a thing?

General WHEELER. They had started a year ago, Mr. Rhodes, what I would call a prototype Vietnamization. In fact, it started about 18 months ago.

However, as the Secretary pointed out a moment or two ago, this was pointed only at giving the South Vietnamese a capability of defending themselves against VC, in other words, the people who were in country.

One of the assumptions was that the external threat, the North Vietnamese threat, would have been negotiated away.

In effect, then, what you are talking about is something on the order of a high level police type action rather than more formal warfare.

This last program, the one we are now embarked on, as the Secretary pointed out, is an addendum to that concept, or an expansion of it, to give the Vietnamese forces the capability to defend themselves not only against the VC, but against the North Vietnamese threat.

Mr. RHODES. Was this caused by reappraisal of the capabilities of the South Vietnamese, or was it always felt that this could be possible if we decided to go that way?

General WHEELER. I think it was a matter of priorities, to start off with.

When we first moved our own forces into Vietnam, our ground forces, in particular, in large numbers in the summer and fall of 1965, it was in the face of a situation that I would characterize as being critical. The enemy was very, very close to achieving an overwhelming military victory in South Vietnam. I think you will all recall that very critical time.

Why the North Vietnamese were so cautious and delayed making, you might say, a sizable attack with major North Vietnamese forces I will never understand because they could have swept aboard. It was not a question of whether they could have won, but it was a question of when they would have won.

Therefore, the first effort we undertook was to provide to General Westmoreland sufficient military power to reverse the trend of military events in Vietnam. That was first priority.

Among the critical items was to get better small arms for our own troops, the M–16 rather than the M–14, so that the grenade launchers, the better machineguns, more modern equipment, and that sort of thing was important. Our first effort was to provide the U.S. troops with better equipment.

Mr. FLOOD. Plus the fact that whatever the South Vietnamese had were so pathetically and obviously inferior to what the Vietcong were bringing out from the North.

General WHEELER. That is right. We didn't have enough production to take care of our own troops and at the same time to provide these better weapons to the Vietnamese.

Then General Westmoreland, as soon as we began to get a more ample supply of M–16's, began advocating upgrading the weaponry of the South Vietnamese, and actually this effort started just about the time of Tet of 1968. This is the first time we could start doing that, and then we began in light of the experience of the Tet offensive of 1968, to go into a more extensive program to equip not only the regular forces, but the paramilitary forces, with better weapons.

This has been expanded further under the present administration into what we now call the Vietnamization program.

Secretary LAIRD. As far as upgrading the weaponry of the South Vietnamese is concerned, Mr. Rhodes, we accelerated that program in February. It might be interesting to note that as far as the regional forces and the popular forces and the regular forces in-country are concerned, we have 100 percent of all the M–16's necessary to equip all of them. Ninety-seven percent of all the forces already have the M–16. I use that as an example.

ENEMY USE OF MORTARS

Mr. FLOOD. There is one weapon which they knocked our brains out with in Korea, and these Vietcong and North Vietnamese are just as good. They can drop a mortar shell in your vest pocket. Why can't our people, including the Americans, do that? We cannot touch these people on handling small mortar fire.

General WHEELER. I don't agree with you, Mr. Flood.

Mr. FLOOD. You don't?

General WHEELER. No, sir.

Mr. FLOOD. Everybody else does.

General WHEELER. I used to be a weapons platoon leader myself.

Mr. FLOOD. Mortars?

General WHEELER. Yes, sir.

Mr. FLOOD. What about the Vietnamese? Are you giving them mortars?

General WHEELER. Yes.

Mr. FLOOD. Can they handle them?

General WHEELER. They are good.

Mr. FLOOD. They are?

General WHEELER. Yes, sir.

Mr. FLOOD. By golly, the other fellow is.

Secretary LAIRD. That other fellow is not so good with the mortar now.

Mr. FLOOD. Yes, he is.

Secretary LAIRD. Well, I would rather have General Wheeler comment on that, but the mortar fire ——

Mr. FLOOD. I don't mean those big guns but the small mortars.

General WHEELER. Eighty-two millimeter, 60 millimeter.

Mr. FLOOD. That is right.

General WHEELER. The Vietcong and the North Vietnamese are well trained in the use of small arms. There is no question about that.

———.

DELAY IN PRODUCTION OF M–16 RIFLES

Mr. RHODES. If I may pursue this further, and ask General Wheeler whether I am interpreting his previous statement correctly as saying that the bottleneck, in so far as Vietnamization was concerned, was the production of the M–16 rifle?

General WHEELER. That was the bottleneck, and money was a bottleneck. It was a matter of how much money we put in.

Mr. RHODES. Why didn't somebody ask this committee for more money for more M–16's?

Mr. FLOOD. It wasn't the money, Skipper. We would have given you all the money you wanted.

Mr. RHODES. They didn't ask us.

Mr. FLOOD. It took 7 years to put that gun on the line.

Mr. RHODES. That is the point I am trying to make. They didn't ask us and I don't know why.

General WHEELER. I am not trying to put the blame for this on the Congress. Don't misunderstand me.

Mr. FLOOD. We understand that.

Mr. RHODES. I am trying to find out where the blame was.

Mr. FLOOD. It was production.

General WHEELER. We had only one production facility to start off with.

Mr. FLOOD. We could have had more.

General WHEELER. We put in three, as you recall. This was only after the Tet offensive of 1968.

Mr. MINSHALL. Who insisted on one production facility?

General WHEELER. Perhaps this committee knows more about this than I do as an individual, and that is that Colt owned the patents to the M–16 and there was a very difficult negotiation which had to be conducted with Colt before the two other facilities, GM and H. & R. could be brought into production.

Mr. RHODES. As you well know, if this had been World War II you would have put the guns into production and negotiated later.

General WHEELER. That is correct.

Mr. RHODES. This is the point. Somebody didn't give this a high enough priority, and it made Vietnamization impossible.

OBJECTIVES OF VIETNAMIZATION PROGRAM

Secretary LAIRD. I want to make one comment here if I may. We are talking here about the military aspects of Vietnamization. There are other things involved in Vietnamization. First, there is the question of attitude and political philosophy of the South Vietnamese. Then there are the problems of economic and political development and the provision of effective security in Vietnam.

We have been addressing ourselves primarily to the military aspects. We have been giving the military aspects of Vietnamization the highest priority as far as our commanders in Vietnam are concerned. I think it is important that we have now changed the orders to our commanders in Vietnam to make this broader objective the highest priority.

Really, the momentum that has been built up there is quite encouraging and it is important that we maintain this momentum. I think we can maintain it, but I want to make it clear that there will be some setbacks in Vietnam. People who think that we will not have any setbacks or that the South Vietnamese Forces will never have any defeats, really are not looking at this situation very realistically. I hope that the members of this committee will help us caution these people when the South Vietnamese Forces do suffer a defeat in a particular battle—which is bound to come in any war——

Mr. FLOOD. Mr. Secretary, the British went through this for 500 years.

Secretary LAIRD. That is correct. We are doing well. Now, looking at it from just my viewpoint, the Ben Het experience was perhaps rather significant because General Abrams decided not to send in American help there except for some support. The South Vietnamese made some mistakes, but I think they have learned a lot from that particular operation and they learned one major thing, which was that they could handle such an operation on their own.

Mr. RHODES. Mr. Secretary, the thrust of my questions—and I am sure you know—was to inquire as to why we hadn't gone into Vietnamization before. It is a great idea. It is something that should be done. I congratulate you for doing it. But I wanted to see if I could find out why it hasn't been done before. I think the General's answer was very complete, very definitive.

Mr. ANDREWS. Mr. Flood has some questions. Are you through, Mr. Rhodes?

Mr. RHODES. Yes.

FUNCTIONAL MANNING OF SHIPS

Mr. FLOOD. It is actually one question, Mr. Secretary. I mentioned it to you before the hearing started so that you would be alert to the import of the question. I know certain members of your staff are. This is not because I am asking it but because the history of the question is such—and the nature of the question is such—that in view of what you are proposing to cut back in ships and cut ships in bodies, I thought you should be alerted to the import of this question.

I direct your attention to page 10 of your statement. Of course, it is marked "Secret," so I don't know whether these will be carried in the final record or not—this particular portion.

Secretary LAIRD. We will try to declassify as much of it as we can.

Mr. FLOOD. The second paragraph on page 10, you wind up saying:

> Nevertheless, this inactivation of more than 100 ships constitutes a significant reduction in the size of the active fleet, and sharpens the needs to press forward with the new construction programs.

Now, I have been identified with this matter for a couple of years. I will tell you how this came about: We arranged to have this meeting held on March 17, 1967. Now, believe me, March 17, 1967, or March 17 in any year is a very important day, St. Patrick's Day. Anyhow, the meeting was held in Secretary Nitze's office. Under Secretary of the Navy Baldwin was present. There were also about 9,000 admirals of all ranks, colors and descriptions. So it was no amateur show.

The experts call this subject "functional manning approach." I have here a document which I have been through a number of times, produced by the Stanwick Corp.

Now, this is the nub of the thing, they say that all ships carry far too many men. Now, while they have never made a study of a carrier, they estimate that they can save 1,000 men from a carrier, although they have never studied a carrier. Now, that is their estimate. The experts tell me and I checked with two very well-known intelligence agencies here in the Government last week that these people are apparently of the highest repute in their profession. This I do not know as a fact. Anyhow, they advised me today that the average carrier has 1,000 more men on board than are needed.

Now, with respect to small ships, they did a survey. The title of the thing is known as the Barney Study. I asked them what the Barney Study was. They said it was a study made by the Stanwick people of one of the small ships, of the destroyer class. Now, this was a very hot technical study. They reported this destroyer carried 87 more men than were needed.

Now, there are 23 ships that are in the same class. They tested this ship in the Mediterranean, the Atlantic, the Pacific and Vietnam.

Then the Navy decided, as is the wont of the Navy, that they would make what we all call an in-house test, not by Stanwick. The Navy decided that this was so good, or so hot, or something, that they would do an in-house study of these same problems.

Now, the Stanwick people went a step further. They recommended that the same test be made for the entire Navy. The Navy said that they would run the destroyer test, they would run a carrier test, and they would consider running an entire Navy test. The Stanwick people advised me as of noon today, that even though they met recently with the Navy people on the other type of tests, the Navy never followed through on the functional management approach. Nobody knows why. Well, my opinion is this: they got mixed up with the admirals and they should never have recommended a study of admirals. They were out of their mind. That was the end of the whole thing.

Now, the Barney study, they tell me today, amounts to this: The ships are not manned properly to do the job. They are overmanned. They figure it takes $1 million for a man for 20 years in the Navy, that it costs you $1 million for a man for 20 years in the Navy, over a period of 20 years.

Now, they did not need 87 men. That is $87 million. Now, you take 23 ships in the same destroyer class as the *Barney*, and you wind up with $2 billion. Now, if you want to cut bodies and if you want to save money, I recommend that you take this report that I just handed you, have the meeting again with these Stanwick people who are irreproachable people—nothing wrong with them I am assured.

Secretary LAIRD. That would be $87 million during the lifetime of the ship.

Mr. FLOOD. That is correct; 20 years.

Secretary LAIRD. Not a year, though.

Mr. FLOOD. No, No; for the lifetime of the ship, that is correct. Since you are concerned about cutting bodies and concerned in the new construction program, they have part of this whole synopsis of the new construction program that they just met with the Navy on. So there is the speech.

Secretary LAIRD. Mr. Flood, we will be glad to review that report. I think it is important to examine this whole personnel question, and I will be very glad to review it. I would point out the Navy ships have been operating during this Vietnam period, according to their standards, on an undermanned basis.

Mr. FLOOD. I know. That is the combat story. They have a story about combat and a story about "Suppose you have an epidemic all of a sudden in some port where everybody gets sick?" Then what is going to happen to your ship? The answer to that is easy. An admiral vis-a-vis one man who is a technician or an ablebodied seaman, then you don't have any problem. If you lose captains and admirals in combat or in an epidemic, you have a problem. But you do not have a problem with ablebodied seamen, not when you are overstaffed 1,000 to a carrier and 87 to a destroyer in the class of the *Barney*.

Then that argument does not stand up. So stay away from the admirals in this thing. This can help you really save bodies and dough. I am not kidding.

Secretary LAIRD. I will follow your advice and will review the study.

Mr. MAHON. Are there further questions?

FORCE REDUCTIONS IN PHILIPPINES AND THAILAND

Mr. ADDABBO. Mr. Secretary, as we reduce forces in South Vietnam, there was a period when we were reassigning these forces to other areas such as the Philippines and Thailand. Has that been continued?

Secretary LAIRD. No. We are cutting back on our forces not only in Vietnam but also in the Philippines. We have already announced a reduction in forces in Thailand by about 6,000.

Mr. ADDABBO. With the reduction in forces in Vietnam and the so-called Vietnamization, we are putting into the hands of the South Vietnamese expensive and new equipment. Now, even when we had full control of it there were many cases of pilfering and loss of material. What precautions will be taken now that this material is being directly turned over to the South Vietnamese for their use and disposal?

Secretary LAIRD. Every feasible precaution is being taken to provide proper protection for the logistic supplies. I can't assure this committee that there won't be any pilferage or stealing as far as some logistics support equipment is concerned. This is difficult to police entirely, but I think a better job is now being done in this area. Additional security precautions have been set up and there is a better check now than we have had in the past. The General Accounting Office made certain recommendations in a report a year ago, and we have worked closely with the GAO. I think that they will also substantiate the fact that a better control mechanism has been established, so we are certainly watching this closely. There was too much of that in the past. A year and a half ago, which I believe was when the GAO made its last report, I took up this matter with Elmer Staats and since then he has been encouraged that we have this in much better control than we had even 18 months ago when the report was filed. That was a critical report. It was made available to this committee as well as to the Government Operations Committee.

SOUTH VIETNAMESE SUPPLY SYSTEM

Mr. ADDABBO. We will keep control of the distribution as long as possible before we turn that over to them; is that right?

Secretary LAIRD. Well, we are trying to turn over the distribution function to their own units, the South Vietnamese. This is part of the Vietnamization program. In the past the only thing that many of these South Vietnamese units would do was to go to some American unit near them and use their logistics supply lines. The Command in Vietnam now has instructed the American units not to fill their requisitions, but to make them go through their own requisition procedure. It is most improtant for them to develop their own logistic support. We should not be relied upon to fill their requisitions.

I had a report on this just 2 or 3 weeks ago. I sent some people over from the systems analysis shop in my office. I think they went over with the idea that they were going to find an awful lot wrong with this. They came back with one of the most glowing reports on the progress in this logistics supply system that the South Vietnamese have set up. They thought a lot of the success was based upon the fact that the American units just were not freely giving them parts, equipment and so forth.

Mr. FLOOD. I hope you are not training these troops to live off of the country. That is the most dangerous thing in the world for indigenous troops.

General WHEELER. On the contrary——

Mr. FLOOD. Well, it is very dangerous.

General WHEELER. On the contrary, we are trying to keep them from living off the country. This happened in the past and it got into such disrepute with the population——

Mr. FLOOD. No doubt about it.

General WHEELER. May I amplify your response further?

Secretary LAIRD. Surely.

General WHEELER. The Vietnamese so-called supply system in the past was based upon four depots located in the four corps tactical zones—period. In fact, they had no supply system worthy of the name.

Over the past 2 years COMUSMACV logistical people have been working with the Vietnamese, the joint general staff, in particular, and their logisticians in developing their own logistics system quite similar to ours. When I was there in October I received some very welcome news; namely, that the Vietnamese had taken hold in very good fashion in the logistics area and were more and more able to support themselves logistically than they had before. This is due to new procedures and techniques. There is one problem area; that is, as this committee knows, a lot of our logistical system is now really based upon the use of computers, ADP.

The question arises as to what we can do to speed up the Vietnamese methods of logistical computation and recording, because they were still using the old hand method which is really too slow for this kind of logistic system that they are talking about. This is one of the things that is in progress right now.

DRAFTING OF THE MEDICALLY UNQUALIFIED

Mr. ADDABBO. Mr. Secretary, as the reductions are made in our forces in South Vietnam and the reduction in the callups of draftees, is there a further study being made as to the possible reduction with respect to medical qualifications? In other words, right now the qualifications are down to the minimum. We have a case now in my office where a boy, with deteriorating muscular activity in the knees, is being assigned to Vietnam. Have your medical requirements been revised so that those who are limited, where they have one eye or one ear, such as that, will they be excluded?

Secretary LAIRD. We have not changed the medical requirements as far as selective service is concerned at the present time. As you know, they were lowered about 2 years ago and I think that was the last time. There has been no change since then in those requirements. They are being reviewed, however, at the present time, along with all the other aspects of the Selective Service System, such as all methods of deferment, including college and graduate student deferment. The whole Selective Service program is being reviewed at the present time.

Recommendations will be made to the National Security Council around the 15th of December. We will be prepared to testify no later than the 1st of February next year about proposed changes in the Selective Service Act and also proposed changes in the selective service rules and regulations as promulgated by the President.

Mr. ADDABBO. Are there any rules for the present which you might be publishing relative to assignment to South Vietnam in any one of the marginal medical qualifications?

Secretary LAIRD. No. We have no proposed change in the regulations as far as medical requirements are concerned for service in Vietnam as of today. I would be glad to look into that question further, but I know of no proposed changes as far as medical requirements are concerned that are contemplated to be put into effect prior to the overall review of the Selective Service System. We will probably be making some changes in February.

Mr. MINSHALL. Would you yield?

Mr. ADDABBO. Yes.

VARIATIONS IN MEDICAL REQUIREMENTS BY STATES

Mr. MINSHALL. One of the biggest complaints we have had about the Selective Service System itself is the fact that the medical requirements and regulations have differed so much from State to State, whether it be in Massachusetts, Ohio, or Wisconsin. The same boy who might flunk a physical for entrance into the military service in Massachusetts would pass it in Wisconsin.

