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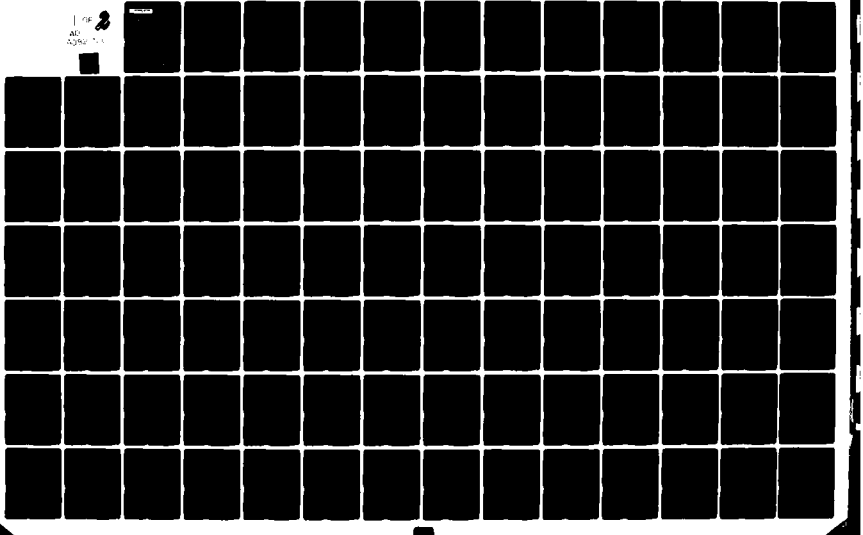

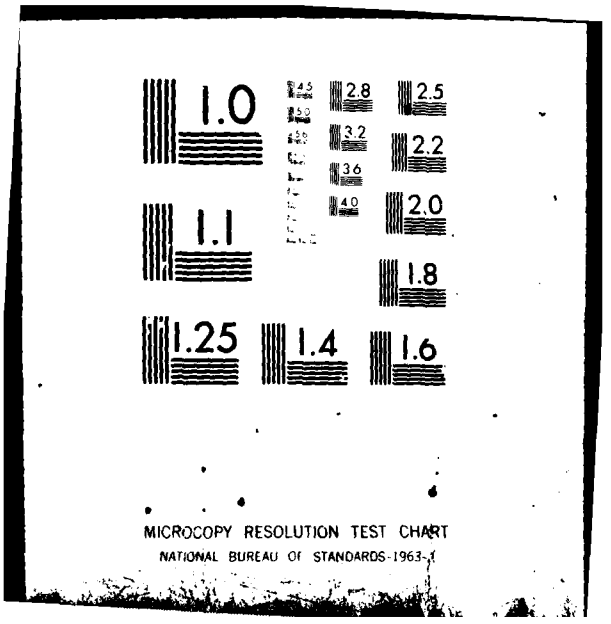
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DEFENSE REPORT
ON PRESIDENT NIXON'S STRATEGY FOR PEACE

Toward a National Security Strategy of Realistic Deterrence

Statement of Secretary of Defense
Melvin R. Laird
on the

FISCAL YEAR 1972-76 DEFENSE PROGRAM and the 1972 DEFENSE BUDGET

Before the
House Armed Services Committee
MARCH 9, 1971

Statement by Secretary of Defense Melvin R. Laird on FY 1972 Program and

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Services Committee

STATEMENT OF SECRETARY OF DEFENSE MELVIN R. LAIRD

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FY 1972-1976 DEFENSE PROGRAM AND THE 1972 DEFENSE BUDGET

MARCH 9, 1971

PREPARED: 3/1/71

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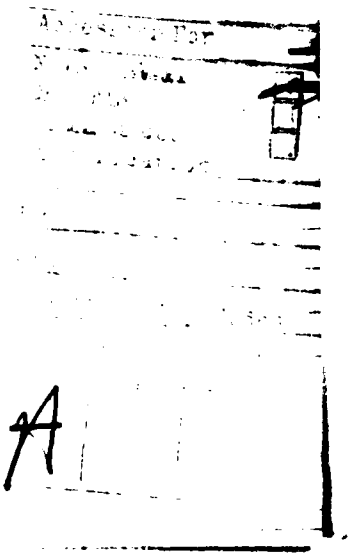

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THE SECRETARY'S SUMMARY

Mr. Chairman and Members of the Committee:

I am privileged today to present the first comprehensive Five-Year Defense Program of the Nixon Administration, and to discuss the associated FY 1972 Budget.

This Five-Year Defense Program is keyed to the twin objectives set forth by President Nixon for the last third of the 20th century: achievement for the first time in this century of a generation of peace; and in the process, enhancement of the quality of life for all Americans, while helping to improve it for all peoples of the world.

This 1972 Defense Report to Congress and the American people contains a Five-Year Defense Program which spells out a new National Security Strategy of Realistic Deterrence. This new strategy is designed to prevent wars by furthering the President's goal of building a viable structure of peace based on adequate strength, true partnership, and meaningful negotiations.

The Strategy of Realistic Deterrence seeks to further the goal of peace by deterrence of armed conflict at all levels. I have always tried to be a realist in fulfilling my responsibilities, whether as a Member of Congress or as Secretary of Defense. I believe the strategy we are advancing is realistic for three reasons:

First, it is based on a sober and clear view of the multiple threats to peace which exist in today's world. It neither exaggerates nor underestimates those threats.

Second, it provides for the maintenance of a strong Free World military capability as the essential foundation of deterrence. It rejects the view that peace is well served if our military power is unilaterally weakened.

Third, it takes account of the strategic, fiscal, manpower and political realities while steering a prudent middle course between two policy extremes -- world policeman or new isolationism.

The Strategy of Realistic Deterrence is new. Those who would dismiss it as a mere continuation of past policies in new packaging would be quite mistaken. Past policy was responsive and reactive.

Our new Strategy is positive and active. Past policy focused on containment and accommodation. The new Strategy emphasizes measured, meaningful involvement and vigorous negotiation from a position of strength.

The Strategy of Realistic Deterrence will provide through sufficient strength and full partnership the indispensable and realistic basis for effective Free World negotiation. Most importantly, it is designed not to manage crises but to prevent wars.

The FY 1971 program and budget, which was sent to Congress last year, was the foundation for the transition from an era of confrontation to an era of meaningful negotiation. The fiscal year 1972 program will move us closer to this goal.

It was clear at the outset of the Nixon Administration that, in order to set the stage and create the conditions for meaningful negotiation and peaceful relations, we had to move the country away from war and toward peace, away from a wartime economy and toward a peacetime economy, away from lopsided national priorities and toward a major reordering of those priorities, away from arms competition and toward arms limitation.

On the basis of the record of the past two years, it is my view that we have made significant -- in some cases unprecedented -- progress toward the major interim goals we have set for ourselves.

In the war to peace transition: by continuing negotiations in Paris, by progress in Vietnamization, by reducing U.S. combat activities, casualties and air sortie levels in Southeast Asia, and by an orderly, substantial and continuing troop redeployment program.