Secretary LAIRD. That is one of the things we are looking into right now.

Mr. MINSHALL. It is very inequitable, to say the least.

Secretary LAIRD. Before we make any changes, this study would have to be completed. We will be making recommendations with regard to all possible inequities that do exist. We wanted to go forward, however, and we have been trying to move to a random selection procedure as the first major change to be put into effect. We felt we could put that into effect by January 1, and we have concentrated on that change.

The study which deals with other changes to remedy other inequities in the Selective Service System will be completed by the 15th of December and we will have those recommendations ready by the 1st of February.

WITHDRAWAL OF ALLIED FORCES FROM VIETNAM

Mr. ADDABBO. We read about and have heard about the Philippine reduction of 1,500 Philippine Forces from Vietnam. Now, because of that withdrawal and our own, would any of our other allies who have forces in South Vietnam be reducing their forces?

Secretary LAIRD. None of the other allies have any present plans to reduce their forces. I refer to statements that have been made by the Governments of New Zealand, Australia, and South Korea. There is no present plan to reduce forces as far as Thailand is concerned.

Mr. FLOOD. You may have some trouble in Australia because of the closeness of this election there. That is pretty touchy.

Secretary LAIRD. This is a matter that we are certainly interested in. We do consult with these countries. I met with the Prime Minister on this particular subject. I am sure General Wheeler has also had discussions with the Australians in that regard. They have no present plans.

Mr. FLOOD. You see, the opposition ran entirely on a pullout ticket and it came awfully close.

Secretary LAIRD. They are doing that in New Zealand. Now, New Zealand does not have a great commitment but it is an important commitment for them when you consider that they are a country of only 3 million people. I think it is important to encourage our allies to make a larger rather than a smaller commitment.

Mr. FLOOD. If the Australians and New Zealanders know geography, they won't pull out.

Secretary LAIRD. I think we should encourage them not only to maintain their commitment but perhaps to increase their commitment.

Mr. FLOOD. Just remind them they are in the Western Hemisphere in case they have forgotten.

Secretary LAIRD. Off the record.
(Discussion off the record.)

MORALE OF NORTH VIETNAMESE AND VIETCONG

Mr. ANDREWS. Everybody seems to be getting war weary but the North Vietnamese. What about them and the Vietcong?

Secretary LAIRD. I think they are getting war weary. I don't believe there is anything to indicate to me that they are not war weary. Every indication would lead one to believe that the Vietcong has some very difficult problems and certainly the statistics which I put in the record in answer to the chairman's earlier question would lead one to that conclusion. I would like to repeat that here, if I could.

Mr. MINSHALL. Would you yield for a minute?

You say that the Vietcong are becoming war weary. How about the North Vietnamese people? Have they had any demonstrations in their country like we have had here?

Secretary LAIRD. I don't believe they would permit any kind of a demonstration in their country. They have a tendency to take care of anyone that disagrees in a different fashion. I am thankful we don't have that same process here.

Mr. FLOOD. Furthermore, why should the North Vietnamese be unhappy about the war? They are not getting hurt. They are taking some casualties but nobody in North Vietnam is really getting hurt. Why should they be sick of the war like the South Vietnamese?

Secretary LAIRD. There was some indication prior to the stopping of the bombing, though, that it was having a significant effect upon their morale.

Mr. FLOOD. The fact remains——

Secretary LAIRD. It is true that since last November, when we stopped the bombing, the people in North Vietnam have not been getting hurt.

BOMBING OF NORTH VIETNAM

Mr. ANDREWS. They did not get any real meaningful bombings before the so-called bombing halt, did they, Mr. Secretary?

Secretary LAIRD. I would think perhaps at the start of the bombing that this might have been a fair appraisal. But I think as the bombing progressed until the time it was discontinued there were significant bombing raids taking place in North Vietnam.

Mr. ANDREWS. None of their cities had been bombed or rocketed.

Mr. FLOOD. They got a few on the outskirts of Haiphong but not enough to worry about.

Secretary LAIRD. Perhaps General Wheeler would want to comment on that question.

General WHEELER. During the bombing activity just before the bombing halt on March 31, 1968, they were really taking a shellacking. Now, we did not, of course, just bomb cities indiscriminately by any manner or means. We were going after military targets. So, in that regard, there was less impact on the population than there would have been otherwise.

Mr. FLOOD. You dropped two or three pretty close to downtown Hanoi.

General WHEELER. Well, even there—take the testimony of the British Consul General in Hanoi. He said that the bombing had been the most precise in the history of warfare, as best as he could ascertain. Now, this isn't to say that every now and then somebody didn't miss a target and knock over a building or two, because they did. But as I say, generally speaking we were going after military targets—and with some success. There were signs that they were having problems, particularly the problems in maintaining their lines of communication. It was taking them well over 40 days to turn a ship around in the port of Haiphong because they just simply could not unload it and then clear the dock areas and move the stuff out. We figured that they had close to half a million people engaged in maintaining lines of communication to the south, moving stuff by bicycle, by transloading across bombed-out bridges, things of that kind.

COST OF WAR TO RUSSIA AND CHINA

Mr. ANDREWS. Talking about war weariness, we were told that Russia is putting up $1,200 million per year to keep this war going and that Red China is putting up $800 million. I am satisfied that they are extremely happy with what is happening right today. That is a pretty good bargain for them, to have their most powerful enemy pinned down. I am sure they would not like to see this war end.

Secretary LAIRD. I don't believe we are pinned down, Mr. Andrews, but we are spending considerably more in lives—particularly lives and manpower resources—coupled with tremendous financial sacrifice on the part of our people, than the Russians and Chinese are.

Mr. ANDREWS. They ought to be extremely happy because they have wanted and yearned for this through the years and it is taking place now. This country is filled with unrest on college campuses, in the streets. That is what they want. This has to do with the war, among other things.

Mr. FLOOD. Off the record.

(Discussion off the record.)

Mr. ANDREWS. I wouldn't think they would like to see this war end. Just 2 weeks ago I saw in the paper an AP story out of Moscow stating that Russia was prepared to financially back up North Vietnam. Every time I see where envoys go from Hanoi, they stop in Peiping, Moscow, and then to Paris. When they leave Paris it is Moscow, Peiping, and Hanoi.

Secretary LAIRD. Mr. Andrews, I have seen no evidence that the Soviet Union or Red China is making any effort to bring the war to a close in South Vietnam.

Mr. ANDREWS. That is right.

Secretary LAIRD. As a matter of fact, the evidence would seem to point to the opposite conclusion.

Mr. ANDREWS. Then you and I agree on it.

Mr. MAHON. Are there further questions on my right?

OPEN BIDDING FOR REPAIR OF NAVAL VESSELS

Mr. ADDABBO. One further question of a personal nature as far as New York is concerned. We in New York, as you know, have been raped as far as defense production facilities are concerned. The Brook-

lyn Navy Yard, now the Naval Research, and several of the Air Force bases are being closed. One of the things we have proposed of a positive nature is the open bidding for repairing of naval vessels. Right now they are restricted to their home port. We are seeking a radius of 350 miles where any port or any drydock owner could bid on it. We have two instances which were brought to the Secretary of the Navy's attention where there was a bidding out of Norfolk and there were only one or two bidders on it. But then there was another bidding out of Narragansett where the New York drydocks were allowed to bid. It was on naval vessel 1X–306 (AKL–221), where the New York port shipyards were allowed to bid.

Now, we underbid the others by over $150,000. The Navy talks about inconvenience to the servicemen, not being near their point of call. Yet they shipped men from Norfolk, Va., to Baltimore, over 200 miles. Now, what we are asking is that New York be able to bid on the ships assigned to Narrangansett Yards which would be between there and New York, under 180 miles.

We feel in view of the fact that we have been able to prove dollar savings on repair bidding, that this matter should be reviewed and that all repair work be, No. 1, let out for competitive bidding and, No. 2, within at least a minimum radius of 350 miles.

Mr. Secretary, I bring this to your attention because again New York has lost money, we have paid many dollars in taxes but we are losing that. We have a great minority problem up there. We could use the employment. If it does not happen, where we have been taxpayers we are going to become then tax users. I ask your office to again review this matter because I will be presenting this amendment on this side and I know the senior Senator from New York, Mr. Javits, will be presenting this amendment in the Senate when the bill gets there.

Secretary LAIRD. I thank you for bringing it to my attention. Let me supply an answer when I have had a chance to review the problem.

Mr. ADDABBO. Thank you very much.

Mr. MAHON. Mr. Minshall.

CHANGE IN VIETNAMIZATION PROGRAM

Mr. MINSHALL. Mr. Chairman, to revert for a moment, my good friend Mr. Rhodes asked a question about what caused the sudden reverse English on the Vietnamization of the war. In response to that colloquy the general said that they had started a program about 18 months ago, a prototype program. But what I don't think is clear in this record is what caused the sudden shift? All of a sudden we see a march ahead as to attitude, as to philosophy, as to the Vietnamese having the proper weapons. Now, what caused the sudden shift?

Secretary LAIRD. There were several things. First and foremost in importance I think we had gotten to the point where it looked, at least to me and I am sure to General Wheeler and others, that there was not a very good chance of negotiating the withdrawal of the North Vietnamese forces. It took a considerable amount of time even to get down to any negotiations. The only thing of substance that has been accomplished is the agreement on the shape of the table.

So it seemed to me when I got into this new position that we should not count any longer on the idea that the North Vietnamese were going to withdraw from South Vietnam, Laos, and Cambodia and go

nicely up to North Vietnam and stay there. It seemed to me that we had to start immediately in planning and implementing a program that would allow us to reduce the American ground force commitment in Vietnam and also see to it that the South Vietnamese were prepared to meet not only the VC threat but the North Vietnamese threat.

So in our planning after my trip to Vietnam with General Wheeler in March we decided—and the Joint Chiefs and MACV are very much aboard in this program—that we would start planning for a new and different program. That different program was named Vietnamization; turning over the full responsibility for combat and eventually most of the other responsibilities to the people of South Vietnam. I don't think it does any good to get into the debate as to why our ground forces are in Vietnam. What we are trying to do is to develop a program so that our ground forces and other U.S. forces can be reduced in Vietnam. We felt that the time had come to abandon the planning in our Government that was based solely on the premise that the North Vietnamese would withdraw to the north. That is the difference. We have gone forward on that new basis and I believe we have gained momentum. I think it might be well for General Wheeler to comment on this, but basically that is the difference.

Mr. MINSHALL. Could you add to that, General?

General WHEELER. Actually I can't add very much because I think the Secretary gave you the rationale behind the decision. In other words, it became very obvious, at least to most of us in the executive branch, that the negotiations were not a very promising area of advance toward an honorable settlement of the war. Therefore, it seemed sensible to have some other means of obtaining an honorable end to the war than merely the negotiating track.

The Secretary was willing to go ahead and push this program—not only willing, in fact he took the lead in this program. Everybody as he said, was anxious also to proceed down this road of Vietnamization. So that we have some alternative to the negotiating track.

Furthermore, I would say that from the military point of view, as well as from the political point of view, it makes sense because, as one of your colleagues remarked a while ago, we have no pressure on the North Vietnamese other than the casualties that they are suffering in the South, which are quite heavy by the way. This does put pressure on them.

If I were a North Vietnamese, the last thing in the world I would want to see would be some time in the future a South Vietnam fully armed, fully able to defend itself, because this would be, I think, the death of all their hopes of achieving the overrunning and subjugation of South Vietnam.

Mr. MINSHALL. With this dramatic change in attitude in philosophy and Vietnamizing the war, if this Vietnamizing of the war doesn't work, what is the next course of action as you look down the road?

General WHEELER. As the Secretary said earlier—and I agree with him on this, too—I think we would have to consider other courses of action ———.

Mr. FLOOD. How do you——

Mr. MINSHALL. Just a moment.

———.

General WHEELER. For example, we could ———.

Mr. MINSHALL. All of these things we have talked about over the years that have not yet been done.

Mr. MAHON. And some of the things that have been done that have been suspended.

Mr. MINSHALL. That is right.

MORALE OF NORTH VIETNAMESE AND VIETCONG

Mr. FLOOD. Along that line, Congressman, how do you explain, if it is so, this high esprit de corps of the northerners? Why the esprit de corps of their troops? Why are they so hot?

General WHEELER. As a matter of fact, I was going to intervene in this discussion a while ago. The Vietcong have very definite morale problems today.

Mr. FLOOD. I don't mean the Vietcong.

General WHEELER. I know, but I am coming to that, Mr. Flood. Also, we have noted that the North Vietnamese units are a little bit less ready to go than they were at the outset. They have lost in their battlefield leadership. They have had very heavy losses. Their units, generally speaking, are not as well trained and as well led as they were a year ago, certainly not as well trained and as well led as they were 2 years ago when they were extremely well led and extremely well trained. Their motivation doesn't seem to be as high as it used to be.

One other thing, when these North Vietnamese get into the South you have got to remember they are strangers in a strange land. The South Vietnamese hate their guts, so they don't have any place to go. Most of them feel they have got to fight whether they want to fight or not. Therefore, we don't get a very high number of defectors from the North Vietnamese units. I think the highest number we have ever gotten in 1 month, about a month ago, was when we picked up 58. On the other hand, in the South, regardless of what is said about the South Vietnamese Government, it is not a Communist government. They don't have the same apparatus as in the North, with the same types of discipline both at home and abroad. You have a different approach. Also, the South Vietnamese men do have some place to go if they desert.

Secretary LAIRD. There are quite a few desertions. Last month we had, I think, over a thousand a week. The casualties of the North Vietnamese and the VC were over 3,000 last week.

REASON FOR DELAY IN VIETNAMIZATION

Mr. MAHON. General Wheeler, you have been over in the Pentagon for some time. You are a man of wide knowledge. Your opinions are always respected. I would like to ask you about this matter of Vietnamization.

As I understand it, you and the Secretary have said that in view of the fact that no progress is being made in the peace talks that some other alternative in order to partially disengage us from the war is necessary, and that Vietnamization is one of the alternatives that we could, to some extent, exploit.

It does seem to me that we ought to do all we can toward Vietnamization; that is, causing the South Vietnamese to shoulder a heavier responsibility in connection with the actual fighting.

Now, the question arises: Why didn't you, as chairman of the Joint Chiefs of Staff, advocate and find it possible to achieve a greater degree of Vietnamization in the earlier phases of the war? Was it impractical then? What is your assessment of that matter?

General WHEELER. Mr. Rhodes touched on this a little earlier, Mr. Chairman, but, as I pointed out to him, in 1965 when we first put our ground troops into Vietnam—in the late summer and fall of 1965—we were reacting to a situation that I could only describe as being critical. The enemy had very badly defeated and fragmented the South Vietnamese forces to the point where it wasn't a question of whether he could win militarily, it was a question of when. So our first effort had to be to put our own troops in there, to establish a logistics system which we did not have, to permit General Westmoreland to reverse an adverse military tide and regain the initiative from the enemy. This took about 2 years to do.

In the meantime, we were gearing up and increasing the production of all types of munitions. When I say munitions I include small arms, particularly the M–16, the M–79 rocket launcher, and so on, to equip our own forces. Now, General Westmoreland advocated, as I recall it, in 1966 that we start a program of giving the M–16, in particular, to the Vietnamese regular Armed Forces. This was found to be impractical at the time simply because we had only one production facility, Colt, and all of that production had to go to our forces.

I think everyone in the Department felt at that time that for us to arm the Vietnamese forces with an M–16 while our forces were still armed with M–14's would have been unrealistic. Then when the time did come, when we were beginning to catch up on production, this was after the Tet of 1968 when the decision was made to increase the production facilities to three in number—you will probably recall that Secretary Clifford initiated that program.

Mr. MAHON. I remember that, yes.

General WHEELER. There was quite an exchange with the Congress on the selection of the two new contractors, and so on.

It was by means of this increased production, however, that we began to get the means in hand to improve the weaponry of the Vietnamese.

However, during this period the concept was considered of giving the Vietnamese the full capability to defend themselves against both the VC and the North Vietnamese. The decision was made that we would provide them only with a capability to protect themselves against the residual Vietcong force. This was based upon the thought that we could negotiate the North Vietnamese out of the war, leaving only, you might say, an internal subversive threat.

It was in March, as the Secretary said, after he took a trip to Vietnam and conferred with General Abrams, that the concept of Vietnamization, as we understand it now was formulated. It was agreed to by everyone, and was directed to be implemented. At that time, we began also to put more money into the Vietnamization program than we ever had before.

I think you will recall, too, Mr. Chairman, there was a time when the war in Vietnam was fought under the military assistance program. This proved to be a completely infeasible way to finance a war. You can finance peacetime forces this way, but not wartime forces. There had to be a change made in the way in which the war was financed

Vietnam, Thailand, and Laos are excluded from MAP funding and the funding for those three countries has been assumed under the U.S. Defense budget. As I say, this has a long history. It was a matter of criticality, a matter of provision of weapons, both to our own forces and to the friendly forces, and finally it was the recognition that negotiations, at least at this time, looked like a very dry well.

Mr. FLOOD. Do you have military assistance people working behind your back toward counterpurposes with your command over there?

General WHEELER. No, sir.

Mr. FLOOD. Are they under your command?

General WHEELER. There are no military assistance people, as such, in Vietnam. You do have a military assistance section in the headquarters of MACV.

Mr. FLOOD. How many MAP people like we have in Peru or some place else?

General WHEELER. No. General Abrams has full control of everything in Vietnam. It is he who makes the initial decisions on the military assistance that will be provided. Of course, he comes back through service channels and makes recommendations as to what should be turned over, what should be procured for them, and so on. Finally, they go to the Secretary of Defense for final decision.