In reordering national priorities: by shifting the Defense portion of the Federal Budget and Gross National Product (GNP) to its lowest level in 20 years and by spending more on human needs than on Defense needs.

In our Defense budget: by providing for the first time in this century the full peace dividend before the conclusion of a war. Defense costs in this budget already are back at pre-Vietnam levels in constant dollars.

In implementing the Nixon Doctrine: by withdrawing more than 300,000 American troops from Asia while increasing significantly security assistance levels to our friends and allies.

In NATO: by helping foster a new spirit of meaningful burden sharing and a new awareness of the strategic, fiscal, manpower and political realities we face in common.

In moving toward zero-draft: by obtaining Congressional approval for long-needed draft reform to eliminate many inequities, and by cutting draft calls almost in half from 1968 to 1970 in pursuing our goal of zero-draft by July 1, 1973.

In our program for human goals: by relating it to our objective of an all-volunteer force, by seeking to instill a new order of professionalism and dignity in military life, by seeking to remedy remaining shortcomings in such areas as housing and education and by continuing to lead the way toward full equal opportunity.

In taking new initiatives with regard to prisoners of war: by an unprecedented exchange offer at the Paris peace table, by search and rescue missions when possible, and by focusing public attention at home and abroad on their plight.

In chemical warfare and biological research, and in defoliation: by promulgating a major new policy renouncing any use of biological and toxin weapons and renouncing first use of lethal and incapacitating chemical weapons, by ending crop destruction operations in Vietnam and by restricting limited defoliation still needed for troop safety to the same regulation applied to herbicide use in the U.S.

In major improvements of defense management: by adopting many of the Blue Ribbon Panel recommendations, by emphasizing a new "fly-before-buy" policy and by increased decentralization in procurement actions.

Mr. Chairman, we are proud of the significant progress we have been able to make in establishing new directions and a steady momentum toward major goals of the American people. As I reported last year in discussing our FY 1971 transitional program, the challenges here at home which we faced upon assuming office in many ways equalled, and in some ways surpassed, the growing challenges abroad.

I will not repeat in detail what I said last year, but it is important, I believe, to repeat a concluding comment I made in last year's Defense Report:

"Transition to a new equilibrium will take time. We made a beginning in 1969 and are continuing the transition into calendar year 1970. We consider our fiscal year 1971 budget another building block in that transition."

I readily acknowledged that not all of the challenges we encountered upon assuming office had been met with the submission of the fiscal year 1971 budget. I would repeat that comment today with regard to the budget and program contained in this report. We still have a long way to go in all aspects of Defense responsibility. We have never claimed to be instant problem-solvers. But we have completed our year of transition with respect to basic Defense planning both with regard to strategy and management. We have completed our basic reviews and have made our fundamental decisions on what needs to be done. The New Strategy and Defense Program presented in this report embody the major elements of the decisions that have flowed from our assessments of the past two years. The Strategy and the Program, of course, cannot succeed without the understanding and support of Congress and the American people.

This report describes the major changes which have been made and which will be made in such areas as defense strategy, the defense budget, research and development, command and control, intelligence, procurement and, most importantly, the need to revamp our concepts about the recruitment and use of military manpower -- both in active, National Guard and Reserve forces.

I would like briefly to outline for you some of the major points in the Defense Report. We focus on two fundamental aspects of Defense Planning:

In Section I -- Effective Implementation of the Strategy of Realistic Deterrence.

In Section II -- Better Management of Human, Material, and Economic Resources in the Department of Defense.

Our Five-Year Defense Plan projects a capability to attain our goal with an efficient and modernized force that, in peacetime, would require no more than seven percent of the Gross National Product and be made up of no more than 2.5 million men and women who are volunteers. This is discussed in the chapter on Strategy Overview, which states, in essence, that a realistic military strategy cannot be an end in itself but must be inseparably linked with a broader national strategy of deterrence and "meaningfully related to our pressing requirements in the domestic field."

As I discussed in the chapter on Concepts for Defense Planning, we intend to use a Total Force approach in which all appropriate resources for deterrence, U.S. and Free World, will be available. Through the application of all resources across the full spectrum of possible conflict and the full spectrum of capabilities of our friends and allies, we will maintain sufficient U.S. strength and will mesh this strength with other nations in a new order of partnership.

For the U.S. forces, the Total Force concept will mean increased importance for our National Guard and Reserves. In this chapter, I analyze the progress and problems of Vietnamization, and discuss its relation to the Total Force concept in its broadest applications, utilizing both military and non-military resources. Looking to the future, we must continue to focus on the intimate relations of the military, economic, political and diplomatic facets of the Indochina situation as we move to terminate U.S. involvement in the fighting. This report does not address the day to day military situation in Indochina, or anywhere else. It seeks instead to explain the basic concepts that underlie our strategy for the future. To be realistic about it, there will continue to be ups and downs, gains and losses, temporary setbacks. The important thing is for the citizens of our nation to keep in sight the fixed goal of a generation of peace and to insure, as best we can that the policies we establish and the strategy we follow lead in that direction.

The chapter on The Threats to Free World Security provides an update of the threats to the Free World at all levels of conflict. The continued momentum of the Soviet Union in strategic missiles, aircraft, Naval forces and research and development are evaluated. Chinese weapons progress is also discussed. This threat assessment is related to the need for assuring that the United States maintains its technological leadership in order to assure the safety and survival of the American people. To maintain technological leadership, we must reverse the recent downward trend in R&D funding, which this budget does, and we must also move forward with new technological initiatives to guarantee that we have flexibility and timely options to meet possible threats of the future.

The fourth and final chapter in Section I, Force Planning under the New Strategy, provides a discussion of the specific programs being recommended as the "basic minimum capabilities deemed necessary and appropriate for the years ahead." We have completed our transition to what we describe as "base line planning," and are now building for the future. Of course, much will depend on the outcome of the Strategic Arms Limitation Talks. Because of uncertainty associated with SALT, we must maintain present capabilities,

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while preserving or creating options to adjust those capabilities upward or downward as may be required.

Mr. Chairman, no one hopes more for success at SALT than the Department of Defense because of the burdens and responsibilities we would face should SALT fail. The details of the President's decision on the FY 1972 SAFEGUARD program are contained in this section. SAFEGUARD continues to be a vital factor in the SALT negotiations.

The Chapters in Section II are focused on the need for better management of human, material and economic resources in the Department of Defense.

Chapter 1, Organization and Management, focuses on our management concept which is based on participatory decision-making, defined decentralization, and delegation of authority under specific guidance. I propose in this chapter the creation of an additional Deputy Secretary of Defense in order to enhance high level civilian management and to cope with the severe time demands now placed upon the single Deputy Secretary of Defense, David Packard. I also recommend creation of two additional positions for Assistant Secretary of Defense.

We will continue, of course, to make management improvements in the Department of Defense, including a modification of the Unified Command Structure which we are recommending to the President. We will continue to draw as appropriate on the recommendations of the Blue Ribbon Defense Panel which was so ably headed by Gilbert Fitzhugh.