Mr. ANDREWS. The gentleman from Arizona.

HARDENING OF MISSILE SITES

Mr. RHODES. Mr. Secretary, do the Russians have anything which approximates our Operation Hardrock? Are they trying to harden any of their missile sites to the extent that our Hard Rock contemplates?

Secretary LAIRD. Yes; they are, but we don't have any evidence that they have gone into a program that is as extensive as our Hard Rock silo program. But we haven't actually built any of these Hard Rock silos yet.

Mr. RHODES. We expended some funds on Hard Rock last year. Is there anything in the budget for fiscal 1970 for this program?

Secretary LAIRD. No; there is no money for actual deployment. We have requested research and development funds as well as some O. & M. for site surveys. But we have no funds in the fiscal year 1970 military construction account to go forward with the Hard Rock program at this time. We still are continuing the program that was initiated last year in the research and development area, but we have not gone forward with the military construction aspects of that program.

AMERICAN DESERTERS IN VIETNAM

Mr. RHODES. In last Sunday's paper or the Sunday before that, I believe there was a rather extensive article about American deserters who have apparently gone underground in Vietnam and because of their access to uniforms and their appearance and the like, they are quite active in certain activities like, for example, cashing bum checks, and fencing stolen goods for the Vietnamese underground. Is this happening to any large extent or is it fairly isolated?

Secretary LAIRD. We think it is fairly isolated, as far as American service personnel are concerned, but there are some deserters in Viet-

nam. I don't have the number that we estimate right now. Do you have it?

General WHEELER. I don't have that.

Secretary LAIRD. It is not a substantial number.

Mr. FLOOD. Did you ever hear that there are 500 of our deserters over in Cholon, across the river, underground in the Chinese area?

General WHEELER. Not 500.

Secretary LAIRD. I had never heard that there were 500. ———.

Mr. FLOOD. No, ——— I mean in Saigon, in the Chinese section of Saigon.

Mr. RHODES. This is what I was asking about; I read the same story that you did, that they were pretty active over there.

Mr. FLOOD. I didn't read any story on it.

HARD ROCK PROGRAM

Mr. SLACK. Would you yield on that Hard Rock program? You said there was no request for money in Hard Rock this year.

Secretary LAIRD. There is no request in 1970 to go forward with the program except in the research and development and site survey areas. We are going forward on an experimental basis, but we are not going forward with the construction of operational Hard Rock silos for our Minuteman missiles.

Mr. SLACK. As I recall, it did jump from about $2 million to $8 million or an increase of $6 million in the O. & M. account and from $25 million to $50 million in R.D.T. & E.

Secretary LAIRD. Yes, that is correct, there was an increase from fiscal year 1969 to fiscal year 1970. But the amount was $25 million in fiscal year 1969 and $50 million, plus some site survey funds for fiscal year 1970.

Mr. ADDABBO. There is $278 million planned for constructing the first research silo.

Secretary LAIRD. Yes, but we are not going forward with hardening the Minuteman sites on the Hard Rock basis. We are making the site surveys, and we are looking over certain areas of the country which have the proper geological formations, in order to be able to go forward with that Hard Rock program in the event we increase our strategic missile force or decide at some future time to give greater protection to our current force.

Now, in my testimony before this committee on the ABM, I testified on the differences in costs between the ABM program and the Hard Rock program. I think at that time we put in the record the estimates made thus far based on the surveys that have been made.

Mr. SLACK. Thank you.

Mr. ADDABBO. Is this full $278 million committed to research on the Hard Rock silo?

Secretary LAIRD. It is entirely planned for going forward over a period of years with a demonstration test program as far as the Hard Rock silo is concerned. The $278 million is an estimate of the full cost of the experimental program as presently planned. Let me supply for the record the total amount requested in the revised fiscal year 1970 budget.

(The information follows:)

The total amount requested for Hard Rock silo development in fiscal year 1970 is $50 million. In addition, $4 million is being requested in the revised fiscal year 1970 budget for site surveys to reduce operational leadtime.

COST OVERRUNS

Mr. RHODES. I have never before seen the figure that you have on page three of your statement, the figure being $16.2 billion overrun compared to the original estimates on the 34 major defense systems. It was a very revealing figure and I think you should be complimented for including it in your testimony.

I can't help but ask, however, if there is a significant amount of overruns in the so-called minor defense systems. Would the $16.2 bilion overrun be substantially augmented by overruns in minor defense systems?

Secretary LAIRD. I believe that we haven't identified all of it as yet and I think I tried to make that point in the statement. I said "I am still not convinced that we have uncovered all the deficiencies in our current programs and we will continue to examine them and keep the Congress informed." As a matter of fact, on each one of these weapons systems that are included on table two, I require the service secretaries to sign off personally every quarter on the cost of every one of these major programs. No project officer may do it, no one else but the service secretary himself.

Mr. FLOOD. I am advised that to participate in discovering overruns is a very hazardous occupation.

Secretary LAIRD. In my first appearance before a congressional committee on the defense budget I tried to set forth all of the overruns which we had uncovered when we took over this new watch, which I consider I took over on the 21st of January. One of the persons I assigned that responsibility to was a former staff member of this committee, Frank Sanders. I said, "Now, Frank, I want all of these identified in every area of the Navy. I want to also identify them in the Air Force and the Army so that we have them put out in one place, what these overruns are in every major weapons system." This hasn't been done before. We have been doing that. As you can see by this table, we have a cost growth of about $16 billion on these 34 major weapons systems. I would like to declassify as much of this information as possible because it seems that some people go up to the Hill and try to give the impression that this is something we haven't really identified, but we have. The only reason these reports haven't been put in the record before is that they contain classified information on these weapons systems.

This committee had access to this type of material last year during the hearings of this committee on the C–5A. The earliest disclosure of a potential overrun was developed right here in this committee. I think you should make that very clear.

You may recall, Mr. Chairman, that you directed a whole series of questions on C–5A cost overruns to the Air Force witnesses at that time. At one point you noted that if inflation continued we would have, I believe you said, tremendous additional costs.

All of this material wasn't first revealed to the Congress in November or December, and anybody who thinks that it was just hasn't read the published record of this committee.

SALT TALKS

Mr. RHODES. The SALT talks are beginning in Helsinki, as you know. I have always worried about talks such as this because of our history of being talked out of our eye teeth at conference tables. Can you reassure me that the Department of Defense is well represented at these talks and that you and your people are being kept informed as to the progress of the talks so that any agreements made will be made only with the concurrence of the Department of Defense?

Secretary LAIRD. I feel very confident that the Department of Defense is well represented.

One of the first things I did after becoming Secretary of Defense was to testify before the Senate Foreign Relations Committee at some length regarding the SALT talks. I predicted at that time that the SALT talks would be delayed by 9 to 12 months because of the invasion of Czechoslovakia and I was severely critized by some people for making such a prediction. But that prediction turned out to be correct.

I appointed as my personal adviser and the adviser for the Department of Defense on SALT the former Deputy Secretary of Defense, Paul Nitze. He has worked as a consultant in my office for the last 6 months and is prepared, as is no other person in our delegation, on this whole area of strategic arms limitation.

Now, Paul Nitze has been appointed by the President as a top member of our delegation in Helsinki. In addition, Lt. Gen. Allison who was just confirmed within the last few days, is also a member of the delegation. He was a Major General when he went over to the talks but on the way over he was promoted to Lieutenant General. He is also there and is a very important member of that delegation.

I was somewhat concerned about the reports that appeared in the paper that there was a conflict, not only within the Department of Defense between the Secretary of Defense and the Joint Chiefs, but that there was conflict in this administration between the Joint Chiefs, the State Department and the Department of Defense as far as the SALT talks are concerned. Let me assure you that is not the case.

General WHEELER. General Allison was for 2 years the head of my "Special studies group," which devotes full time to conducting conceptual studies of current and future military strategies, many of them having to do with strategic nuclear warfare. He is an Air Force officer, highly intelligent, with a very fine background in nuclear matters, as well as in matters having to do with missiles and so forth.

For over a year now he has been engaged practically on a full-time basis and for the last 6 months on a full-time basis in the role of my special assistant for arms control negotiations. In other words, during the past 6 months he has done nothing but this. He is supported by a group of hand-picked officers of the Colonel-Navy Captain level, who are experts in such things as nuclear matters ——

Mr. FLOOD. Is he in Helsinki tonight?

General WHEELER. Yes, sir, he should be. I got a message from him this morning, Mr. Flood. It was from Helsinki.

He is, I think, the best qualified military man I know in this particular field because he has devoted not only a great deal of time to it on a personal basis, but also because he is a highly intelligent officer.

Now, he has the title of the military adviser to the delegation which makes him one of the senior members of the delegation.

Mr. RHODES. That is all, Mr. Chairman.

C–5A COST OVERRUNS

Mr. MINSHALL. Mr. Secretary, in your statement on page 2 you stated that you had inherited the situations that have compounded your difficulties in reducing the defense budget. One of the things you inherited was the C–5A program. There has been much in the news media about the firing of a gentleman by the name of Fitzgerald. Would you care to comment on that in detail?

Secretary LAIRD. In detail? I would be glad to comment on it but this is a matter which is best handled by the Secretary of the Air Force. I don't get into the business of selecting every employee of the Secretary of the Air Force. I thing that once you pick a man to be the Secretary of the Air Force and he is confirmed by the Senate, some of these personnel problems within his particular department should be left to him. I want that understood. I am glad to comment on this but the responsibility for personnel in the Department of the Air Force, except presidential appointees, is certainly a matter that I have delegated to the Secretary of the Air Force and I think it proper that he should have that authority.

Now, as far as presidential appointees are concerned, that matter was turned over to me by the President to make recommendations. The Secretary of the Air Force is solely responsible for all appointments on his staff, with the exception of presidential appointments. I take care of making recommendations to the President on these after recommendations and consultation with the Secretary of the Air Force and the other Military Departments.

The Secretary of the Air Force has made a decision, after a very careful review, to reorganize the Office of Financial Management. A new man came aboard as Assistant Secretary of the Air Force for Financial Management and a decision was made by the Secretary of the Air Force. He informed me of the reorganization he contemplated in this area. He will be appearing tomorrow in public session before the Joint Economic Committee of the Senate and House at which time he will outline in very complete detail the reasons why he made the decision that he did as far as the reorganization of the Office of Financial Management is concerned.

I have talked to Mr. Fitzgerald on several occasions. I called him down to my office to visit with him concerning this whole question of cost overruns. He is right as far as his estimates are concerned on the C–5A program. I believe officials in the Air Force, not under Secretary Seamans but in the previous administration—and I am not trying to level blame one way or the other—did not pay as much attention to his analyses as they probably should have that there was a significant increase in cost. This could have been discovered, I believe, some 24 months ago and it was really not discovered until this committee discovered it last year. That is how I became aware of it, as a member of this committee listening to the testimony here last year.

When I became Secretary of Defense, being aware of the problem on the C–5A, I did not fully accept the explanation of Assistant Sec-

retary Charles who came up and gave me a briefing and indicated that everything was all right. I ordered my own investigation on this matter. It bore out the facts that had been developed here in this committee and also the charges which had been made by Mr. Fitzgerald.

I want you to know that I pointed out these overruns myself in my first appearance before a congressional committee on the FY 1970 Budget. But the question of reorganizing the Office of Financial Management is strictly a matter that should be handled by the Secretary of the Air Force and he will discuss this matter in great detail tomorrow. I will be glad to supply for this record his testimony on this question if you would like it.

Mr. MINSHALL. Thank you very much, Mr. Chairman.

Mr. MAHON. Mr. Secretary, speaking of the C–5A what are your current feelings at this time concerning the need for a fifth C–5A squadron?

Secretary LAIRD. Mr. Chairman, as you know, the Air Force notified the committees last Friday that it does not intend to request the fifth squadron in fiscal year 1971 although final budget decisions at the Department of Defense level have not been completed for fiscal year 1971.

BLUE RIBBON PANEL

Mr. MAHON. Mr. Secretary, you are aware that the committee has for years reviewed the management of various defense programs. Each year we have pointed out in our report on the Defense Appropriations bill the need for better management in various aspects of the defense effort. The detailed hearings this year again demonstrate the need for better management of some Defense operations. Are you going to give the blue ribbon panel sufficient authority to take an in-depth look into Defense operations so that it will be able to make some meaningful recommendations?

Secretary LAIRD. I have already given the panel that authority. The general scope of the panel is to study, report, and make recommendations on:

(1) The organization and management of the Department of Defense, including the Joint Chiefs of Staff, the Defense agencies, and the military services, as it affects the Department's mission performance, decisionmaking process, the command and control function and facilities, and the coordination with other governmental departments and agencies, with emphasis on the responsiveness to the requirements of the President and the Secretary of Defense.

(2) The Defense research and development efforts from the standpoints of mission fulfillments, costs, organization, time, and interrelation with the scientific and industrial community.

(3) The Defense procurement policies and practices, particularly as they relate to costs, time, and quality.

(4) Such other matters as I may submit to it from time to time. In the course of making its examination, I have taken care to insure that the panel has free and unlimited access to all the records of the Department, and to all the major components in the Department. I will be quite surprised if the panel does not make a number of meaningful recommendations.

Mr. MAHON. Mr. Secretary, in addition to the savings to be achieved by reductions in forces, cutbacks in operations, and the deactivation

of installations, do you foresee any substantial savings which can be realized by the elimination of duplicating functions, the overlapping of responsibilities, and the elimination of unnecessary programs and personnel, both civilian and military?

Secretary LAIRD. I hope so, Mr. Chairman. I just noted the scope of the blue ribbon panel's review of our procedures. I expect that this comprehensive examination will result in recommendations for streamlined operations and consequent savings, both financial and manpower.

DEFENSE PROCUREMENT

Mr. MAHON. It has been reported that of the $44 billion spent on weapons and other military goods in 1968, only 11 percent of the contracts were awarded through formal advertising. Sole source procurement accounted for 57.9 percent. It is in the sole source of procurement of major weapon systems that much of the problem of excessive costs and cost overruns have occurred. This committee has tried for years to increase competition in defense contracting. Mr. Secretary, is there any way to prudently increase our awards through formal advertising?

Secretary LAIRD. Formal advertising—that is where bids are received in sealed envelopes and publicly opened at a prescribed time with the award going to the lowest bidder—is not adaptable to most Defense purchases. This does not mean, however, that we do not encourage and get vigorous competition for Defense awards.

You are correct that during fiscal year 1968 only 11 percent of the total value of military contract awards were made through formal advertising. However, approximately 42 percent of all awards were made following vigorous competition. Some of that competition was obtained through the use of small business set-asides where the bidding was reserved exclusively to small business firms and the contract was thereafter "negotiated" with the lowest offeror. We do not call this formal advertising. Additionally, during fiscal year 1968, price competition was obtained by soliciting priced proposals (not in sealed envelopes) following which we negotiated the best possible contract price for the Government considering all competitive offers within an acceptable price range. We did not call these awards formally advertised—but they were competitive.

Some sole source procurements are what we call "follow-on" awards. In placing follow-on contracts for the annual buy of a major system where we initially held price or design competition and where we were satisfied that the Government initially received the best possible product for the lowest sound price—we go back to the original developer or the original producer and we negotiate with him to get the lowest sound follow-on price for our annual requirement. Considering the heavy investments made by both the Government and the contractor to provide adequate industrial capacity to meet our requirements in these situations, it is doubtful that it would be in the Government's interest to pursue any other course of action.

Approximately 40 percent of the total dollar value of Defense contract awards are sole source. These include annual requirements for such major systems as Minuteman, UH–1 helicopter, F–4 aircraft, and the tremendous orders placed for ammunition and shell loading at Government-owned and contractor operated plants. It is doubtful

whether a significant portion of our major hard goods requirements will ever be purchased on a formally advertised basis—but we will continue to get competition.

Mr. MAHON. In its report last year, the committee was critical of the apparent lack of competition in the procurement of spare and replenishment parts, particularly in the aeronautical field. The committee noted that no improvement was made during the past year and, in fact, competitive procurements have declined. Can you take any steps, Mr. Secretary, to assure that the military departments will make improvement in this area?

Secretary LAIRD. It is true that the competition in this area has declined. These conditions, of course, are influenced by the commodity mix of procurements and quite often by the urgency of the procurements making it impossible to take the time to get competition. While I am not satisfied with what has occurred, it should be noted that although competition has declined there has been a considerable increase in procurements which have been placed directly with manufacturers of the items. This is what we call direct purchase. Mr. Shillito, the Assistant Secretary of Defense (Installations and Logistics), has already called this problem to the attention of the Army and Navy where there appears to be the most room for improvement in the aeronautical spares areas. I think, however, that all three departments should be doing better and I assure you that I shall undertake to reverse this trend.

Mr. MAHON. The GAO is currently auditing 24 defense procurement incentive contracts with 18 contractors totaling a $1.17 billion. The Comptroller General testified recently before a House subcommittee that the GAO is finding there is insufficient DOD guidance to contracting officials as to when and how incentives should be used. He cited an example in which incentives were included in a contract for early delivery of a component when it was known at the time that the end item on which the component was to be mounted would not be available until some time later. In another example, a contractor was given an incentive for meeting quality control specifications in a contract, when the intent of the incentive should be to motivate the contractor to exceed contract specifications. What actions do you propose to take to assure that the necessary guidance is provided contracting personnel in this area?

Secretary LAIRD. Without the benefit of the particulars on the specific incentive contracts cited by the Comptroller General it is not possible to direct our reply to those contracts.

In regard to the GAO finding that "there is insufficient DOD guidance to contracting officials as to when and how incentives should be used," I believe that this should properly be related to the time frame in which the contract was awarded.

Since 1962, DOD has issued four revisions to the original Incentive Contracting Guide. Each has utilized the lessons learned from previous periods and has advanced the degree of coverage as new and more sophisticated techniques have been developed. These have contributed to evaluating and assisting in the structuring of incentive contract forms. The latest guide, dated October 1969, is a joint effort of cooperation between DOD and NASA and explains in detail all of the sophisticated computer assisted visibility tools available to Government per-

sonnel in this area. The new guide stresses the point made in both the Armed Services Procurement Regulation and the Contract Pricing Manual that the key element in any procurement is the selection of the right contract type for each procurement situation based upon the cost and technical uncertanties involved when balanced by the value objectives of the Government.

The DOD has a comprehensive training program designed to provide the necessary "guidance to contracting officials." Since 1962 over 7,000 individuals have attended regularly conducted in-house courses in incentive contracting.

DEFENSE COMMUNICATIONS

Mr. MAHON. Mr. Secretary, for many years, one of the areas of concern to this committee has been telecommunications. The report on last year's Defense Appropriation bill was quite critical of the management of this large, costly, and complex functional area which serves all elements of defense and other Government agencies. There may have been some slight improvement since then, but not to the degree we might have expectd. There dosn't seem to be a single strong focal point for the management of all DOD telecommunications resources. Several offices at the OSD level share responsibility for various parts of the telecommunications function. What is the total sum the Defense Department has been spending on communications, both tactical and strategic, in each of the last 3 fiscal years?

Secretary LAIRD. Defense Department communications expenditures fall into two categories—Defense Communications System and non-DCS communications—which generally parallel strategic and tactical communications. I will provide a table for the record showing estimated expenditures at this point.

(The information follows:)

[Expenditures in millions]

	Fiscal year		
	1968	1969	1970
DCS	726	722	837
Non-DCS	2,380	2,519	2,227
Total	3,106	3,241	3,064

These figures are estimates of communications and communications support costs within the DOD. Changes now in process to the planning, programing, and budgeting system will provide improved visibility of communications expenditures.

Mr. MAHON. The committee has been advised that telecommunications would be reviewed by your blue ribbon panel. As you know, there have been many DOD studies the last few years, all pointing to the same problems, most of which relate to telecommunications management, or lack of management. What priority does the blue ribbon panel review of telecommunications have?

Secretary LAIRD. The blue ribbon panel is examining the functional area of communications management as a matter of special interest. This review is in its early stages. Priority, in this review, is indicated by the special attention being given the subject, rather than by incorporating a particular decision schedule. It is too early to predict what this review may recommend.

Mr. MAHON. The committee understands that the management and

review of the DCS telecommunications systems supporting the intelligence mission are handled together with the consolidated crypotographic program, rather than with the rest of the defense telecommunications systems. Why is this being done separately?

Secretary LAIRD. Communications for support of the consolidated cryptologic program are an integral part of the total intelligence mission. The requirements for these communications are therefore considered during the review of the intelligence programs. The manner in which the intelligence communications requirement can be best satisfied is a function which falls within the management of DCS telecommunications. The control and review of these communications are therefore carried out as a part of the management of DCS telecommunications systems. I think I should also draw the committee's attention to the steps we are taking in regard to the entire area of intelligence resource review. Last August I assigned to the Assistant Secretary of Defense for Administration the responsibility for reviewing all of the major intelligence resource programs. I told him to establish a review process which would look at all of these programs together, and which would enable us to make tradeoffs among them. This concept is a major step forward. We will use this new review process to build a total 5-year intelligence resource plan, laying out the major intelligence resources of the DOD so that all of the parts fit together and so that we can see how they fit. Secretary Froehlke has a staff element working on this process now. We are not adding another layer of management—we are establishing a focal point for intelligence resource management. This will give us the first really practical way of looking at all of the efforts, including related communications, data processing, and other high-cost components, and adjusting them as a total effort so that we get the best return for our investment.

Mr. MAHON. What is the future of the National Communications System (NCS)? It was established in a crisis atmosphere during the Cuban missile confrontation and we have seen little come out of the resources expended since 1963. In a recent report on the NCS, GAO was quite critical in this latter respect. Do you have any plans to reexamine the continuing need for the NCS?

Secretary LAIRD. The NCS is a creation of the President and the National Security Council; hence the future of the NCS will be dictated by the needs of the President and his staffs. I believe the needs are obvious and the NCS will continue in even a more dynamic role than it now plays.

As indicated in the Comptroller General's report, the NCS has made, and I might add continues to make, significant contributions to the management of Federal communications, especially in crisis situations. The Comptroller General has rightfully attributed the limited accomplishment of the NCS objectives to deficiencies in policy formulation and direction in the Executive Office, as well as weaknesses in the NCS organizational structure. This overall problem has been receiving thorough scrutiny by the present administration and steps are currently being considered at the White House level for strengthening telecommunications policy direction.

Within the DOD, I am taking reorganization actions which should strengthen NCS and DOD telecommunications management arrangements and these should have a beneficial impact on the effectiveness of the executive agent/manager. I will review the effectiveness of the executive agent/manager NCS functions under these new arrange-

ments and determine if a further examination of the structure, authorities, resources, and relationships is needed in order to achieve the national objectives for which the NCS was created.

Mr. MAHON. The management of resources and the procurement of tactical telecommunications, as opposed to strategic or DCS telecommunications, is also fragmented. It would seem that technology has advanced far beyond this artificial distinction of tactical versus strategic communications and that such a distinction could permit duplication of communications assets and unnecessary costs. Would it be advantageous to establish one end-to-end DCS to serve all users, both tactical and strategic, and manage the whole entity at the OSD level—a strong, single focal point with responsibility for all DOD telecommunications?

Secretary LAIRD. Historically, all communications (tactical and strategic) were managed in the military departments and commands as a military resource vital to a military mission. Primarily because of the high costs and duplication involved, the strategic communications of all these departments were separately identified and integrated in 1961 into a single Defense Communications System under a single operational manager—DCA. It is quite true that technology has advanced greatly and is not a limiting factor in the establishment of a single end-to-end communications system. From a management viewpoint, however, it is important to insure that our non-DCS communications stay closely related to the military departments' planning and procurement cycles for combat equipment and, when deployed, be responsive to the military commander's mission. This has been the reason we have not formally incorporated non-DCS (or tactical) communications into the DCS. We have made DCA responsible for publication of interface criteria and have made the military departments responsible for complying. We also have made the JCS responsible for insuring the compatibility of tactical equipments between and among the services.

We intend to appoint a new official, responsive directly to me and the Deputy Secretary of Defense, with the responsibility for coordinating the fiscal aspects of communications.

Mr. MAHON. Is the Blue Ribbon Panel studying this possibility?

Secretary LAIRD. Yes, such a possibility is under study. The Blue Ribbon Panel is examining the functional area of communications management as a matter of special interest. This review is in its early stages, and it would be premature to predict what it may recommend.

Mr. MAHON. In a letter to this committee under date of October 7, 1969, Mr. Packard indicated that he has a plan to incorporate "some" of the non-DCS systems into the DCS and to consolidate the functional review and resources control under the Director of DCA. Can you enlighten the committee as to what is meant by "functional review and resource control under the Director of DCA?"

Secretary LAIRD. Mr. Packard's letter of October 7, 1969 refers to plans under consideration to centralize authority and responsibility, and to establish a strong focal point for improved communications management who would:

1. Develop, coordinate and recommend Department of Defense policy on planning and program development;
2. Review plans, resource requirements, program accomplishment, and redirection as required;

3. Review the application of available resources to satisfy approved programs and provide guidance for follow-on plans and programs.

Other changes contemplated will include a redefinition of communications to conform with the centralized management objectives and thus eliminate the fragmentation of responsibilities as in the past.

We have already taken action to separately identify DCS resources in budget submissions of defense components. This will provide the visibility that will be needed to control the application of money and personnel resources and to measure progress against approved programs. This will be done within the existing structure of the DOD Planning, Programing and Budgeting System and will provide a new office, directly responsive to me, with the visibility for coordination of communications resources within the DOD as a coherent fiscal program.

CONSTRUCTION OF GOVERNMENT-OWNED FACILITIES

Mr. MAHON. In March 1969, the General Accounting Office—GAO—completed a review of acquisition of industrial real property at five Government-owned, contractor-operated industrial plants. This review disclosed that the Air Force and Navy acquired major new facilities costing about $31 million at these five locations without previously disclosing this construction to the Congress in budget requests. In the instances noted, the contractors operating the Government-owned plants provided the financing of these construction projects and recovered the cost through overhead charges against Government procurement and R.D.T. & E. contracts. GAO indicated that the armed services procurement regulation—ASPR—is not clear as to whether or not the method used to finance these facilities is permissible, and there is no guidance in ASPR as to what controls should be exercised over the acquisition of facilities in this manner if authorized.

Mr. Secretary, what action have you taken to require full disclosure in budget submissions to the Congress of all proposed direct or indirect expenditures of procurement and R.D.T. & E. appropriations for construction of Government-owned facilities?

Secretary LAIRD. First let me state that I subscribe fully to the policy that there be a full disclosure in budget submissions to Congress of all proposed expenditures from the procurement and R.D.T. & E. appropriations—and I am hopeful that we are doing this now to the best of our ability. If improvements are in order for our budgetary procedures, they will be made.

Mr. MAHON. Is there any prohibition forthcoming in ASPR to cover this situation?

Secretary LAIRD. With respect to clarifying our budgetary procedure, we will probably not be required to add to the armed services procurement regulation (ASPR) because, of course, instructions with respect to budget preparation are contained in other directives. However, we may find that our purchasing regulations should be modified to bring both procedures closer together.

REVIEW OF GENERAL PURPOSE FORCE STRATEGIES

Mr. MAHON. Shortly after President Nixon took office, the National Security Council ordered a review of alternate general purpose force strategies. The Department of Defense thereupon undertook a reas-

sessment of both the total requirement for tactical aircraft to meet each alternative strategy and the relative costs and effectiveness of different mixes of land-based and sea-based aircraft. The outcome of this reassessment could have a significant impact not only on future DOD budgets, but on the fiscal year 1970 budget as well. Can you tell us when this reassessment will be completed, and provide us with an interim report on the direction it is taking thus far?

Secretary LAIRD. In January the National Security Council directed a review of alternative strategies for our general purpose forces by an interdepartmental study group, including the Department of Defense. This review included an analysis of tactical air forces as well as other types of general purpose forces for each alternative. This study was too broad, however, to cover questions of the mix of forces, such as land-based or sea-based tactical air. As a result of that study we have recently received general guidance from the President which will form the basis of force planning, but the reassessment of specific requirements for tactical aircraft is not yet complete.

We are continuing to assess the balance of land-based and sea-based tactical air as a part of our force planning to implement this guidance. Our fiscal year 1971 budget submission will reflect our decisions for the forthcoming year, and will be limited to a presentation of forces provided for in that budget (which must inevitably use our present forces as a base) and a general discussion of force alternatives available for the out-years. As you know, an additional and related study requirement was included in the Authorization Act.

F–14 AND F–15 AIRCRAFT

Mr. MAHON. Mr. Secretary, we are proposing to develop two new fighter aircraft—the Navy's F–14 and the Air Force's F–15. Are you convinced that we should develop two separate fighter aircraft for the military, instead of having one superiority fighter for both services?

Secretary LAIRD. I believe that the Navy and the Air Force each require a new fighter. The differences in the characteristics between the F–14 and the F–15 are based upon the differing needs of the two services. The understand the significance of these differences in specific system characteristics, it would be necessary to review the needs against which the two systems are being designed.

For example, it should be emphasized that the F–14 is a carrier-based, two-place airplane while the F–15 is a land-based, single place design. It is possible to operate any carrier-based design from land bases, but the reverse is not true. With regard to range and crew requirements the F–15 has different characteristics than the F–14. Our experience with the F–111 convinces me that attempts to meet the varying requirements of the two services in a single airplane are not only costly but result in undesirable compromises which penalize aircraft performance for both services.

Mr. MAHON. Both aircraft will have somewhat similar superiority fighter aircraft capabilities. Have you considered the possibility of developing either the F–14 or F–15 for both the Navy and Air Force, and at the same time developing a high altitude Mach 3 aircraft similar to the Soviet Foxbat?

Secretary LAIRD. The possibility of developing one fighter for both services was considered by the Department of Defense. However, it

soon became apparent that the two services did not have similar requirements. For example, the Navy F–14 must perform a fleet air defense mission, be able to attack targets on land and sea, and finally, where required, engage in close-in air-to-air combat. These requirements resulted in a multimission aircraft containing a long-range radar and Phoenix missiles.

The Air Force F–15, however, has been designed to perform only one mission, air superiority. It should be lighter and have maneuvering performance superior to aircraft which perform multiple missions. I believe that the Air Force considered the development of a Mach 3 tactical fighter, but that their studies indicated a large, relatively sluggish aircraft might result, aand that it would be much more expensive than the F–15 design that evolved.

Mr. MAHON. Will either the F–14 or F–15 aircraft have any foreign sales potential or will they be too complex and costly?

Secretary LAIRD. It is still too early in the development cycle of both aircraft to determine exact foreign sales potential. There are no firm requests from any country to buy either of these aircraft although some interest was expressed through requests for briefings. There are friends and allies who could assimilate either of these aircraft into their air forces.

Mr. MAHON. Which of the two aircraft—the F–14 or F–15 will be the best superority fighter aircraft?

Secretary LAIRD. It is impossible at this time to compare specifics of the F–14 and F–15 because the F–15 is still in the contract definition phase. The Air Force source selection will not be completed until the end of this year so that the estimated performance of the winning design is not available. In general I believe the F–15 should be more maneuverable than the initial F–14 because the F–14 is a multimission design.

EFFECTIVENESS OF F–14 AGAINST SOVIET AIRCRAFT

Mr. MAHON. Will the F–14A; in fact, be superior to known Soviet superiority fiighter aircraft?

Secretary LAIRD. First, let me say that the Navy intends to produce only 67 F–14A's and these aircraft could be converted to higher performing F–14B's when the advanced technology engine with its greater thrust becomes available.

I believe that the extensive tests to date by both the Navy and NASA, which included NASA wind tunnel exaluation on the existing Soviet fighters, indicate that the F–14A will have a margin of superiority over the threat, but not as great as the F–14B is projected to have. Of course, the F–14 has not flown yet, and comparative performance analyses, which must also be based on intelligence estimates of Soviet aircraft, use just that—estimates.

Mr. MAHON. Do you believe that the F–14B/C aircraft will have the capability of defeating known Soviet superiority fighter aircraft as well as those the Soviets can be expected to develop in the next 5 to 10 years?

Secertary LAIRD. Mr. Chairman, the F–14 has not flown as yet. If the F–14 and its weapons systems achieve their design performance goals, I am confident that it will have the capability of defeat-

ing known Soviet superiority fighter aircraft. I believe that it is impossible to speculate with confidence what aircraft the Soviets can be expected to develop, or their characteristics.

F–XX/VF–XX AIRCRAFT PROPOSAL

Mr. MAHON. Since the study on the F–XX/VF–XX aircraft proposal, have you considered the possibility of developing such an aircraft to meet the Navy's superiority fighter aircraft requirements, and using an existing aircraft, such as the A–6 or A–7 with the Phoenix missile, to fulfill the fleet air defense role?

Secretary LAIRD. The issues related to the F–XX/VF–XX are not new. The basic concepts were considered in detail by the services during the formulative stages of the F–14 and F–15.

With respect to the A–6 or A–7 carrying the Phoenix missile in the fleet defense mission, I believe the Navy examined in depth several alternatives including those aircraft. This examination showed that in the case of the A–6A, factors such as low acceleration and relatively ineffective deck launch performance were such as to make this alternative unacceptable. It also concluded that the A–7 performance is equally unattractive, on the same basis as the A–6, and that the A–7 would require major and expensive redesign to accept the Phoenix missile system.

CARRIER COMPATIBILITY OF F–15

Mr. MAHON. The committee was informed that at one time consideration was to have been given to the feasibility of designing the F–15 aircraft to be carrier compatible. Was this considered in connection with the Air Force contract definition?

Secretary LAIRD. There was no specified requirement for the F–15 to be carrier suitable. However, during the F–15 contract definition bidders' briefing on October 10, 1968, the following statement was made:

> The Deputy Secretary of Defense encourages each contractor to consider potential Navy application during the design of the Air Force's FX. The Air Force FX will be designed to meet the specifications established in their RFP, and should not be compromised for a Navy version. Action relating to a possible Navy version of this aircraft will be taken at a later time by the Naval Air System Command and will not be a part of this phase I effort.

TOW MISSILE

Mr. MAHON. The House denied further authorization for procurement of the Tow antitank missile on the grounds that it duplicates the Shillelagh, a less costly antitank missile system. Is it a fact that early in their developments, Tow and Shillelagh were recognized as parallel developments and that the Army was to decide which of the two systems it wished to field?

Secretary LAIRD. Mr. Chairman, in the early phases of the development of these two systems the Army conducted an assessment of the possibility of accomplishing both functions with a single missile. It was concluded at that time that such an approach would not be appropriate. The Shillelagh was designed to be fired from armored type vehicles such as tanks whereas Tow was developed as a portable antitank system for use by infantry. The Tow missile comprises a

crucial component in our strategy for countering the considerable tank threat posed by the pact countries.

Mr. MAHON. What has happened over the years to cause the Army to field both systems?

Secretary LAIRD. Mr. Chairman, as previously noted these two systems are employed to perform the same mission of destroying tanks but the techniques of employment are quite different as are, therefore, the demands placed upon the hardware. Namely, Shillelagh is mounted on an armored type vehicle such as a tank whereas Tow is fixed to a relatively lightweight mount and is used in ground or light vehicle applications.