Our examination into the intelligence activities of the Department of Defense will continue, and further changes may be anticipated, including the creation of a long-range planning group reporting directly to the Secretary of Defense. We have taken steps also to strengthen civilian control over investigative and related counter-intelligence activities.

The continued progress we expect under the Human Goals principles of the Department of Defense are reported in the Chapter on Manpower Objectives. Of particular importance, of course, is our program to achieve zero draft calls by mid-1973 and to accomplish further improvements of the Selective Service System which would complement last year's reduced draft calls and National Random Selection System. Many inequities in the Draft have been eliminated in the past two years, but so long as we need the Draft it must be made more equitable. One gross inequity today is the fact that the young men who attend college are given deferments

which are denied to other young men who do not attend college. This is unfair and should be changed.

Once men and women are in the Armed Forces and are serving their country in uniform, we owe them respect and dignity for their service, and we owe them and their families fair play in the areas of pay, housing and educational opportunities.

Let me candidly tell you that we face some formidable problems in the manpower area that are not going to be solved overnight. In addition to complex recruiting and retention problems, we share with the rest of American society the agonizing problems related to race relations and drug abuse. We in the Department of Defense are determined to continue leading the way, as best we can, in seeking solutions to these difficult problems.

A final Chapter on The Defense Budget and the Economy surveys the impact of cuts in Defense personnel and expenditures over the past two years in response to our changing national priorities.

The impact of the massive cuts that have been made during the last two years in employment and expenditures related to national defense is assessed. These cuts have resulted in a considerable amount of turbulence, which results from our shift from a wartime to a peacetime economy.

This year the rate of defense reductions is declining and we are going to do everything we can to keep to a minimum this turbulence, as it relates to our civilian employees, Defense industry employees, and our military people and their families. In short, the Defense Budget has been heavily affected in our national reallocation of resources. The period of Defense dominance in national resource allocation is over. Our Fiscal Year 1972 budget, in constant dollars, will be below the prewar year of Fiscal Year 1964. This fact cannot be ignored as we plan to implement during the next five years our New Strategy of Realistic Deterrence.

In current dollars, the FY 1972 Defense Budget transmitted to the Congress by the President totals $79.2 billion in Total Obligational Authority (TOA) and $76 billion in outlays, including amounts proposed for future pay increases. This is $3.9 billion in TOA and $1.5 billion in outlays above the respective amounts for TOA and outlays we now expect in FY 1971.

In summary, Mr. Chairman, I would repeat that we have not solved all the hard problems before us nor can I tell you that hard decisions do not lie ahead. As with the Fiscal 1971

transitional budget, there is some risk attached to our FY 1972 Defense Budget for it continues the downward trend in overall Defense Department purchasing power at a time when the threats we face around the world continue to increase, not diminish. Should events dictate, I will not hesitate to recommend any action that may be required to insure the continued safety and security of the American people.

As Secretary of Defense, I seek your understanding and your support for our new Strategy and want to assure you that I will continue to work with this Committee and other Committees of the Congress to advance the goals we share in common in seeking to serve the best interests of the American people.

SECTION I

TOWARD A STRATEGY OF REALISTIC DETERRENCE

I. STRATEGY OVERVIEW

In his first Report to Congress on Foreign Policy, on February 18, 1970, President Nixon enunciated a policy of peace and what is needed to achieve it. Based on the principles of partnership, strength, and a willingness to negotiate, this positive policy is designed to move our country and the rest of the world toward a generation of peace. This basic policy, reaffirmed in the President's second Report on Foreign Policy, on February 25, 1971, underlies and guides our new National Security Strategy of Realistic Deterrence.

The goal of peace and the need to maintain adequate combat capabilities are fully consistent. The President recognized this when he declared adequate strength to be one of the three pillars of his foreign policy; without adequate military power our nation could not attain or maintain peace.

From the President's Strategy for Peace, we derive this guideline for Defense planning:

> Our goal is to prevent wars, to maintain a realistic and ready military force aimed at deterring aggression -- adequate to handle aggression should deterrence fail. As Secretary of Defense, I believe that in terms of force levels and expenditures, we can make the transition from war to lasting peace and expanding freedom with an efficient and modernized U.S. military force that, in peacetime, would require no more than seven percent of Gross National Product or less and be made up of no more than 2.5 million men and women who are volunteers. Combined with adequate strength, true partnership and constructive negotiations, such a force is designed to deter war.

The Department of Defense five-year program for FY 1972-FY 1976 is keyed to the goal of preventing war and securing peace.

A. SECURITY POLICY AND STRATEGY IN PERSPECTIVE

The security a nation enjoys at any given time is, in great part, the result of past efforts, particularly in the area of technology. The United States and other Free World nations clearly enjoy greater security today than they would if the tremendous efforts of the past twenty years had not been made.

In the past two decades we achieved first place in nuclear capability, became pre-eminent in space, and substantially strengthened our conventional capabilities. Our military power was an important factor in preventing aggression and safeguarding peace in many parts of the world, notably Europe. However, it did not prevent aggression in Indochina.

One problem was that national security policies during the past decade did not focus sufficiently on lowering the probability of all forms of war through deterrence of aggressors. The effect of these policies on military planning was to create forces that lowered the probability of nuclear war while stressing a growing U.S. military capability to engage and to fight in other types of conflict.

That this military capability proved not to be an effective deterrent was due to a second major problem in national security planning. This was the failure to correlate closely and fully military strategy, national security strategy, and foreign policy, which embrace all elements of effective deterrence -- non-military as well as military.

This Administration believes -- and this is the foundation of President Nixon's Strategy for Peace -- that our central national security objective is the prevention of war, and the movement toward a generation of peace. A realistic military strategy for the decade of the 1970's cannot be permitted to become an end in itself. It must be an inseparable part of a broader national strategy of deterrence, and meaningfully related to our pressing requirements in the domestic field.

In conceptual terms, U.S. national security strategy went through two distinct phases during the past two decades. Figures 1 and 2 in the Appendix illustratively summarize the basic strategy concepts, budget levels (in constant 1964 dollars), and major forces associated with the Eisenhower years and the Kennedy-Johnson years. These two phases were characterized by different emphases with regard to planning for military forces and military assistance. They can be summarized as follows:

Eisenhower Administration	Kennedy-Johnson Administration
Strategy Concepts: Strategic superiority; limited general purpose forces deployed well forward with a potential tripwire function for possible nuclear response; strong regional and bilateral alliances with a dominant U.S. air, sea and ground role; allied ability to handle low intensity conflicts; and substantial economic and military aid. Eisenhower strategy and forces were deterrence-oriented with emphasis on nuclear umbrella.	Strategy Concepts: Emphasis on "assured destruction" by strategic forces; "flexible response" for NATO strategy; a planning goal (never attained) to gain capability for fighting large Asian and European conflicts simultaneously; pursuit of a capability for fighting and training others to fight limited wars and insurgencies; and large but declining foreign and military assistance programs. Significant change in strategy was the shift in emphasis to greater orientation for U.S. toward bearing the principal Free World burden in non-nuclear conflict.
Forces: Emphasis on development of new systems. Many nuclear systems deployed today were initially developed including IRBMs and ATLAS, TITAN, POLARIS and MINUTEMAN ICBM/SLBM systems. Work on ABM was also initiated. A notable decline in General Purpose Forces was evident from Korean War levels. Military manpower dropped by more than one million men. The number of Army divisions and Navy warships declined. Tactical air squadrons increased.	Forces: Strategic force buildup in early years until leveling off in the mid-1960's. Research and Development effort primarily emphasized refinements rather than conceptually new systems; notable exceptions: MIRV, battlefield sensors, F-111, C-5A. In general Purpose Forces, divisions, warships and tactical air squadrons, except fighter-interceptors, increased substantially. Manpower increased by over one million men, due largely to Vietnam. Special Forces were expanded.
Budgets: In constant FY 1964 dollars, the budget came down sharply from the Korean peak in the first two years and remained relatively stable thereafter. The post-Korean mean average was about $46 billion.	Budgets: Trend up, with pre-Vietnam (1962-64) mean average $50.7 billion in constant FY 1964 dollars. Significant planning innovation: initiation of the Planning-Programming-Budgeting System (PPBS).
Foreign and Military Assistance: The trend was down from post-World War II peaks but a rough balance was struck between military and economic assistance and the dollar levels remained relatively high.	Foreign and Military Assistance: Trend toward roughly stable and large economic aid with military assistance down significantly. With general aid levels going down, there was shift from military to economic aid.
Manpower: Emphasis was placed on Reserve call-ups for augmentation requirements.	Manpower: Heavy reliance on use of the draft for conflict, rather than available Reserve forces. When Reserves were called up, it was largely for crisis-management requirements.

B. THE CHANGING ENVIRONMENT - PRELUDE TO THE 1970's

When the Nixon Administration assumed office in January 1969, it was clear that our complex national security problems demanded a basic rethinking of the existing policies in the light of changing world and domestic conditions. It was clear that new directions were needed. In my Defense Report to the Congress last February, I discussed the problems we found and the initial steps we instituted to cope with them.

At least seven factors, taken together, indicate that the economic, political, military, and manpower realities existing now are significantly different from the situation just five years ago. These factors are:

-- A growing Soviet military capability and technological momentum.

-- An expanding Soviet influence around the world, as evidenced by worldwide deployment of its growing naval forces.

-- An emerging Chinese Communist nuclear threat.

-- The reordering of national priorities, with a reduced percentage of Gross National Product for defense spending.

-- Sharply rising U.S. personnel costs and a start toward Zero-Draft and an All-Volunteer military force.

-- A changing world economic environment because of vigorous growth, particularly among Free World nations.

-- An increasing awareness among NATO members of the need for burden sharing and among many of our Asian friends of the need for regional support.

Confronted with this changing environment, we concluded after careful analysis in the National Security Council that we must, whatever else, assure the following criteria in national security planning for the decade of the 1970's:

1. Preservation by the United States of a sufficient strategic nuclear capability as the cornerstone of the Free World's nuclear deterrent.

2. Development and/or continued maintenance of Free World forces that are effective, and minimize the likelihood of requiring the employment of strategic nuclear forces should deterrence fail.

3. An International Security Assistance Program that will enhance effective self-defense capabilities throughout the Free World, and, when coupled with diplomatic and other actions, will encourage regional security agreements among our friends and allies.

C. TRANSITION TO A NEW NATIONAL SECURITY STRATEGY

In my Defense Report last year, I characterized 1969 as largely a transition year in which we reviewed strategy, current capabilities, and possible major future programs. But I also stated that 1969 was a year of decision and that as a result of the reviews and decisions in 1969, the President had established the main directions of our foreign policy and national security strategy for the 1970's.

The changing international security environment was recognized and discussed by President Nixon in his first Foreign Policy Report to Congress in February 1970. The President's 1971 Foreign Policy Report amplifies these changes, and discusses some of the other major initiatives taken by this Administration; including the Middle East and Indochina peace initiatives, and a revised policy for Chemical Warfare and Biological Research.

The two major initiatives undertaken in 1969 which have a strong impact on our future defense planning were, of course, the Nixon Doctrine and the Strategic Arms Limitation Talks (SALT). The first emphasized our determination to instill a new basis for cooperation between us and our allies which takes into account their growing capabilities. The other demonstrated our commitment to serious and meaningful negotiations as the preferred path toward peace.

SALT is a crucial effort by the United States, in the field of negotiations, to seek agreement with the Soviet Union on strategic arms limitation. SALT represents an attempt (a) to reduce the likelihood of strategic nuclear war between the U.S. and the Soviet Union; and (b) to preserve U.S. strategic sufficiency through negotiations, rather than through competition in an arms race. SALT

represents, among other things, an effort to avoid major increases in strategic force expenditures which will be necessary in the absence of an early successful agreement.

The application of the Nixon Doctrine can provide Free World strength and security as a realistic way to support peace initiatives through meaningful negotiations.

The institution of the Vietnamization program occurred almost simultaneously with the first public articulation of the Nixon Doctrine by the President in 1969 at Guam. Vietnamization, the first significant application of the Nixon Doctrine, was accorded top priority in our first two years of responsibility for national security affairs.

Both 1969 and 1970 were years of transition, during which new directions were set and major elements of our new strategy were structured.

We chose in 1970 to break the cycle of submitting a five-year defense plan to Congress in order to permit time for a safe and orderly transition from the national security policies of the past decade to those more appropriate for the decade of the 1970's and beyond.

The FY 1971 transitional program and budget was designed essentially to preserve the basic capabilities the Nixon Administration inherited as final decisions were being made on the major elements of our new national security strategy.

Although both FY 1970 and 1971 were transitional with respect to program and budget levels, the FY 1971 plan contained many of the key elements of the President's Strategy for Peace. Among the elements distinguishing the FY 1971 plan from the previous strategy were:

-- a concept of strategic sufficiency which is based on specific criteria for the design of our strategic capabilities,

-- a strong conventional capability buttressed by increased burden sharing and improved defense capabilities of other Free World nations;

-- adequate peacetime general purpose forces for simultaneously meeting a major Communist attack in either Europe or Asia, assisting allies against non-Chinese threats in Asia, and contending with a contingency elsewhere;

-- smaller U.S. active forces, with great emphasis to be given to their readiness and effectiveness, including modernization,

-- a re-emphasis on maintaining and using our technological superiority;

-- increased international security assistance for the defense needs and roles of other Free World nations; and

-- a new approach to U.S. military manpower, based on a goal of Zero Draft and an All-Volunteer active force, with increased reliance on National Guard and Reserve forces.

What has emerged from the review and decisions of the 1969-70 transition years is a new approach to national security planning concepts and a reformulation of older concepts. The new strategy is one of "Realistic Deterrence."

D. A STRATEGY OF REALISTIC DETERRENCE

As Secretary of Defense, my primary responsibility is to address those aspects of the President's Foreign Policy which bear directly on the defense programs and defense strategy of this nation.

Figure 3 in the Appendix schematically illustrates the essential components of the President's Foreign Policy and the interrelated nature of the three pillars of peace -- strength, partnership and negotiation.

It demonstrates in their broadest aspects the close relationship between the President's policy objectives on the one hand, and the close correlation of foreign policy activities guided by the State Department and those aspects of national security strategy which are the primary responsibility of the Department of Defense.

The President's foreign policy objectives concentrate on long-term objectives and long-term policies. He noted in describing the Nixon Doctrine that it is neither practical, nor the most effective way to build a lasting structure of peace to rely solely upon the material and manpower resources of the United States to provide this capability. We have said, and I would repeat, that we do not intend to be the policeman of the world. Many of our allies are already prosperous; others are rapidly becoming so. Therefore, it is realistic and more effective that

the burden of protecting peace and freedom should be shared more fully by our allies and friends.

We seek a structure of peace, in which free nations support each other against common threats according to their proportionate strengths and resources, while each bears the major responsibility for its own defense. The security of all is enhanced if each nation increasingly is able to rely upon itself for its own defense, particularly its own defense manpower.

The Nixon Doctrine, by fostering and encouraging the capabilities of our allies, will enhance world stability. It is designed to foster development of a more effective deterrent -- and through it a more stable world -- thereby increasing the prospects for meaningful negotiation from a posture of strength around the world.

This approach in defense planning to national and international security -- through the pillars of strength and partnership, each nation in a significant role and bearing its appropriate portion of the burden, each committed to working for peace from a strong internal security base -- is a strategy of Realistic Deterrence. It forms the foundation for the third pillar -- meaningful negotiation.

Turning to the defense posture and force aspects of this strategy for which I as Secretary of Defense am primarily responsible, I would point out that whatever the outcome of SALT, our strategic forces will remain the cornerstone of the Free World's deterrent against nuclear attack and must always be sufficient for this crucial role. While assuring an adequate deterrent at the strategic and tactical nuclear level, we and our allies also need to maintain strong conventional capabilities. Hence, for those levels in the deterrent spectrum below general nuclear war, the forces to deter Soviet and Chinese adventures clearly must have an adequate warfighting capability, both in limited nuclear and conventional options. This has been reaffirmed during the past two years by a comprehensive reexamination, together with our allies, of our national and our multilateral deterrent capabilities, most especially NATO's historic review of Alliance Defense for the 70's (AD-70).

As we move toward the President's goal of peace in the decade of the 1970's, the deterrent to localized conflict apart from large-scale Soviet or Chinese attack, increasingly will be provided by allies and friends who themselves have a capability and national will to defend themselves. Local security would be further enhanced by regional defense arrangements which provide and take advantage of shared capabilities.

1. Regional Variations

Obviously, no single strategy can be applied in the same exact terms to situations which are sharply different. Therefore, we must fashion the elements of our strategy of Realistic Deterrence to match the various conditions we find in different regions. Let me cite several factors briefly, which I will discuss in later sections of this report:

In NATO/Europe, U.S. national security strategy for the 1970's must include the objective of maintaining a strong NATO deterrent in Western Europe, including its northern and southern flanks, against a wide range of possible Soviet and Pact initiatives, short of strategic nuclear exchanges. Such initiatives could span a continuum, from border incursions and military backed political threats to a full-scale conventional or tactical nuclear attack, including conflict at sea.

In Asia, our continuing nuclear superiority vis-a-vis the Chinese can contribute significantly to deterrence of Chinese nuclear attacks, or conventional attacks on our Asian allies, and would be strengthened further with an area ballistic missile defense effective against small attacks. However, there is a need for our Asian friends and allies to strengthen their conventional forces, both to defend themselves against non-Chinese attacks and, in regional conjunction, to build a defensive capability which would give Communist China increased pause before initiating hostilities. At the same time, we will maintain adequate forces to meet our commitments in Asia.

It is not realistic or efficient to expect each country to develop an independent self-defense capability against all levels of non-Chinese and non-Soviet attack. The drain on allied manpower and on their economies would inhibit the achievement of economic growth, and therefore, the political stability which is essential to military security. At the same time, deep historical, social and political inhibitions to immediate and effective regional mutual security arrangements in some areas must be recognized. Thus, a careful balance must be achieved between independent capabilities and collective arrangements. One of the most important means available to the U.S. to stimulate and to help aid in the development of these capabilities and arrangements is the provision of appropriate security assistance to our allies.

In summary, as shown on Figure 4, the Strategy of Realistic Deterrence, emphasizing Free World strength and partnership, offers

the most feasible approach toward our goal of achieving basic national and international security objectives. This strategy involves a shift in the direction U.S. foreign and security policy has taken over the past ten years. Successful application of the President's Strategy for Peace requires a coordinated application of all foreign policy resources -- military power, diplomacy, military and economic assistance, and foreign trade -- and most importantly, the understanding and strong support of Congress and the American people.

As the President said in his Foreign Policy Report last month:

> "Gone for Americans is a foreign policy with the psychological simplicity of worrying primarily about what we want for others. In its place is a role that demands a new type of sustained effort with others."

II. CONCEPTS FOR DEFENSE PLANNING

Planning in the revised and revitalized National Security Council context now takes into account all assets available for achieving foreign policy objectives. The goals we seek for the enhancement of American and world interests -- peace, freedom, social, economic and political development, broadening opportunities -- obviously cannot be achieved by means of direct military power alone.

The basic objective of our Strategy of Realistic Deterrence is to prevent armed conflict and ultimately to eliminate its use as a means by which one nation tries to impose its will upon another. But so long as the threat persists that other nations may use force, adequate military power must remain an essential element of Free World strategy.

In defense planning, the Strategy of Realistic Deterrence emphasizes our need to plan for optimum use of all military and related resources available to meet the requirements of Free World security. These Free World military and related resources -- which we call "Total Force" -- include both active and reserve components of the U.S., those of our allies, and the additional military capabilities of our allies and friends that will be made available through local efforts, or through provision of appropriate security assistance programs.

A. THE TOTAL FORCE APPROACH

> "It needs to be understood with total clarity ... that defense programs are not infinitely adjustable. ...there is an absolute point below which our security forces must never be allowed to go. That is the level of sufficiency. Above or at that level, our defense forces protect national security adequately. Below that level is one vast undifferentiated area of no security at all. For it serves no purpose in conflicts between nations to have been almost strong enough."
>
> President's Foreign Policy Report to Congress, February 25, 1971

Elsewhere in this Defense Report, I present a summary of the several existing threats to Free World security. In planning to

meet these threats, we intend to use the Total Force approach. We will plan to use all appropriate resources for deterrence -- U. S. and Free World -- to capitalize on the potential of available assets.

In considering the spectrum of potential conflict, we will be guided by the following principles in our defense planning:

-- In deterring strategic nuclear war, primary reliance will continue to be placed on U. S. strategic deterrent forces.