Mr. MAHON. How important is the proposed Tow missile procurement? Is this a program which could be discontinued with little adverse impact?

Secretary LAIRD. Mr. Chairman, Tow is the first of the U.S.-developed infantry antitank weapon systems to become available for production. I believe that Tow will play a major role in compensating for the ——— advantage in armored strength possessed by the Pact Nations over NATO. To stop the Tow production would deny our forces in Europe a significant infantry antitank capability.

SOVIET NAVY

SOVIET SUBMARINE FORCE

Mr. MAHON. It has been stated that the Soviets have a fleet of about 350 submarines as compared to some 150 in our Navy. You have indicated that you support the third SSN 688 class submarine authorized by Congress in addition to the two in the fiscal year 1970 President's budget. Do you believe that we should match the Soviet submarine fleet in size? If not, does this mean that the Soviets have overemphasized submarines or that we have underestimated the potential of the submarine?

Secretary LAIRD. It is not and has not been our intention to match the Soviets in total numbers of submarines. Instead we rely on a balanced antisubmarine effort to counter the threat posed by the U.S.S.R.

Our attack submarines are part of this balanced force which is made up of many types of units, including various detection systems, land-based ASW patrol aircraft such as the P–3C, ASW aircraft carriers (CVS) with fixed wing aircraft and helicopters, and improved surface ASW ships like the DD 963 class and the nuclear frigates which are now being built.

The Soviets have heavily emphasized the submarine in their evolution as a major sea power. The U.S.S.R. is a land empire with overland routes for trade with most of the contiguous countries of Europe, Africa, and the Far East. On the other hand the United States is an "island empire," dependent on maintaining its sea lines of communications for trade and commerce with other nations. The submarine is the logical weapon to disrupt these sea lines of communications and the Soviets plainly intend to exploit its capabilities in time of war.

Our understanding of the foregoing indicates we fully recognize the threat we face at sea. It is therefore of utmost importance that our total ASW effort be capable of defeating that threat. Since we

do not depend on numerical submarine superiority, it is essential that we maintain a qualitative superiority over the Soviet submarine force.

I believe that the Soviets have not overemphasized submarines from their point of view and I think that we have not underestimated the potential of the submarine. The modern day nuclear submarine, armed with either missles or torpedoes, is a potent and dangerous weapons system and we are most concerned about the threat to our security posed by the Soviet submarine force. We would like to have greater numbers of submarines in our own inventory to aid in countering that threat. However, we feel that our present program is as far as we can go within our existing resource constraints, and the competing demands of other priority programs.

EMERGENCE OF SOVIET NAVY

Mr. MAHON. Secretary Chafee and Admiral Moorer expressed their concern over the emergence of the Soviet Navy as a major seapower. They point to the Soviet move into the Mediterranean in force, their presence in the Indian Ocean, and their recent visit to the near waters of the Caribbean. Yet, the Soviet surface fleet includes only two helicopter carriers. Do you believe, Mr. Secretary, that we have overemphasized the role of the carrier? Have the Soviets unwittingly neglected to recognize the importance of carriers in their efforts to become a major seapower?

Secretary LAIRD. This is a case of relative priorities within two different national military strategies. The national strategy of the United States is overseas oriented. We have only two international borders. Our military strategy depends upon overseas alliances, and 43 of the 45 nations with which we have treaties are overseas. The bulk of material support for these allies in time of war would travel on the seas. Despite spectacular advances in air travel in recent years, 97 percent of all of the support for Vietnam has gone by ship. It is evident that both our commerce and our security depend upon the continued free use of the seas. Thus, our Navy is structured around the aircraft carrier, for air supremacy is essential to control of the seas.

The U.S.S.R., on the other hand, centered in the Eurasian landmass, is surrounded by her allies. In fact, Russia has military treaties with only two nations not sharing a common border with her. Russia's naval strategy therefore is apparently designed primarily to interdict the vital overseas lifelines of the Western Powers, the links between the United States and the rest of NATO. Although previous Soviet Navy Commanders-in-chief have stated that the Soviet Union intended to construct a carrier fleet, the first priority has gone to the construction of a massive force of submarines and guided missile ships, the stated mission of which is to oppose the U.S. Navy's attack carrier.

However, the Russians are building helicopter carriers, relatively small but very modern. At the time of the Cuban missile crisis they learned the need for sea-based air. Without air cover, their fleet and their supply lines were completely vulnerable. Now they are learning the technology of carriers. Large attack carriers are extremely com-

plex. There is only one shipyard in the world today which can construct a nuclear powered attack carrier.

In our analytical studies based upon forecasts of world affairs and a projection of weapons technologies, no substitute for the attack carrier is foreseen in the immediate future in its role of assuring naval supremacy at sea, or in its mission of providing tactical air support in areas where adequate land-based air is not available.

THREAT OF SOVIET NAVY

Mr. MAHON. Mr. Secretary, what is your appraisal of the Soviet Navy, its size in terms of fleet units, the threat it imposes, the intent of the Soviet Union in its show of force throughout the world, and your estimate of how far the Soviets probably will go in terms of future ship construction in their efforts to become a major seapower?

Secretary LAIRD. I believe that Russia has long sought to become a maritime nation, recognizing that seapower is a major element in the image of a great world power. That she has thus far failed to do so has been largely the result of forces beyond her control. Conditions since World War II, however, have been much more favorable to this aspiration for maritime power, and I believe the Soviets have certainly achieved the status of a major seapower today.

We have witnessed the Soviets exercising a wide variety of options available to them in their quest for world supremacy on the high seas. They now have the world's largest submarine force, the second largest force of major surface combatants, the largest high seas fishing fleet, and a rapidly expanding merchant marine (now 7th in tonnage and 4th in number of ships). Each of these forces is of newer average vintage than U.S. counterparts. I will submit our current estimate of their naval order of battle for the record.

There can be no doubt that Soviet commanders and commanding officers are becoming more confident in their technical and operational competence. The Soviet Navy is improving as an operational force. Although in a combat context they possess certain deficiencies, in the present political environment they nonetheless are capable of pursuing operations worldwide with considerable facility and effectiveness. They have pursued the classic maritime practice of adapting their merchant marine in support of these operations, and have further supplemented this program by acquiring access to foreign port facilities. Their activities in the Mediterranean pose a clear challenge to the 6th Fleet for supremacy in that maritime basin. At times during the past year, the Soviets have been the supreme naval power in the Indian Ocean. And most recently, a Soviet squadron has ventured into the Caribbean.

Our evidence continues to point to the fact that the Soviets intend to continue to press forward in their naval and maritime programs. As to how far they will go in terms of future ship construction, I am not prepared to give you an answer at this time, except to say that they have the shipbuilding capacity to continue, or possibly expand, their present rate of construction.

(Table submitted for the record follows:)

Soviet order of battle

Helicopter ships	2
Cruisers	20
Destroyers	85
Escort types	110
Sub chasers	200
Missile patrol boats	160
Minor combatants	500
Mine warfare types	300
Amphibious ships	110
Amphibious craft	110
Auxiliaries	680
Service craft	350
Submarines:	
Ballistic missile	40
Cruise missile	60
Attack	250

CANCELLATION OF MAJOR PROGRAMS

Mr. DAVIS. Relating to the reductions that have been made, many of them of necessity being stretched out, and in a number of other cases emphasis being on R. & D. rather than actual procurement. Are there any other significant programs now that have been actually discontinued other than the MOL and the phaseout of the B–58's?

Secretary LAIRD. We have also taken action on the Cheyenne. That is why on the table of cost deficiencies the Cheyenne doesn't show up, we have canceled that particular procurement program. This was one of the programs where in my earlier testimony in March, I pointed out very substantial cost increases as far as the Army was concerned. But that procurement program has been canceled.

There was one other action that we have taken which I mentioned earlier today. Instead of going into production on the SRAM in fiscal year 1970, we have kept it in research and development. In my own mind, I am not sure we will be able to move it into production even in fiscal year 1971, but we changed that from a production program to R. & D. only as far as the fiscal year 1970 budget is concerned, and it may stay there in fiscal year 1971.

CANCELLATION OF MOL

Mr. MAHON. Mr. Secretary, under date of June 10, 1969, Mr. Packard advised this committee of the decision to cancel MOL. In that letter, Mr. Packard stated in part, "I recognize the actions taken to date within the Congress to reduce defense spending in fiscal year 1970." As you know, Congress had not taken action at that time to reduce defense appropriations for fiscal 1970, and I was at a loss to understand what was meant by that portion of Mr. Packard's letter. Certainly, Congress had not taken any action on the MOL. Was the President's decision to cancel MOL, Mr. Secretary, a monetary decision or was it based on technical and operational considerations?

Secretary LAIRD. Mr. Chairman, the decision to terminate the MOL program was dictated in part by the clear indications that Congress was prepared to make deep cuts in the fiscal year 1970 Department

of Defense budget and that final action by the Congress was not likely until fiscal year 1970 was almost half over. Therefore, I felt it was my responsibility to reduce the DOD request to Congress to those items I believed to be absolutely essential. I made this decision with great reluctance and to the great disappointment of the Air Force.

The factors influencing the decision to terminate MOL were those stated to the committee in Mr. Packard's letter of June 10, 1969, and my statement before the Senate on the same date. Let me review those factors for you now. First, the decision was primarily monetary. In order to further reduce the Defense budget significantly, it was necessary either to drastically cut back or terminate numerous small but important development efforts or one of the largest most costly research and development programs. Second, the development status of the MOL program was such that large annual commitments were necessary to realize reasonable progress. Further, fiscal year 1970 reductions of any significance, beyond those which we had already made, would have reduced MOL activity to a sustaining status and still have required several hundred million dollars. Third, from a technical viewpoint, the potential value of possible future applications of the experimental equipment being developed for MOL and the information we expected to obtain on man's utility in space for military purposes, while worthwhile, were not as valuable to Defense as the aggregate of other priority programs. And fourth, from an operational viewpoint, it was clear that the most essential Department of Defense space missions can be accomplished with lower cost unmanned spacecraft.

Mr. MAHON. Was Congress consulted in advance of the MOL cancellation? I recall being given brief notice of the decision but I would not say from what I know, that Congress was consulted. Notice and consult have different connotations.

Secretary LAIRD. No, Mr. Chairman, Congress was not consulted in advance of the MOL cancellation. Congress was the first to be notified. Letters were delivered at the opening of business on June 10, 1969, to you and to the chairman of the House Armed Services Committee, as well as to the chairmen of the Senate Armed Services Committee and Senate Appropriations Committee advising of this decision. Mr. Packard made the public announcement at 10 a.m. that morning concurrent with my appearance before the Senate Appropriations Committee.

NUCLEAR FRIGATES

Mr. DAVIS. We had some discussion with respect to some frigates, I believe, that had been cut out last year and there was some discussion this year. Where does that stand?

Secretary LAIRD. You are talking about the frigate authorized in 1968?

Mr. DAVIS. I don't remember when they were authorized. They were discussed here quite a bit earlier this year. There was quite a bit of misgiving on the part of some members of the subcommittee. I can't find it anywhere in here, the programing having been affected by the cutbacks.

Secretary LAIRD. We have not changed the 1968 program, as far as nuclear frigates are concerned, in our fiscal year 1970 cutbacks.

You are talking about the nuclear frigate?

Mr. DAVIS. Yes.

Secretary LAIRD. We are also going ahead with advance procurement for two DXGN's, one already authorized in fiscal year 1970 and one to be authorized in fiscal year 1971.

The House and Senate conference report included authorization for an additional $32.1 million above out request for advanced procurement for another nuclear guided missile frigate in fiscal year 1970. That might be the frigate you are referring to. We are not asking for advanced procurement funds for that particular frigate. I think that is probably the discussion that you are referring to.

Mr. DAVIS. One of the things that was talked about earlier in the hearings——

Secretary LAIRD. Mr. Davis, we are going forward with the earlier nuclear frigate.

Mr. DAVIS. That would have been the one we talked about this spring, I am quite sure.

Secretary LAIRD. That was in the authorization bill of 1968 and we are going forward with that ship. But we are not now asking for the additional advance procurement funds authorized in fiscal year 1970.

Mr. DAVIS. The Navy has announced the inactivation of over 100 ships. Mr. Secretary, are further ship inactivations contemplated? If so, to what extent?

Secretary LAIRD. We do not plan to retire any substantial number of ships in fiscal year 1970 over and above the 111 which have already been announced by the Navy. We will, of course, continue our practice of retirement of older ships as new construction joins the fleet.

Mr. DAVIS. Aside from the economic savings to be realized from ship inactivations, is this also related to the fleet modernization program?

Secretary LAIRD. Yes, it is. As you know, modernization of the fleet is achieved by authorization, funding and construction of new ships with improved capabilities. As these new ships are delivered to the fleet, we retire and inactivate older, less capable ships. Some of the ships which we retired in fiscal year 1970 for economic savings were scheduled to be replaced in fiscal year 1971 and fiscal year 1972 by ships now under construction. We thus "gapped" some active ships while waiting for some new ones to be completed.

Modernization of the fleet is also achieved by procurement of new, more effective weapons and sensors and their installation in our older, but still fully capable ships, such as those that are 10–15 years old.

Mr. DAVIS. What do you visualize as the number of active ships in the fleet by June 30, 1970?

Secretary LAIRD. There will be 771 active fleet ships, plus 41 miscellaneous service ships, for a total of 812.

EARLY RELEASE POLICY

Mr. DAVIS. In the discussion this spring relating to Marine Corps personnel, they indicated to us that it was their policy for the fiscal year to take in 8,000 per month. In order to keep within personnel ceilings, they have this early-release program. This program raised the question dollarwise as to whether this is a suitable way to do it

in view of the heavy financial obligations, that we do incur every time we put a man in uniform. We are not done with him by a long shot when we discharge him from the uniformed service. He then becomes entitled to various educational and training programs, and other benefits by virtue of the fact of his having worn a uniform.

Has that contemplated policy been affected by the reduction in personnel about which we talk today?

Secretary LAIRD. No, it hasn't. Really, if you look at this situation from a cost/benefit standpoint Mr. Davis, the Marine Corps program can be justified, because the Marines are deploying their forces overseas mainly in Vietnam and have been doing so for sometime.

Now, in Vietnam and also in Okinawa, they do not allow any dependents to go with them, as does the Army in Europe and other places, thereby making possible a longer tour of duty. The draftees and 2-year enlistees that the Marines are now using in large numbers are trained for 6 months and then deployed on a 12-month overseas assignment. They have been going to Vietnam mainly. They come back, and they have only 6 months to serve, as far as their military service obligation is concerned. If you put them into a unit that is being prepared for overseas deployment, it does not lead to effective use of that manpower, because these men can only be with that unit for 6 months. Also, it does not fit into the program of rotation as far as the Marine Corps is concerned. As far as the benefits are concerned, most of the benefits under the GI bill and other programs are based on the number of months of service that an individual has——

Mr. FLOOD. How many months have the Marines in the 6th Fleet?

Secretary LAIRD. The total tour is, I believe, 13 months.

Mr. FLOOD. How many bodies do we have in the fleet?

General WHEELER. One BLT. A little over eighteen hundred men.

Secretary LAIRD. As far as Okinawa and Vietnam are concerned, that is where most of this Marine manpower is used, and we have had a 12-month tour in those areas. The remaining 6 months of a 2-year tour of duty is not the most productive 6 months for a young Marine. We don't force him to leave the service, but that 6 months isn't too helpful as far as building up combat readiness is concerned, or as far as being able to get him ready for any other assignment is concerned.

Mr. FLOOD. Thirteen months seems to be a long hitch with the fleet.

General WHEELER. They rotate that Marine BLT afloat every 6 months. They are about 5 months on station. You have the travel time over and travel time back and it is about 5½ months.

Secretary LAIRD. But they come back to home port?

General WHEELER. Yes.

OPPOSITION TO ROTC

Mr. DAVIS. With regard to our ROTC program, I happen to be in the 1st Naval District, and the admiral up there indicated, that next year in this traditionally maritime area, that they expected to have one naval ROTC program in the 1st Naval District.

As you look down the road, what do you see with respect to the ROTC program?

Secretary LAIRD. It is true in the 1st Naval District there have been some problems as far as ROTC is concerned, but we still have a great

many schools, universities, and colleges with applications pending for ROTC—Army, Navy, and the Air Force. We have a waiting list of schools and colleges that want these ROTC programs.

One of the real inconsistencies that we find, is that some of the people who are talking the loudest and the strongest for a volunteer force, are the same people who want to keep us from having a volunteer program on our university and college campuses. This is really a great inconsistency. If we are going to move toward a voluntary force, one of the things we have to have is access to the campuses to make it possible for people to volunteer. That is what the ROTC program is all about, to give us an opportunity to get young men who want to make a contribution or want to choose a career of military service or want to take this program for whatever reason, an opportunity to do so. Opposition to ROTC is not consistent at all with the idea of moving toward a volunteer force.

Mr. FLOOD. I have heard, Mr. Davis, that within recent months, there have been increased enlistments in certain ROTC units on certain large campuses.

Secretary LAIRD. Our main problem on many of the campuses has not been the student body but the faculty opposition. We have recently had a very outstanding, I think, ROTC study performed. This study, under the chairmanship of Dr. George Benson, the president of Claremont College—and there were many outstanding educators and others who took part in this study—made certain recommendations to improve the ROTC program. We are moving forward to improve it not only from an academic standpoint but also from military and other standpoints. That report I think has been most helpful to the program.

I think it is important to keep this avenue open to the recruitment of officers. The Marine Corps, as you know, does not have this kind of a program, and it has been kept off certain college campuses and recently it has had to go into recruiting in some cases on junior college campuses for junior officer personnel.