-- In deterring theater nuclear war, the U. S. also has primary responsibility, but certain of our allies are able to share this responsibility by virtue of their own nuclear capabilities.

-- In deterring theater conventional warfare -- for example, a major war in Europe -- U. S. and allied forces share the responsibility.

-- In deterring sub-theater or localized warfare, the country or ally which is threatened bears the primary burden, particularly for providing manpower; but when U. S. interests or obligations are at stake, we must be prepared to provide help as appropriate through military and economic assistance to those nations willing to assume their share of responsibility for their own defense. When required and appropriate, this help would consist essentially of backup logistical support and sea and air combat support. In some special cases, it could include ground combat support as well.

Moreover, U. S. involvement in world affairs is not based exclusively on our alliances, but rather, our formal and informal obligations derive from and are shaped by our own national interests. To protect our interests, we must insure free use of international air space and free access to the world's oceans. Thus, our future defense planning must also insure a U. S. capability to prevent an effective challenge to free use of international air space and the oceans of the world.

The significance of Total Force planning perhaps is best illustrated by examining its military application to NATO.

As has been stated, the U. S. bears primary responsibility in the field of strategic and theater nuclear weapons, although in the latter case certain of our allies also contribute significant forces. Our strategic forces must be sufficient now and in the future, since they are a cornerstone of the Free World's deterrent. By providing strong, effective and survivable strategic forces, reliable and effective intelligence and command and control, and other necessary capabilities in our strategic posture, we seek to convince potential opponents that recourse to the holocaust of general nuclear war will continue to be an irrational and unsuccessful option.

U. S. strategic forces relate primarily to the deterrence of a strategic nuclear attack. They also serve an important role, together with theater and tactical nuclear capabilities, in deterring conflict below the level of general nuclear war.

However, as the last two decades have demonstrated, reliance on a nuclear capability alone is by no means sufficient to inhibit or deter aggression. A sufficient nuclear capability must be coupled with a sufficient conventional capability in both our own forces and in those of our allies. This conventional capability must be adequate to meet aggression in the sophisticated environment which would be expected in a conflict with the Warsaw Pact. If these NATO forces are to deter this type of aggression, they must be capable of confronting it with such capabilities as strong armor and anti-tank forces, appropriate air power for air superiority and ground combat support, strong naval forces to support NATO's flanks, and other combat and support forces.

In addition, such a conflict would require reinforcement and augmentation from the U. S. and would undoubtedly involve conflict at sea. Therefore, we and our allies must be able to control wherever necessary the air and sea lanes needed to support U. S. and allied forces abroad.

Finally, because some of our NATO allies -- for example, Greece and Turkey -- do not have and cannot afford needed modern equipment, it is in our interest to help them modernize their forces, and to rely on them to man and operate those forces. Conversely, we must and do expect that those NATO allies who are able to do so will improve their contributions to the common defense through appropriate programs, financial participation, and force modernization.

In summary, through application of all resources across 1) the full spectrum of possible conflict and 2) the full spectrum of capabilities, we intend to maintain sufficient U. S. strength and to mesh this strength with that of other nations in a new order of partnership. If we are to achieve a lasting peace, we must work together to deter aggression, to prevent war.

We will apply the Total Force Concept in non-NATO areas as well. The President stated in his Foreign Policy Report to Congress last year, in a passage with particular application to Asia, that our friends and allies must bear an increasing responsibility for their own defense.

In his second annual Foreign Policy Report to Congress last month, he said:

> "We will continue to provide elements of military strength and economic resources appropriate to our size and our interests. But it is no longer natural or possible in this age to argue that security or development around the globe is primarily America's concern. The defense and progress of other countries must be first their responsibility and second, a regional responsibility. Without the foundations of self-help and regional help, American help will not succeed. The United States can and will participate, where our interests dictate, but as a weight — not the weight — in the scale."

When the Nixon Administration assumed office in January, 1969, just the opposite was the case in Southeast Asia. U. S. forces were carrying the major part of the burden. Our first challenge under President Nixon's Strategy for Peace was to reverse the trend toward greater and greater involvement of Americans in ground combat. We set out to end American military involvement in the Indochina fighting.

A key element for the success of our new strategy is the need for Total Force planning in an even wider context than defense planning alone. This wider context embraces all Free World assets -- military and non-military -- which can help prevent the outbreak or continuation of conflict, while fostering freedom, peace, self-determination and cooperation among nations.

B. VIETNAMIZATION AND TOTAL FORCE PLANNING: THE NIXON DOCTRINE IN ACTION

Vietnamization represents the clearest example, in its broader terms, of the Total Force Concept in action. It takes both military and non-military resources into account. It reflects integrated, coordinated and systematic planning by the United States and our allies. It utilizes all available means to bring downward pressure to bear on the level and intensity of conflict while seeking to end that conflict -- hopefully through successful negotiations. Vietnamization helps mobilize diplomatic and political action for a peaceful settlement, and economic and security assistance for long-term economic stability. Its objective is self-reliant South Vietnamese defense forces, and it encourages increasing cooperation among free Asian nations to aid in restoring and maintaining peace in Indochina.

In my Defense Report last year, Vietnamization was characterized as the first crucial step in implementing the Nixon Doctrine. I said then:

> "Vietnamization is both a means to an end and a beginning: a means to end the American involvement in Vietnam and to make a credible beginning on our new policy for peace and increased self-reliance in Asia. This first step in implementing the Nixon Doctrine is of critical importance in ending the war. Moreover, success of the Nixon Doctrine can help remove the need for similar American ground combat involvement in future Asian wars, an important objective of our new strategy."

Our single objective in South Vietnam has been and remains to help that country ensure self-determination and become capable of maintaining security and insuring its own future. At the same time, we seek methodically to terminate American combat involvement in Indochina in such a way that the prospects for effective self-defense -- and, more hopefully, the prospects for lasting peace in the area -- will be enhanced by the orderly way in which we leave.

Our activities in Indochina during the past year and in the forthcoming year should be measured and evaluated in relation to

goals which have guided this Administration since the beginning of Vietnamization:

— Maintaining our obligations and interests in Asia as we move toward a generation of peace;

— Reducing American casualties;

— Continuing the reduction of Americans from all of Southeast Asia;

— Turning over military responsibility to the South Vietnamese in a way that provides South Vietnam with its own defense against aggression;

— Implementing the Nixon Doctrine effectively.

The start of Vietnamization was based on several critical assumptions:

— If the Paris negotiations were not successful, conflict in South Vietnam would continue.

— The process of winding down and ending American combat involvement had to begin in 1969 and go forward steadily.

— As long as the conflict continued, Free World assistance to South Vietnam would be required.

— But with appropriate Free World assistance, the Republic of Vietnam and its people could in a relatively short period of time cope effectively with threats to their security from both the Viet Cong and the North Vietnamese.

The Concept of Vietnamization. In October of 1969, I outlined to the National Convention of the AFL-CIO in Atlantic City the basic concept of Vietnamization. That concept has not changed. As I told the AFL-CIO:

> "In January (1969), the U. S. Government had no alternative plan to influence the course of events should the continuing efforts at Paris fail. Today, there is an alternative course of action that at the same time complements our efforts at Paris. That program is Vietnamization.

"Vietnamization is something new. Those who view it as a mere continuation of the program for modernizing South Vietnam's armed forces are quite mistaken. It is much more than that. The Vietnamization program represents a major change not only in emphasis but also in objectives. Troop modernization until early this year had the negative goal of partially de-Americanizing the war. Vietnamization has the positive goal of "Vietnamizing" the war, of increasing Vietnamese responsibility for all aspects of the war and handling of their own affairs. There is an enormous difference between these two policies.

"The previous modernization program was designed to prepare the South Vietnamese to handle only the threat of Viet Cong insurgency that would remain after all North Vietnamese regular forces had returned home. It made sense, therefore, only in the context of success at Paris. It was a companion piece to the Paris talks, not a complement and alternative. Vietnamization, on the other hand, is directed toward preparing the South Vietnamese to handle both Viet Cong insurgency and regular North Vietnamese armed forces regardless of the outcome in Paris."

Since assuming office as Secretary of Defense, I have made three trips to Vietnam. In that time, all aspects of Total Force planning in its broader context have been addressed and, in my view, have contributed to the President's program for peace.

Integrated Force Planning. In early 1969, my initial trip to South Vietnam as Secretary of Defense concentrated on the military situation, the status of U.S. forces, and the effectiveness of the Republic of Vietnam Armed Forces (RVNAF). I found that our fighting men in Southeast Asia, under the superb leadership of General Abrams, had the resources to accomplish their assigned tasks, but those tasks, as of that time, were not consistent with the expressed goal of South Vietnamese self-determination. The U.S. forces were carrying the main part of the military burden. There were no indications of a program adequate to bring about self-reliance of the RVNAF, to develop South Vietnamese forces which could handle the prospective long-term internal and external military threat, or to bring about significant and orderly reductions or changes in the U.S. military presence in South Vietnam.

After that trip, we proposed policies to improve the RVNAF's capabilities consistent with new U. S. objectives. President Nixon announced the concept of Vietnamization. We then immediately initiated planning for the redeployment of U. S. forces. Despite a continuing substantial enemy military threat, Vietnamization looked promising enough in the early stages to permit the historic Midway decision and announcement by the President in June 1969. U. S. troop redeployments started shortly thereafter, and have continued through six major increments, as of today. There will be further and continuing withdrawals of U. S. forces.

Within the Total Force concept, there are three distinct phases to Vietnamization:

— The first phase consists of turning over to South Vietnam the ground combat responsibility against VC/NVA forces. As I have said many times before, we expect to complete Phase I by this summer, although American ground combat forces will remain in a security role to protect U. S. forces as Phase II progresses.

-- The second phase consists of developing within South Vietnam the air, naval, artillery, logistics and other support capabilities necessary to maintain effective independent security. Phase II has been in process concurrently with Phase I, but it will take longer to complete because of the complex training involved.

-- The third phase will consist of reducing the American presence to a military advisory mission, together with whatever small security forces are needed to protect this mission. Further reductions of our assistance and advisory presence will then continue, under the Nixon Doctrine, as South Vietnam continues to grow in national strength and self-reliance, until no more U. S. military presence is required.

Downward Pressure on Conflict. The Strategy of Realistic Deterrence seeks systematically to diminish the likelihood of outbreak or continuation of conflict. Faced with an intense ongoing and seemingly endless conflict when we assumed office, we had first to establish conditions conducive to lowering the intensity of the conflict while ending direct American involvement.

By any measurement of our overall activities in Southeast Asia since the start of Vietnamization, the thrust of American activity has been downward. For example:

-- American combat deaths are down from peaks as high as five hundred a week to an average below fifty a week. I want to stress that we will not be satisfied, of course, until there are no U.S. combat deaths.

-- By May 1971, American troop strength in Vietnam will have been reduced to almost half the authorized ceiling of 549,500 when I became Secretary of Defense.

-- American air attack sorties in Indochina during 1970 were down more than 50% from peak 1968 levels.

-- American war costs for Southeast Asia have been cut approximately in half from the peak level of 1968, and are continuing to decline.

In short, American involvement by any measure -- casualties, operations, manpower levels, incremental war costs -- is significantly down. At the same time, security inside South Vietnam is markedly improved, and Vietnam's neighbors, notably Cambodia, are making new and determined efforts to defend themselves.

To insure the further downward trend in the level of conflict, particularly in the absence of successful negotiations, requires a continued and carefully programmed increase in the ability of the South Vietnamese to assume more and more of the burden of conflict themselves, and then to preserve the peace once hostilities have ended.

The buildup of South Vietnamese forces to permit them to defend themselves, against not only the Viet Cong but also the North Vietnamese, has been essential to the success of Vietnamization. Improvements in fire power and mobility have been the primary need, requiring extensive materiel transfers and training programs to develop naval, helicopter, tactical air, artillery, and logistic support capabilities. These improvements are progressing on or ahead of schedule. More heartening even than the statistical milestones of Vietnamization has been the actual field performance of Vietnamese forces, particularly since the conduct of the highly successful Cambodian sanctuary operation last spring. Vietnamese forces have demonstrated professional skill, valor, and combined arms effectiveness in their operations to date. Particularly noteworthy has been the Vietnamese ability to operate removed from their permanent bases against enemy-occupied areas.

The current operations in both Cambodia and Laos are providing a further test of their increasing abilities.

As I have advised the Congress and the American people many times, we cannot expect the South Vietnamese to win every battle. We must anticipate some temporary tactical setbacks as they gain increased confidence and strength.

I am confident that the Vietnamization program is succeeding and that more Americans will be coming home.

Economic Aspects. During my second trip to Vietnam in early 1970, it was possible to broaden the scope and perspective of that visit in comparison to the first, because of the impressive gains which had been achieved in the military aspects of Vietnamization. The result was an emphasis during the 1970 trip on the South Vietnamese economic situation.

The economic implications of Vietnamization are complex. In terms of availability of goods and services, the economy will continue to be under inflationary pressures resulting from wartime inflation. Actions undertaken and contemplated in connection with military Vietnamization will require increased spending by the Government of the Republic of Vietnam (GVN). At the same time, recent and proposed measures to increase domestic taxes can yield additional revenues only slowly over time, and the GVN is facing a decline in revenues from U. S. military purchases as U. S. forces redeploy. However, the overall level of U. S. economic aid is expected to remain constant, as U. S. programs are reoriented to aim at developing the economy. In addition, the foreign exchange rate, together with import duties, if adjusted frequently to reflect inflation, can yield increased revenues in the near future.

The Vietnamese are expected to be able to maintain economic and financial stability, even during the height of their military efforts, provided they continue to expand the capacity of their domestic revenue system, undertake further reforms to contain inflation, and receive adequate external assistance, such as the aid we provided Korea at the end of that conflict.