FIRING OF MR. FITZGERALD

Mr. MAHON. The testimony of Mr. Fitzgerald of the Air Force has been mentioned in the testimony this afternoon. I would hope that the Secretary of Defense and the Department of Defense, including all the military services, would cooperate with any man in or out of the Department, or in and out of the Government, in an effort to save money and promote efficiency.

Has Mr. Fitzgerald committed any act of disloyalty or anything inappropriate?

Secretary LAIRD. I am really not the best witness on that. To my knowledge, Mr. Chairman, he has not.

Mr. MAHON. If he is the man who helped to uncover the C–5A overrun, it would seem that he would be the type we ought to encourage and if the Air Force wants to let him go we ought to use him in some other capacity in the Department of Defense to help us to locate cost overruns and promote efficiency. This would be in keeping with your determination to eliminate overruns.

Secretary LAIRD. I talked to him, Mr. Chairman, as I said earlier, about his possible usefulness in the Department of Defense. I had

him prepare a paper for me as to where he could be useful as far as the Department of Defense is concerned, if he had difficulty in the Air Force.

That paper was presented to me as an outline of where he could be useful, and really the conclusion was that he did not want to be in any kind of staff position. He wanted to be in an operating position and he felt that he could not make a great contribution in my particular area. I feel that the decision as to the reorganization of the Office of Financial Management made by Secretary Seamans is a decision which should be made by him. It is prefectly within his responsibilities, and I will certainly support his decision to reorganize that office.

I want to make it clear that I happen to believe that Mr. Fitzgerald's position on the C–5A cost overrun has been correct.

Now, I know that this committee has long been concerned about the overrun problem and I was sitting right across the table when this was developed.

Mr. ANDREWS. You helped overrun it—I mean bring it out.

Secretary LAIRD. It was closely held by the Department of Defense in the past.

Mr. ANDREWS. Mr. Flood and I have collaborated on three questions that we would have asked. First, was there an overrun? That has been answered.

Second, did Mr. Fitzgerald discover the overrun or bring it to light? That has been answered.

Mr. MINSHALL. It should be made clear though we brought out a C–5 overrun in this committee in 1968. It's in last year's testimony if I remember correctly.

Mr. ANDREWS. I understand, but Mr. Fitzgerald, as I understand the Secretary's testimony, had something to do with announcing the overrun.

Secretary LAIRD. He announced it in November in a public session of the Joint Economic Committee.

Mr. ANDREWS. Now, the third question we would have asked: Was he fired?

Secretary LAIRD. He was fired.

Mr. ANDREWS. Did his disclosure have anything to do with his being fired?

Secretary LAIRD. The Secretary of the Air Force has assured me that it did not.

Mr. ANDREWS. He was fired for other reasons?

REDUCTION IN AIR FORCE HEADQUARTERS STAFF

Secretary LAIRD. Because of the reorganization of the Office of Financial Management, and a reduction in force and as far as the Air Force is concerned—and I want this understood—the Air Force staff in the Washington area has been reduced by 857 employees. There are people who are going to be complaining about being let out, but there are 856 others that are also involved in this reduction. It isn't easy to cut back on civilian people and particularly in the Washington area.

Mr. MAHON. It is very desirable, Mr. Secretary, if the personnel are not needed.

Secretary LAIRD. We are going to have other complaints. There will be other people up here on Capitol Hill who will be complaining about the fact that they did this and the Air Force didn't like it, or they did that and the Navy didn't like it, and they were fired for this reason or that reason.

The total number of people reduced in the headquarters of the Air Force here in Washington is 857. Of the 857, 367 were military personnel and 490 were civilian personnel.

Mr. MAHON. Were the military personnel just transferred to some other spot?

Secretary LAIRD. I just want it understood that some of those civilian employees will be transferred to other positions because they have civil service status.

Mr. MAHON. If you don't have any job for a civil service person, what do you do?

Secretary LAIRD. They will be given consideration for civil service vacancies that do arise. Mr. Fitzgerald is not under civil service.

Mr. FLOOD. Is there an airbase in Iceland?

Mr. MAHON. I would like to know how many of these 857 people will continue to work for the Government. I would like to give you credit for a net reduction of 857.

Secretary LAIRD. As far as numbers are concerned, that number will be off the payroll. It is part of our reduction of 68,600 civilian employees and 220,000 military personnel.

Mr. SIKES. They have bumping rights, but this number will be let out eventually?

Secretary LAIRD. The civilian role will be reduced by 68,600 people. I don't want to say every person displaced in the Air Force headquarters will be exactly the same person that leaves Government service because some of them have seniority, some have civil service status. The military personnel involved are part of the 220,000 that are going to be reduced—the military end strength will be reduced at least by this amount by the end of fiscal year 1970.

REENLISTMENT BONUSES

Mr. MAHON. You have announced end strength reductions in the services of 220,000 personnel. The committee notes that in the fiscal year 1970 budget justifications all of the services have requested significant increases for reenlistment bonuses. Since you will be cutting back significantly in end strength through the means of releasing people early from service and perhaps encouraging some not to reenlist, are not the funds for reenlistment bonuses overstated to some extent?

Secretary LAIRD. The enlisted personnel reductions by the end of fiscal year 1970 aer expected to be accomplished mainly by reductions in the numbers of personnel entering the services although there will be some early releases. It is expected that the personnel who will be released early would normally be leaving the services anyway, and therefore their release should not affect the estimates for reenlistment bonus payments. The services have had difficulty retaining career personnel with the necessary skills and the estimated reenlistments are based upon projections which are generally much lower than desired. About 93 percent of the requested increase in total bonus payments is

for variable reenlistment bonus (VRB) payments. The VRB program places emphasis on the retention of skilled personnel who are needed to support specialties within the military career force. It is an inducement to reenlist for personnel who possess high technical qualifications and for whom job opportunities are generally very good in private industry. Thus, I do not expect that the end strength reduction will decrease the requirement for reenlistment bonuses.

PUBLIC AFFAIRS

Mr. MAHON. The committee has long been critical of the effort devoted by the Department of Defense and the services to activities such as public affairs, public information, and public relations. In your efforts to meet the announced $3 billion expenditure reduction what are your plans regarding these areas?

Secretary LAIRD. I am sure the committee shares my view that the American people must be kept fully informed about the activities of the Department of Defense, consistent with security requirements The Department's public affairs structure exists to serve that purpose. However, we want to insure that our public affairs organization is as efficient and as economical as we can make it, and we have already taken some actions with that objective in mind. For example, we have studied the functions of OASD(PA), have eliminated or consolidated certain functions, and are making a personnel reduction of approximately 10 percent. Similarly, cuts have been made in the information offices of the headquarters of the services. Additionally, we have closed our OSD metropolitan public affairs offices in Chicago and Los Angeles, and we are withdrawing as a cosponsor of the foreign journalists tours. As across-the-board personnel reductions are effected throughout the Department of Defense, additional reductions will undoubtedly be made in public affairs personnel at command and installation levels.

In addition to all these actions taken in connection with the fiscal year 1970 expenditure reduction effort, we expect the blue ribbon panel to review carefully our organization and operations in public affairs, and suggest potential areas where improvements can be made.

CONGRESSIONAL LIAISON

Mr. MAHON. Mr. Secretary, section 529 of title V of the Defense bill requests an increase of $200,000 in the limitation on congressional liaison activities of the Department, from $950,000 to $1,150,000. Is any portion of this increase for additional personnel?

Secretary LAIRD. None of the requested increase is for additional personnel. The numbers of personnel remain constant in both years at 32 civilians and 43 military. The $200,000 relates primarily to increases in the average rates of compensation and associated expenses for civilian and military personnel, including the July 1, 1969, pay raises.

Mr. MAHON. Will the Department's planned reduction of $5.1 billion in new obligational authority for military functions have any effect on the request for $1,150,000, and, if so, in what amount?

Secretary LAIRD. The presently planned reduction of $5.1 billion does not affect the limitation of $1,150,000 for congressional liaison activities.

Mr. MAHON. Will you provide for the record the actual cost of legislative affairs activities for each service for fiscal year 1968 and 1969 and the estimate for fiscal year 1970?

Secretary LAIRD. Yes, I will.

(The information follows:)

THE FISCAL YEARS 1968-69 OBLIGATIONS AND FISCAL YEAR 1970 PROGRAM

	Fiscal year		
	1968 actual	1969 actual	1970 estimate
OSD	$156,885	$187,946	$217,705
Army	215,800	218,634	243,629
Navy	250,252	215,661	241,715
Air Force	324,776	324,565	375,755
	947,713	946,806	1,078,804
Allowance for variation in the average grades for assigned civilian and military personnel and for variation in salary and expenses			71,196
	947,713	946,806	1,150,000

DEPENDENT EDUCATION

Mr. MAHON. Will the proposed reduction of $5.1 billion have an effect on any of the other general provisions contained in title V of the bill?

Secretary LAIRD. Yes, in one instance. Section 506(a) will be affected, related to overseas dependent education. We proposed a limitation of $135.6 million in the budget as submitted in January. Our latest figures indicate that this could be reduced by $5.9 million, to $129.7 million.

COST OVERRUNS

Mr. MAHON. I would like to discuss with you briefly your testimony on page 3 with respect to cost overruns estimated to total $16 billion plus. You point out that to some extent these overruns must be appropriated for or taken care of in some way in future defense programing. Is that correct?

Secretary LAIRD. Yes.

Mr. MAHON. People are wondering what we are going to do with the funds that are saved as a result of the termination in the Vietnam war, when it ends. Is this one of the places where the money will probably be spent?

Secretary LAIRD. There are several places where we will need funds, not only to bring up the inventories of the conventional forces, but also to do other things that have been postponed during the Vietnam period. But I want to point out that of this $16 billion that is identified in my statement, approximately one-third of that cost growth has been funded through fiscal year 1970; will have been funded through fiscal year 1970. Some two-thirds of it must be taken care of in programs in the future and so we will have to pay for that through budget decisions that we have to face up to beyond 1970.

Mr. FLOOD. There is nobody, of course, who knows more about the appropriation bill for Health, Education, and Welfare, than the Secre-

tary. If he wasn't Secretary, he would join with me in asking for $5 billion for HEW out of that cut?

Secretary LAIRD. I thought that is what we were doing with these reductions we have already announced. I notice the Congress is taking action, increasing that area almost on a daily basis, and that is really what kind of forced us to make some of the reductions already made. But I do want to make it clear when you consider that we funded about $5.5 billion of this cost growth, that we still have about $11 billion to fund in future years.

Mr. ADDABBO. When you say we have funded $5.5 billion, has that been through reprograming over the last several years?

Secretary LAIRD. Through the appropriation process. We are funding part of it in this bill before you today. We funded part of it by reducing the ship construction program and making the Navy apply the money thus made available to finance these cost growths and these overruns. We haven't funded all of the overrun as far as ship construction is concerned because I didn't think we should put it all in 1 year, but we will have to fund the balance on down the line in future years.

POSEIDON COST OVERRUNS

Mr. MAHON. Mr. Secretary, we have the Poseidon submarine-launched missile. I am looking at table 2, in the final column. The table shows that the Poseidon program has suffered a cost overrun of 27.8 percent.

Secretary LAIRD. Cost growth, that is correct.

Mr. MAHON. Why has this overrun occurred?

Secretary LAIRD. I think you have to look at each one of these separately Mr. Chairman, in many cases it is an increased capability that has also been put into the system, after the original estimates had been given to the committee.

Now, in the case of Minuteman II and Minuteman III and in the case of Poseidon, these particular cost growths were identified in the testimony before this committee earlier in the year and there have been changes in the program that have brought about some of the cost growth.

We have put through a whole new system as far as change orders are concerned, and I would like to address myself to that. We are requiring that these change orders be signed off on an entirely different basis—perhaps I could supply for the record the manner in which we are controlling that now, which wasn't the way it was controlled before.

Mr. MAHON. Please supply that for the record.

(The information follows:)

CHANGE ORDER PROCEDURE

DOD recently issued policy and contractual standards on the control of changes. Under these requirements, the services are establishing appropriate change control procedures, designed to minimize Government-approved engineering changes to contracts and approve only those changes that are necessary and of benefit to the DOD. To the maximum extent possible, a ceiling price for each engineering change is to be established before the contractor is directed to proceed with the work under the contract.

To insure top level attention would be given to this important subject, Deputy Secretary of Defense, David Packard, on July 31, 1969, wrote a memorandum to the military service Secretaries relating to further management controls over

changes which we wanted undertaken. He stated that changes to programs were major factors contributing to cost growth and requested the services to take action to assure better system definition, implementation of configuration management, and determination of the cost impact of changes in total program cost before they are approved. The pertinent part of his memorandum to the services on this matter follows:

"In my recent reviews of the histories of a number of major programs, I have noted that another major contributor to cost growth consists of changes which we make in a program during both the development phase and the production phase. While I know there is a valid need for some changes, much improvement is possible in this area. Many of the changes of the type currently being made can be and must be avoided. This can be accomplished, in part, first by assuring that we do a better and more complete job of defining what we really need in a system before entering full-scale development and, second, by the vigorous review and elimination of the many "nice" or "desirable" features which so often creep into these systems as they proceed through development and production. I therefore am requesting that each of you take action in the area of the establishment of military requirements to assure that better system definition is in fact accomplished before programs are submitted to the Secretary of Defense for approval for full-scale development; that increased emphasis be given to the implementation of the recently established program for configuration management and control; and that no changes be approved without an accurate knowledge of the impact of the cost of the change on the total program cost."

EFFECT OF SYSTEM UPGRADING ON COST

Mr. MAHON. It disturbs me to feel that this table can be misinterpretated. You have just pointed out that in reporting cost growths you don't point out that certain cost growths occurred by reason of the upgrading of the system.

Secretary LAIRD. Mr. Chairman, this is all based on the original estimate and this is what you are talking about as far as the C–5A is concerned. I think it should be brought out clearly that as far as the original C–5A is concerned there were changes which came about in the capabilities of the aircraft during the time of its development. But the problem here is that we have got to have better cost estimates at the time the Congress approves a program. They have got to be more meaningful when we come up here to the Congress and tell you what the costs of these programs are going to be. And, we have to stay within those costs.

Now, some people in the department are objecting to the fact that we are basing our estimates of the total program cost on the ceiling cost in each of the contracts being awarded by the Department of Defense. They don't like to do that because it makes the systems look much more expensive than they might otherwise look. In addition to that problem, some people want to estimate the contract on the F–15, which I am not going to let them do, on the basis of a quantity buy that just would not be used. They are trying to do that on the F–14. There are people who want to come up here and justify the F–14 program on a basis of a procurement quantity that is really ridiculous. We could never afford that many aircraft and we don't plan to have that many aircraft in our inventory. It misleads the Congress when they come up for approval of the program on that basis. That is why we have to be more realistic in our cost estimates and more realistic as far as the number of aircraft we are going to purchase is concerned, whether over a 2-year period or a 7-year period.

Mr. MAHON. I want to applaud your efforts, Mr. Secretary, to compel a better estimating of costs. Better estimates ought to be made in

the beginning of programs. The committee has known for years that Pentagon officials are usually too optimistic in estimating costs of weapons. This unfortunately has almost been standard practice.

I don't differ with you in this. I think a better job needs to be done in this.

Secretary LAIRD. Mr. Chairman, some of these engineering changes which show up here and that are represented in that cost growth figure—some of those changes were made by somebody sitting out in some plant without even a letter of approval to make the change.

Now, you have got to have better control over that kind of an operation. You have two optimistic forces at work here. You have the service that is very optimistic about any weapons system it has, and you have the contractor who is very optimistic about being able to develop and produce it. You have these two optimistic forces coming together.

Now, there has to be one pessimistic force in this whole operation, and that has to be the Department of Defense. I hope the Congress will help us.

Mr. MAHON. I look here at the "Torpedo MK–48 Model O," and the estimated cost growth is 443.9 percent. That is one of the big ones.

A cost overrun of this magnitude requires explanation. This table is not useful unless it is accompanied by a greater delineation and explanation.

ANALYSIS OF COST GROWTH DATA

Secretary LAIRD. Mr. Chairman, I could provide an explanation of each of the 34 major weapons systems that are in this table. I would be glad to provide an explanation for each one of them.

Mr. MAHON. I think that would be good.

Secretary LAIRD. Or, we can give you the individual report on each of these. Take, for instance, the one you are pointing to right now, the MK–48 torpedo. This is really the first time this has all been put together in one place.

Now, you have this information in one place. It was always supplied to us on a kind of piecemeal basis.

Mr. MAHON. This problem has been in the picture for years and years and years.

Secretary LAIRD. Absolutely. I thought it was important to put it together in one place so we knew what we had here and what these costs did amount to.

Mr. FLOOD. Mr. Secretary, you can see the difficulty the chairman is going to be in this year more than any other year.

Mr. MAHON. Some may say that the witnesses who have appeared before the Committee on Appropriations in the past are unreliable, but those witnesses all claimed that they are very reliable and presented to us the gospel truth. Under these circumstances, how can we give any more credence to this current list of witnesses who are appearing this year? This concerns me.

Secretary LAIRD. I think the point is to have a better understanding of what the cost growth might mean.

Mr. MAHON. Yes, that is important.

Secretary LAIRD. We have given you a report on each of these various systems and we could put a summary explanatory table in the record.

Mr. MINSHALL. Would you include the time frame in years when these programs started and what this includes—the chronology of these 34 contracts.

Secretary LAIRD. Yes.

Mr. MAHON. Some of these programs are 10 years old, I would say, or more.

Secretary LAIRD. That is correct, but they are still under procurement.

Mr. MAHON. Please be sure to point out just how long they have been pending. This could be most misleading. We want a true picture to be presented, without bias or favor.

Secretary LAIRD. Mr. Chairman, we will do that. I understand the problem. I think it is important too, Mr. Chairman, to give the committee and the Congress some idea of these costs that we will have to face up to.

(The information follows:)

COST GROWTH ANALYSIS, 25 MAJOR WEAPON SYSTEMS

[Dollar amounts in millions

System	Schedule change	System performance change	Engineering change	Economic change	Revision of estimates	Cost growth	Initiation date
C-5A			$380	$500	$582.0	$1,462.0	October 1965.
F-15		$50.0	250	540	821.0	1,661.0	September 1968.
F-111A/C D E	$630	1,300.0	1,000		1,529.4	4,459.4	November 1963.
FB-111	100	190.0			272.8	562.8	December 1965.
RF-111D	40	130.0			183.5	353.5	January 1968.
Maverick					(17.1)	(17.1)	July 1968.
Minuteman II	183	(156.0)			85.5	112.5	December 1967.
Minuteman III	100	65.7				165.7	December 1968.
SRAM		250.0	200	100	499.1	1,049.1	November 1966.
Poseidon		435.0		150	633.0	1,218.0	October 1966.
Condor			30		11.0	41.0	June 1966.
Walleye II					10.7	10.7	November 1968.
A-7E	30	50.0			417.6	497.6	May 1968.
Phoenix			200	100	184.3	484.3	April 1963.
Sparrow E					(7.5)	(7.5)	January 1962.
Sparrow F		25.0	25	50	79.6	179.6	June 1968.
P-3C		(54.0)		160	(109.6)	(3.6)	June 1967.
F-14A/B					207.0	207.0	February 1969.
MK-48-0		520.0	150	180	2,325.4	3,175.4	June 1964.
MK 48-1				10	29.4	39.4	June 1968.
CVAN 68		30.0			78.5	108 5	June 1967.
LHA				20	12.9	32.9	May 1969.
General Sheridan	10	30.0	40		61.6	141.6	December 1963.
Shillelagh	60	40.0	15	35	42.1	192.9	January 1964.
Lance	10	5.0	10		25.4	50.4	April 1968.
Total	1,163	2,910.7	2,300	1,845	7,957.6	16,177.1	
Percent	7.2	18.0	14.2	11.4	49.2	100	

Note: This classification is based on analysis of SAR data rather than detailed analysis of program records and reflects judgment in the assignment of cost growth causes.

DEFINITIONS OF COLUMNS

1. *Schedule Change.*—A change in cost estimates caused by a change in an approved delivery schedule, completion date or intermediate milestone of development or production.

2. *System Performance Change.*—A change in cost estimates caused by a change in the system performance requirement (e.g. speed, weight, reaction time, CEP, payload, range, etc.).

3. *Engineering Change.*—A change in cost estimates caused by a change in configuration identification which does not change approved performance requirements.

4. *Economic Change.*—A change in cost estimates caused by a change due to the operation of one or more factors of the economy other than that covered by contractural price adjustments.

5. *Revision of Estimates.*—A change in cost estimates caused by a change to reflect added support items (e.g. spares, training, warranty provisions), refinement of base estimates and/or changes in contractual prices such as those caused by quantity decreases.

6. *Initiation Date.*—Date of baseline used to calculate cost growth.

COST ESTIMATES BASED ON OVERSTATED PROCUREMENTS

Secretary LAIRD. Mr. Chairman, I try to read the record of this committee and I try to keep up with some of the testimony that is presented before this committee. I was looking over the testimony on the F–14. The cost figure varies considerably, based on the number of aircraft you intend to purchase. The procurement figure that is used in the cost estimate in part of this testimony before this committee, is about twice the figure, as far as the size of the buy is concerned, that I would ever approve as Secretary of Defense. I just don't believe we can afford to purchase that many airplanes. Four or five years from now somebody will pick up that cost estimate which was based upon a very high number of planes to be purchased, and will show that somehow or other the Department of Defense misled this committee. I think it is awfully important for us to give you an explanation. We can give you a very short explanatory table on this, that shows what these overruns were based on.

In some cases there has been a reduction in the size of the buy. Of course, that adds to the so-called cost overrun on the amount that you actually do buy.

CANCELLATION OF CONTRACTS

Mr. MAHON. As you know, in the old days the Defense Department would decide it needed a certain weapon, a bomber, a tank, or some weapon, and once the committee was convinced that the weapon was needed, the committee would support the financing of it.

You and the witnesses from the Department of Defense will agree that it is impossible to calculate exactly what the costs will be. There are many unpredictable items. Regardless of the cost, if we had to have it, and if we got a dollar's value for a dollar spent, the fact that we had a cost overrun was somewhat understandable.

The point is, are we getting a dollar in value for a dollar expended for urgently needed programs?

I realize that the contractor and the service involved will very often take an optimistic view as to cost because maybe they are overanxious to develop and provide the weapon. I don't mean that people are dishonest in this, but they are overpersuaded by themselves and by the contractors. I just don't want to think that there is some ulterior motive and some devious, dishonest actions that have brought about all of these overruns.

Secretary LAIRD. That is not the case and that is not what I am trying to show in this table, Mr. Chairman.

First, I would like to say that this committee has most of this information available to it in the testimony it has taken over the years.

Take for instance the MK–48 torpedo since you brought that up.

Mr. MAHON. We are always unhappy about mistakes that are made.

Secretary LAIRD. You have all this information, Mr. Chairman.

Mr. MAHON. I know we do. We are disturbed over the difficulties, for example with the Phoenix missile and a lot of these other programs shown in the table. I think one must further explore the desirability of cancellations.

Of course, in cases where it is absolutely necessary for the security of the country, we can't afford to do that, but I would like for us to concentrate on doing whatever can best be done for the country about the problems which relate to table No. 2.

COST OVERRUNS IN NONDEFENSE PROGRAMS

Secretary LAIRD. I would like to make one comment on this table: namely, that this committee has been on top of the problem all along. This information has been available to this committee but it has never been put together in one place. It has been presented to this committee by witnesses as they have appeared here, but it has never been put together in one place. But this subcommittee has done a better job in watching cost overruns than any other subcommittee of appropriations.

Now, I would like to direct your attention to the transportation subcommittee where there are much higher overruns, in the highway program, than in many of the defense programs. I would like to direct your attention to the legislative Subcommittee of Appropriations which has had much higher overruns to finance than have been permitted under this subcommittee.

I would like to direct your attention to various other projects right down here. Take the Kennedy Center—the cost overrun on the Kennedy Center is much higher percentagewise than many of the cost overruns presented in this table.

So I am not trying to imply, by putting this all together in one place, that the committee has done a bad job. I think that this committee has done a good job, but I thought it was important to have the information together in one place.

Mr. MAHON. I think that is good. We want to have it, but we want the information to be in such form that it can be properly interpreted.

The main battle tank is a troublesome program. The Army has been working on that for years. There are projects that have gone on and on and on like Tennyson's brook, and we should bring them to a successful end or chop them off.

F–15 COST OVERRUNS

I am a little concerned about the F–15. The F–15 in little more than a gleam in the eye and yet you say you already have a cost overrun of 27.5 percent. It is a little hard for me to see how you can have an overrun with a program so new as that.

Secretary LAIRD. Mr. Chairman; that goes back to the planning estimates made prior to contract definition. The current estimate was compared with the estimates made prior to contract definition, which was the figure given to this committee. I felt that you had to show the new figure alongside the old figure at this time and that is what I have done there.

Mr. MAHON. They have already agreed that the cost is that much higher than was originally stated.

Senator LAIRD. There has been no contract yet for development or production, Mr. Chairman.

Mr. MAHON. There is no final contract definition; is there?

Secretary LAIRD. Not a final contract definition. The Air Force is now reviewing the results of the contractor's contract definition proposals. As a matter of fact, we are trying to knock that cost estimate down at the present time but, based on the testimony that was given to this committee and based upon the figures given to this committee, if we go forward with that same aircraft program this is what the cost will be. I was trying to give the best estimate as to the cost for the presently defined program.

Mr. FLOOD. Mr. Secretary, you remember this very well. You were sitting right here and you were a big help in doing this. I remember it vividly. You will remember the outrageous figures we got on spare parts after World War II for about 10 years. Unbelievable figures on spare parts, and this subcommittee had to just brutally cut it off and say, "You are going to get x dollars for spare parts; now you worry about it."

SHILLELAGH COST OVERRUNS

Mr. MAHON. There is a cost overrun of 50 percent in the Shillelagh. Should it be eliminated?

Secretary LAIRD. That is a cost growth, Mr. Chairman.

Mr. MAHON. A projected cost overrun?

Secretary LAIRD. Yes; a cost growth.

Mr. ANDREWS. You mean by that "inflation"; don't you?

Secretary LAIRD. No; I do not mean only that. It does not necessarily mean that there weren't changes in these programs. There have been some changes in the program during the history of the contract and that makes a difference. In the summary table that I will give you, I will try to show the effect of these changes on each one of them.

Mr. FLOOD. Those were change orders directed by the Department of Defense, not by the contractor.

Secretary LAIRD. They had to be approved somewhere along the line but not necessarily by the Department of Defense and sometimes not even by the Secretary of the service involved.

Mr. FLOOD. Sometimes a contractor would recommend a certain change but in most cases the change orders came from the Government and not the contractor.

Secretary LAIRD. Regardless of which party initiates the change, the Government in general, must approve and pay for the change.

Mr. ANDREWS. Is inflation reflected in these cost growth figures?

Secretary LAIRD. Yes; it is reflected.

Mr. ANDREWS. In some instances your inflationary rate has been at 25 percent a year, especially in ship construction.

OVERFUNDING OF POLARIS PROGRAM

Secretary LAIRD. That is correct. It has been very high. We are allowed to project some inflation in these contracts, in shipbuilding in

particular and in some other areas, but not always for the total amount.

As you know, Mr. Chairman, we never had the problem of cost overruns while the Polaris program was going forward because we always overfunded Polaris and then the Navy would come back up here and take care of the other shipbuilding overruns by reprogramming from the Polaris program. Since Congress was willing to put so much money into Polaris, the Navy always had a couple of hundred million dollars left over and was able to take care of the cost overruns on the other ships. But that is not possible any more.

Mr. MAHON. Mr. Secretary, I believe that by providing more information on the individual items, giving the time frame and all of that, you could make this more useful and less likely to mislead.

Secretary LAIRD. Yes; I will provide a summary table.

(Clerk's note: The summary table appears on page 464.)

MAIN BATTLE TANK

Mr. RHODES. I am a little disturbed that the Main Battle Tank is not included in the 34 major weapon systems.

Secretary LAIRD. We haven't made a production decision on that as yet. It is still in research and development.

Mr. MINSHALL. So are some of these other programs.

Secretary LAIRD. No. We have approved going forward on these programs. Now, there hasn't been a final contract on two or three of these programs, but they are approved for procurement. This is a little bit different than the Main Battle Tank which we have not approved for procurement. I wouldn't want to make a prediction.

Mr. RHODES. The Main Battle Tank program has had its share of problems, not only of a technical nature but from the standpoint of the normal pitfalls inherent in a joint development program with another nation. A battle tank is designed to provide mobility, support the infantry, destroy certain hard targets, and kill other tanks. There is a limit to its worth in terms of dollars. The latest estimates indicate that the unit cost of this tank is approaching $1 million. As it stands today, is the MBT–70 overly sophisticated and too expensive?

Secretary LAIRD. Mr. Packard and I are in the process of completing an in-depth review of the MBT–70 program. The prime objective of this effort is directed toward maximizing the effectiveness of the MBT–70 while holding the cost of the tank to the minimum consistent with established performance requirements.

I believe that these studies will provide the basis for redirecting the MBT–70 toward an austere configuration which will embody all of the performance characteristics urgently required of a new MBT–70 on the 1975–85 battlefield to meet the projected enemy threat while substantially reducing the projected unit cost of the tank.

Should these goals be achieved, it is my intention to direct the Army to provide a new program which outlines the schedules and program support necessary to provide the austere version of MBT–70 at the earliest reasonable date.

Mr. FLOOD. If you would yield, Mr. Rhodes: Do we need the Germans to agree to abandon the Main Battle Tank or could we do it unilaterally?

Secretary LAIRD. I think it would be fine if we could get them to come along on some sort of an agreement. I happened to have discussed this matter with the Defense Minister this past week, but we are not bound to go forward just because the Germans go forward. But this is a matter under active consideration at the present time.

Mr. SIKES. Do you mean to abandon the tank?

Mr. MINSHALL. Or to go ahead on your own?

Secretary LAIRD. They may go ahead unilaterally. We may, but that decision has not yet been made.

FUNDS FOR REPAIRING THE "GUITARRO"

Mr. MAHON. Mr. Secretary, another unpleasant subject is the *Guitarro* that sunk at the dock at Mare Island in California.

Secretary LAIRD. That is correct.

Mr. MAHON. I was a little disappointed when I received a request a few days ago from Secretary Packard asking for a reprograming, for $35 million for repairing the *Guitarro*. I felt that we were entitled to a little more than just a routine notification that $35 million was being reprogramed to reconstruct the interior of the *Guitarro*.

Secretary LAIRD. Well, Mr. Chairman, it is true that I approved and Secretary Packard transmitted to you a reprograming request for $35 million to refurbish the *Guitarro* submarine. The source of these funds was outlined in the reprograming paper which was sent up here.

I believe that this $35 million is the best way out of a very bad situation. I do not believe that it is to our advantage not to proceed with the *Guitarro*. We can salvage it, we can move forward. The total amount of money we can save by doing this as compared with going forward with a whole new submarine is considerable. The total cost of this submarine will be $140 million including about $21 million for development of a new sonar which is charged to the *Guitarro* since it is the lead ship. The total cost, if the accident had not taken place, for the ship would have been $105 million, or thereabouts, again including $21 million for sonar development.

SINKING OF "GUITARRO"

Mr. ANDREWS. Have you found any negligence?

Secretary LAIRD. Yes; we had a court of inquiry.

Mr. ANDREWS. Who is responsible for it?

Secretary LAIRD. The court of inquiry finds that it was negligence on the part of certain civilian workers at the shipyard.

Mr. ANDREWS. Navy workers or contractor's?

Secretary LAIRD. I have a copy of this report. The Navy Department review of the total final investigative report has not been completed but there was negligence on the part of both naval officers and civilians. The commanding officer of the shipyard certainly has to be held accountable. Although, as you know, it was a mistake in the balancing of the submarine, it was just negligence.

Mr. FLOOD. I don't know, but I should know, as one lawyer to another: Do our contracts provide for any protection at all, for recoupment either by arbitration or by direct action?

Secretary LAIRD. You see, in this particular case it is a Navy yard.

Mr. FLOOD. I know that, it was built by the Navy.

Secretary LAIRD. Built by the Navy; it is a Navy yard. It is a Government yard.

Mr. FLOOD. Then there was no contract between the Government and contractor A?

Secretary LAIRD. No.

Mr. MAHON. If a couple of civilian employees merely get rebuked or even fired upon the loss of $35 million, it doesn't seem to me you are making much progress in discouraging negligence. I don't know how to deal with this, myself, but it seems to me something drastic ought to be done when we suffer a loss like this. It is really very disturbing.

Secretary LAIRD. Mr. Chairman, the Secretary of the Navy will be forwarding to me his recommendation for action. I have not gotten that recommendation as far as the commanding officer of the shipyard is concerned, if that is what you are referring to. ———.

There are procedures that we had to follow and we ordered a court of inquiry immediately. ———.

——— I told the Secretary of the Navy to proceed with the court of inquiry, and that is what was done.

Mr. MAHON. Mr. Secretary, it seems to me that if the commander of a shipyard knew that if a workman was guilty of negligence that cost the taxpayer $35 million, he, the commander, would be held responsible, he would really be watching and patrolling and policing the yard in order to see that the best possible job was done.

Is this the case or is it not?

Secretary LAIRD. Mr. Chairman, that is being done. Now, as far as the action in this case is concerned, I am not sure what the recommendation of the Secretary of the Navy will be. I will certainly discuss it with him again, but there was negligence involved in this case, no question about it.

Mr. SIKES. Mr. Secretary, does accountability stop with the two civilians?

Secretary LAIRD. No. It should not stop with the civilians. I do not believe that it should. It did not, as far as the court of inquiry was concerned. It did not stop with the civilians in charge.

FREEDOM FIGHTER

Mr. MAHON. Now, changing the subject: The Freedom Fighter, called the F–5 I believe, has been very much in controversy as between the House and Senate, I believe.

Secretary LAIRD. Mr. Chairman, I don't think the Freedom Fighter should necessarily be tied to the F–5.

Mr. MAHON. Explain that, Mr. Secretary, please.

Secretary LAIRD. Well, there are several aircraft that can be considered as Freedom Fighters. The F–5 is produced by one contractor. In the competition which has been ordered by the conference report on the authorization bill, we will not consider just the F–5. If we go forward in this area—and I want to point out that a decision has

not been finally made on this program—under the terms of the conference report and the directions given us by the conferees, we will go into competition. I would assume an aircraft such as the stripped-down F–4 would also be considered for this particular role.

Mr. MAHON. How high a priority do you give the so-called Free World Fighter?

Secretary LAIRD. As you know, Mr. Chairman, we have been studying the possible development of an improved international fighter aircraft. When our budget was presented to Congress earlier this year, we did not feel that sufficient progress had been made in our deliberations to justify a request. From this review, we have recently validated the objective for such an aircraft, specifically its utility to our allies in the Asian theater for defense against the potential North Vietnamese threat. In addition, we believe that making an appropriate aircraft available to the Republic of Korea, Taiwan, and Thailand could provide a means for these nations to shoulder more of their own defense in the future.

I recognize the legislative interest of various committees in the matter of a new international fighter aircraft, especially since part of the market might be the Republic of Vietnam and part of the market might be other nations being served by our military assistance and military sales programs. I would hope the interested committees would evolve the preferred methods for considering our proposal.

In any event, I believe Congress would serve the national interest by authorizing and appropriating funds which would enable us to retain an option to go forward with such a proposal at an early date.

Mr. MAHON. Should we fund this requirement in the foreign operations budget as a MAP requirement rather than in the DOD budget?

Secretary LAIRD. I believe that this could be done either way, Mr. Chairman.

Mr. MAHON. Air Force witnesses testified earlier, that this requirement originated with a Northrop Co. unsolicitated proposal to modernize the F–5 aircraft, to be designated the F–5–21. Further, it was testified that the program was based on the fact that the U.S. aircraft industry has not been competing very successfully in recent years in world markets for fighter-type aircraft. If this is so, should this effort be funded by interested aircraft companies?

Secretary LAIRD. Air Force witnesses were not speaking for the Department of Defense. It is the considered judgment of the Defense Department, that a valid objective has been established, for developing and procuring a free world fighter, both for the South Vietnamese Air Force, and as a means of improving the capability of our forward defense allies in meeting the opposing Mig threat. If developed, funds would be requested under the military assistance program to meet the needs of some of these countries, as may be determined appropriate. If this aircraft were being developed and produced as a pure sales venture, development funds would not be requested under either the MAP or DOD budget. As I noted, however, I would hope that the interested committees would evolve the preferred methods for considering our proposal.

Mr. MAHON. In January 1969, the Air Force provided Northrop with $2 million of fiscal year 1969 funds for preliminary engineering

design effort on the F–5–21 proposal in order that the proposal might be further evaluated. In April 1969, you decided that since the F–5–21 program would be primarily for foreign military sales, financing for the development and production of the aircraft should be a private venture. What has happened between then and now to change your mind?

Secretary LAIRD. The strategy of Vietnamizing the war, which has evolved over the past several months under the present administration, clearly reflects the vital need to provide the South Vietnam Air Force a simplified aircraft, which can counter effectively the fighter and bomber threat from the North. This, coupled with the Nixon doctrine outlined at Guam and reaffirmed in his November 3 address to the Nation, justifies the change in our position. Moreover, as stated in previous testimony,

> I want to make it very clear that we would like to have a new aircraft for MAP . . . to replace the old aircraft that presently are available, but we just cannot afford it now. . . . This is something that does concern me, and I am sure it concerns others.

As we proceed down this road in our Asian and Vietnam strategy, we hope to develop and produce an aircraft under a competitive process, that we believe will offer a good chance of survival in a combat engagement against the Mig–21, yet will be sufficiently simple to operate and maintain that it can be assimilated into the Vietnamese and other Air Forces effectively.

Mr. MAHON. Of the 12 free world countries which have the F–5 aircraft, only Korea, Vietnam, and Thailand have received quantities of this aircraft under the service-funded portion of the military assistance program. Will this same pattern be followed on the proposed free world fighter, that is, most will be provided under direct military sales?

Secretary LAIRD. I should first correct the record and state that 15 free world countries have the F–5 aircraft. Slightly more than half of all F–5's have been provided to our allies by means of MAP appropriations. Two of the three countries you mentioned, Korea and Thailand, have received both MAP and military assistance service-funded F–5's. Some F–5's were coproduced abroad. It is quite possible that a similar sales pattern will materialize when we actually undertake development of a free world fighter.

Mr. MAHON. The Air Force testified before the committee earlier this year that the F–5–21 had not been proposed primarily as an air superiority fighter to compete with the Mig–21, but that preliminary analysis indicates that it could engage the Mig–21 under certain air-to-air combat situations. Rather than improve an older aircraft which still will not be capable of matching the Mig–21 in most situations, should we develop an economical superiority fighter, such as the FXX concept proposed in a recent systems analysis study?

Secretary LAIRD. We are agreed that selection of this aircraft will be under a competitive process. The criteria have been broadly defined already; that is, it must be relatively simple to operate and maintain, certainly within the capability of the Vietnamese. All other countries which are under present consideration to receive this aircraft, have an equal or superior capability. It must be relatively inexpensive. This is a judgment factor, but, hopefully, sufficient quan-

tities could be produced to enable a cost of less than $2 million per aircraft. It must be equal to or superior to the Mig-21. Within the framework of these guidelines, specific technical and operational criteria will be developed, against which the competition can be judged fairly on merit. The selection of this aircraft has not and will not be predetermined.

AUTHORIZATION FOR SHIP CONSTRUCTION

Mr. MAHON. Mr. Secretary, the authorization bill for Defense this year, contains several hundred million dollars above the budget for Navy ships.

Secretary LAIRD. Correct.

Mr. MAHON. If we provide funds for an unbudgeted submarine, do you propose to proceed with the submarine?

Secretary LAIRD. Yes.

Mr. MAHON. What is the cost of that submarine, Mr. Moot?

Mr. MOOT. It is $152,700,000.

Mr. FLOOD. I don't think I understood that question, Mr. Chairman. What was it?

Secretary LAIRD. The question was if we were given funds for a submarine that is not in our budget request would we spend the money?

Mr. FLOOD. Out of that $1 billion?

Secretary LAIRD. My answer was, yes, we would spend it.

Mr. MAHON. In other words, a submarine above the budget was authorized and the Secretary is saying that if we give him the funds he would propose to proceed with the submarine.

Now, are there other unbudgeted ships that are in the authorization program which you would proceed with in fiscal 1970?

INCREASED AUTHORIZATION NOT TO BE USED

Secretary LAIRD. No, Mr. Chairman, there are not. I talked this over with the Navy. I have talked with the Secretary of the Navy as recently as Thursday of last week. I told him about our concern to keep fiscal year 1970 expenditures down $4.1 billion below the January estimate, and make a total reduction in NOA of $8.6 billion, that I had talked over with this committee on an informal basis earlier. He did not feel that there were any tradeoffs that he could suggest at this time to take care of that funding request.

Mr. MAHON. All right.

Now, are you sure that you would not expend or commit the funds?

Secretary LAIRD. We cannot commit the funds, Mr. Chairman, and stay within the expenditure figures that we are talking about, or the expenditure limitations that have been set forth by the President and the Congress.

NEED TO MODERNIZE NAVY

Mr. MAHON. I think we all agree that many of the Navy ships are quite out of date and we do need to modernize the Navy as well as the other services. We are not unmindful of this problem which con-

fronts the country. We want to take appropriate steps. That is the reason I wanted to have a definite statement.

Secretary LAIRD. The modernization of our Navy is absolutely needed and I realize how important it is to move forward with this program. But this is one of the areas that we are going to have to move forward on as soon as we can reduce the costs of the Vietnam conflict. This is another area that needs attention as far as the Department of Defense is concerned. I hope that we can move forward in this entire area just as soon as possible, but we are going to move forward and fund a submarine over and above the budget request, the one that has been authorized here by the Congress. But we still have to make this reduction I talked about, as far as fiscal 1970 is concerned.

Mr. FLOOD. Will that submarine be the Poseidon or Polaris type——

Secretary LAIRD. It will be an attack submarine.

AUTHORIZATION BILL

Mr. FLOOD. Didn't the authorization bill go $1 billion above the budget on ship construction?

Secretary LAIRD. The way it was originally passed by the House of Representatives it had an addition of almost $1 billion in it. The total figure as it came out of the conference was $352 million above the budget.

Mr. ANDREWS. That $153 million for the submarine will be part of the $352 million?

Secretary LAIRD. Yes; it is one of the increases made by the authorization bill. However, there were also some decreases.

Mr. ANDREWS. I see.

Secretary LAIRD. We are trying to go part way——

Mr. ANDREWS. That is the only ship that you would build if all of this auhtorization were funded?

Secretary LAIRD. That's correct. I believe that is the highest priority on the list, to go forward with in 1970.

Mr. ANDREWS. So then if this committee were to fund this submarine you would be that $153 million-plus above your budget for ship construction?

Secertary LAIRD. No; as far as total ship construction is concerned, that would not be above the budget. The Congress also made some reductions in the authorization bill.

MIDDLE EAST SITUATION

Mr. ADDABBO. Before we close, Mr. Chairman, may I ask this question:

With all the figures that we have now, if there is any drastic action taken in the Middle East, would that change your figures?

Secretary LAIRD. It depends on how drastic the action is. Of course, it would affect some of the figures.

Mr. FLOOD. Did you say the Near East?

Secretary LAIRD. The Middle East. We can handle quite a bit in the Middle East but when you get into the expenditure of ammunition or other consumables it adds to your costs. We have steaming

costs, of course, in the Middle East as fas as our Navy is concerned, but if they undertake more than the regular exercises out there, of course it would add to the costs as far as the Department of Defense is concerned.

Mr. MAHON. Mr. Secretary, it has been most helpful to have been able to spend the day with you. Your testimony has been most helpful to us. You understand our problem in a very special and peculiar way because of your former long and effective service on the Subcommittee on Defense Appropriations. So we are most happy to have had you here. We have not meant to harass you, we do not think that we have. You have been most helpful to us. We want to commend you for your herculean efforts in the field of defense and for your efforts toward securing a just and honorable peace.

We are really grateful to you. We wish you good luck in your work. We want you to know we are always anxious to cooperate with you.

Secretary LAIRD. Thank you.

Mr. FLOOD. We could have sold tickets to fill this stadium to hear this performance today.

Mr. MAHON. I want to say, General Wheeler, that you are an old friend of the committee. You have always been most helpful to us and we appreciate your appearance here. I have assumed that, generally, you and the Secretary work as a team and that what he has said in a general way and what you have said in a general way represents the joint views of you two gentlemen who occupy the highest jobs in the Department of Defense.

General WHEELER. Your assumption is correct, Mr. Chairman.

Mr. MAHON. We are very pleased to have you. We are very pleased to have Mr. Moot here also. He has done a tremendous job in seeking to be of service to us.

Jack Stempler has been most helpful to us. Your other aides and assistants also have been helpful.

I wouldn't want to overlook Mr. Doug Sinclair, who has been with us throughout the hearings this year. When he leaves the committee room in a hurry, I know what he is doing, he is dashing to the telephone in order to call the Pentagon to get certain information which he knows the committee needs. He has been most helpful, Mr. Secretary, I want you to know that.

Mr. ANDREWS. Mr. Secretary, Doug is an updated General Moore to us.

Secretary LAIRD. I thank you, Mr. Chairman. He works very closely with Mr. Moot. I have great confidence in Bob Moot. This has been a difficult year for the Comptroller in the Department of Defense, probably the most difficult year that any Comptroller has had to face because of the uncertainties about everything. He has done a very fine job and has been of great support to me.

Mr. MAHON. Mr. Secretary, it has also been a most difficult year to be Secretary of Defense, too, as we well recognize. I am glad you have been able to bear up under the responsibilities. We wish you good health and success.

Thank you very much.

Mr. FLOOD. The consensus on this corner of the table is that the mutual admiration society is now adjourned.

RETIREMENT OF ROBERT MICHAELS

Mr. MAHON. No; not yet. Now, in taking personal note of people in this room, I want to take note of the chief staff man for the Subcommittee on Defense, Mr. Bob Michaels, who has sat here on my left for many years. He has been with Government for 29 years. He has worked with the Appropriations Committee for 18 years and has performed outstanding and effective service in behalf of the committee and the Nation. He has certainly had a brilliant carrer.

Bob is retiring. This is the last year we will have him go through the bill with us. I wanted to take special note of Bob's good work and loyalty to the committee and the country and I would like to express regret that he will not be with us when we give consideration to the Defense budget next year.

Mr. MINSHALL. I heartily concur in that observation, Mr. Chairman. We are going to miss Bob—but I hear he is going to come back up here and buy us all lunch, occasionally.

Mr. SIKES. Mr. Chairman, I wish to join you in tribute to Bob. His retirement, after a distinguished Government career of 30 years, 18 of which have been as a staff member of the Appropriations Committee should not go unnoticed.

For the past 7 years Bob has been the director of the Defense Appropriations staff. He has been of invaluable assistance not only to this committee but to the House as a whole. He has always been of utmost assistance to any member wishing to obtain information on Department of Defense activities.

His leaving will create a void that will be difficult to fill. He has become one of the top authorities on the Department of Defense and we on the committee shall miss his sage advice and council.

Bob, we wish you the very best of luck in the future.

Mr. FLOOD. We will certainly miss Bob around here, he has been of invaluable assistance to the committee over the years. Lots of luck, Bob.

Mr. LAIRD. Mr. Chairman, may I add a few words concerning Bob's retirement.

Mr. MAHON. Very well.

Mr. LAIRD. As you know, for many years I worked on the other side of this table and Bob was always a tremendous help to me. I am sure that the committee, as well as his many friends in Defense, will miss his able assistance and guidance.

Mr. RHODES. Mr. Chairman, I would like to take this opportunity to express my real gratitude to Bob Michael, for the invaluable help he has been to me, and to the members of this subcommittee for so many years. Bob's knowledgeable contributions have permitted us to proceed with the business at hand more smoothly and efficiently. There has never been a time that he has not been able to respond promptly and accurately to our problems, and on the most complicated inquiry, you could always feel sure that Bob had completed an exhaustive and comprehensive research before presenting his analysis.

Bob has always been dependable, courteous, and a pleasant person in every respect. I shall greatly miss his capabilities. He has my warmhearted best wishes for every fulfillment and happiness in his

retirement, and my assurance that his physical absence will not affect the feeling of friendship I have for him.

Mr. ANDREWS. Mr. Chairman, the Appropriations Committee is losing one of its most able staff members in the retirement of Robert L. Michaels.

During the many years that I have had the pleasure to work with Bob, I have found him to be a man of outstanding ability and loyalty.

In reaching retirement, Bob is rounding out 30 years of service with the Federal Government. He came to the Appropriations Committee in 1951, from the executive branch of the Government. During his 18 years with the committee, he has risen through the ranks on the basis of his demonstrated ability to become one of the senior staff members of the committee.

Along the way, he worked on several subcommittees, including those on Commerce and General Government Matters, Treasury and Post Office, and Defense. After serving in various capacities on the Defense Appropriations Subcommittee, he became chief of the staff group for that subcommittee.

Bob Michaels has made a tremendous contribution to the efficiency and effectiveness of the Appropriations Committee. He is articulate and perceptive, and well grounded in legislative, fiscal and budgetary procedures.

His valuable services will be sorely missed by those of us who serve on the Appropriations Committee. I wish him continued success in his future endeavors and good health in retirement.

Mr. SLACK. Mr. Chairman, the Appropriations Committee is losing one of its most dedicated staff assistants with the retirement of Bob Michaels. In his special province—the defense appropriations field—the required extent of staff knowledgeability has risen in direct proportion to the increase in our military budget, presenting ever greater challenges. I have found that Bob Michaels has always been equal to any challenge directed to him by his responsibilities.

When working with him I have been reminded of the famous phrase "an infinite capacity for taking pains." On many occasions he has helped me to bypass the nonessentials and arrive at a decision based on the fundamentals. I shall miss him greatly, as I know he will be missed by all the members of the committee. My best wishes go with him into whatever new endeavors he may approach. For he takes with him the knowledge of the respect and affection which he has earned from both members and fellow staff workers. Above all, he has the satisfaction of knowing he has served his country well over a long period of time in a demanding assignment.

For each of us who serves the people through the Congress no more meaningful words of departure can be said.

Mr. ADDABBO. Mr. Chairman, I would like to take a moment at this point to say a few words about Robert Michaels who is retiring after 29 years of Federal service.

Bob has been with the House Defense Appropriations Subcommittee for 18 years, serving as chief clerk for the past 7 years. I want to thank Bob for the assistance he has given me since I have been a member of this subcommittee.

These occasions are always met with mixed emotions. While we who have been close to him will miss him because of his dedication to

his work and his helpfulness to all of us, we are happy for Bob knowing that he will enjoy his well-earned retirement.

I join with my colleagues on the subcommittee is commending Bob for his outstanding record of public service.

Mr. DAVIS. Mr. Chairman, I would not want this moment to pass without stating my appreciation for the dedicated service of Bob on this committee. He has served it diligently throughout his years as a staff member and as director of the Defense Subcommittee staff. He has helped me on many occasions and I am sure he will be truly missed here around this table.

(NOTE.—Mr. Whitten submitted the following statement for the record.)

Mr. WHITTEN. Mr. Chairman, I wish to join with my colleagues in expressing regret at the retirement of our friend, Bob Michaels—regret that we will be without his services in handling the appropriation for the Department of Defense, perhaps one of the toughest assignments there is to be found anywhere in the Congress.

While we regret to see him leave, we can understand his desire to go into other fields; and, like my colleagues on the committee, I certainly wish him well and take this occasion in the record to express our sincere appreciation for the fine job he has done—not only in his service to the committee, but his service to his country.

Bob, we wish you the very best and look forward to further associations with you in the years ahead.

(NOTE.—Mr. Lipscomb submitted the following statement for the record.)

Mr. LIPSCOMB. Mr. Chairman, I would like to join in the tribute to Bob Michaels and thank him for his many years of service to the Defense Subcommittee.

Bob has always worked diligently in assisting the members of the committee in the many details that must be taken care of each year in reviewing the Defense budget. He has performed in a most professional manner in serving the members and for myself personally I can attest that he has unfailingly made time available to be sure that my requests were fulfilled. In my opinion the effective and dedicated work that Bob Michaels has contributed to the committee over the years has been an important factor in maintaining an adequate and strong defense posture and we are going to miss his depth of knowledge in this area.

To Bob I extend my sincere appreciation and wish him well in the years ahead, whatever his endeavors may be. The outstanding attributes he brought to his position as chief clerk of the Defense Subcommittee will assure his success in any future undertaking.

Mr. MAHON. Thank you, gentlemen.

The committee stands adjourned.

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