President Thieu began in October 1970 to carry out economic reform measures, among them a partial devaluation of the piaster. Detailed studies undertaken concurrently in Saigon focused on present and future needs with respect to exchange rate structures, interest rates, wage policies, tax reform, and GVN expenditure levels.

While all of the desirable changes obviously cannot be hastily implemented in the immediate future, a start has been made on programs with long-lead times. The U.S. and the GVN have jointly undertaken some preliminary measures to help strengthen the institutional foundations necessary for increased economic development even while hostilities continue.

During the past year, it has been gratifying to witness the salutary effects of the initial steps taken to improve RVN economic prospects, as well as the continued RVNAF military progress. The economic development process that lies ahead, though, will require further fundamental reforms and may prove to be one of the most demanding challenges of Vietnamization.

Diplomatic and Political Aspects. Vietnamization was conceived as both a complement to and an alternative for a negotiated settlement. President Nixon had earlier made explicit the U.S. interest in pursuing the route of negotiations.

Therefore, Paris was the first stop on my third trip to Vietnam in early January 1971. Representatives of our government and of the Republic of Vietnam have now held more than 100 weekly meetings with representatives of the other side in an effort to end the war by negotiation. However unpromising the Paris talks have been so far, we shall continue to pursue a diplomatic settlement of the conflict.

We have been, are, and shall continue to be ready at any time to make peace at Paris -- on reasonable and generous terms. The President in October, 1970, presented an unprecedented five-point peace proposal for ending the war through negotiation. The enemy has refused to discuss these proposals. Nevertheless, our side will not abandon the search for a negotiated peace. This is the way we prefer to settle the war, because this is the way we could end it immediately.

The plight of prisoners of war throughout Indochina has been and continues to be one of the subjects most frequently raised by our negotiating team in Paris. Despite our persistent efforts, the other side has obstinately refused to provide complete and official lists of all prisoners or known dead; to permit impartial inspections of its camps; to release all seriously sick and wounded prisoners; and to accord the minimum mail privileges specified by the Geneva Prisoner of War Convention.

Through diplomatic channels, we have tried to bring the other side to improve the treatment of our men held prisoners and to undertake negotiation of their release. We have asked other governments to bring their influence to bear, and we have raised the issue in the U.N. At the same time, we have called repeatedly in the Paris Talks for humanitarian treatment of captured Americans, pointing out that this is a humanitarian matter.

I believe that because of the growing American and world public opinion pressure on the other side, some limited progress was realized during 1970. Two hundred and twenty prisoners of war, all but one of them in North Vietnam, were allowed to write to their families for the first time. Partial lists of prisoners were released by Hanoi sources.

The President's unprecedented peace proposal of October 7, 1970, called for both sides to release all prisoners of war immediately and unconditionally. This is an offer to exchange some ten prisoners held by the South Vietnamese for every one prisoner held by the other side. Despite the problems such a massive release would raise for the GVN, President Thieu gave his full support to this proposal. The inhumane reaction from the other side has been totally negative thus far.

Our goal, of course, remains the return as soon as possible of all of our men held captive and the fullest possible accounting for those missing. Some men now have been held for almost seven years, many for almost six. The families of over 1,100 men bear daily the anguish of not knowing whether their loved one is dead or alive.

Neither President Nixon nor I will consider Vietnamization to be completed until the Prisoner of War issue has been resolved.

As to general prospects for negotiations, I must reiterate that the information I received in Paris during my recent trip gave me no substantive reason to expect an early negotiated peace settlement. Nevertheless, our efforts to achieve peace through negotiations are continuing, since this is the quickest way to end the killing and to restore peace to that troubled area of the world.

As conceived from the beginning, Vietnamization is not just an alternative to negotiated settlement but also is a complement to and incentive for ongoing negotiations. We should not lose sight of the potential impact of Vietnamization on the negotiations. It may well be that the North Vietnamese have persisted in military action rather than negotiation because they believed that a war-weary U. S. would pull out in a disorderly manner. Therefore, they were determined to stay in the fight, preserve their infrastructure, avoid political compromise, and wait us out, hoping they could then prevail. The best chance to lead them to abandon hope of a military victory and to prefer negotiation is, therefore, to make it clear to the enemy that, even after the U. S. has left, they cannot prevail militarily because the South Vietnamese have the military ability and will to resist aggression.

Prospects for the Future. We have come a long way in the less than two years since President Nixon's watershed decision to begin Vietnamization. My recent trip confirmed for me that we are pursuing the proper objective in supporting the goal of self-determination in South Vietnam. In less than two years the Nixon Doctrine has taken form. Major progress has been made in strengthening the RVNAF. The non-military dimensions of RVN self-determination are being addressed in a progressive and productive way.

While the bonds of partnership among the Free World Southeast Asia nations are growing stronger, the direct U. S. involvement, especially in the form of manpower, is diminishing—exactly as planned.

But we should not delude ourselves. There is still much to be done. The job ahead for full success of the military aspects of Vietnamization remains a difficult one. The same is true for the economic facets of Vietnamization. The ties of partnership in the security field among Southeast Asian nations need to be strengthened to make optimum use of available resources. We must continue to focus on the intimate relationships among the military, economic, political and diplomatic facets of the Indochina situation as we press ceaselessly toward an end of American involvement in the war.

In summary, as I told the Senate Armed Services Committee on 27 January 1971, in reporting on my recent trip:

"Our objective for the future is that the United States will not need to rely on its own manpower to achieve the objective of self-determination for our friends and allies in Asia, and to thwart Communist aggression in that part of the world. Under the Nixon Doctrine, we have, we will maintain, and we will use as necessary sea and air resources to supplement the efforts and the armed forces of our friends and allies who are determined to resist aggression, as the Cambodians are valiantly trying to do.

"...most of the leaders of Asian nations with whom I and members of my group talked, share this determination. They told us that with U.S. material assistance, such as that recently voted overwhelmingly by Congress for Cambodia, they want to do the defense job themselves to the maximum extent possible. I was heartened by their enthusiastic acceptance of the Nixon Doctrine in action, and I would simply say at this time that it is this spirit and determination on the part of our friends and allies that will form a crucial foundation of our Strategy of Realistic Deterrence for the 1970's."

C. TOTAL FORCE PLANNING AND INTERNATIONAL SECURITY ASSISTANCE

The challenging objectives of the Nixon Doctrine can be achieved as I reported to the Congress last year, only if we and our allies both contribute to their achievement.

Each nation must do its share to contribute what it can appropriately provide: manpower from many of our allies; technology, material, specialized skills from the United States. By furnishing the materiel and related training support essential to develop and maintain such forces, the International Security Assistance Program serves as a key instrument of the Nixon Doctrine. It is for these reasons that security assistance assumes new importance for initiatives in the area of national security and foreign policy, through which the Administration seeks to reduce both the total cost of an adequate defense posture and our overseas involvement.

Many willing and potentially helpful friends and allies simply do not have the resources or technical capabilities to assume greater responsibility for their own defense. Unless we help them, the basic policy of diminishing the need for direct U. S. military involvement, without impairing Free World security, cannot be successful.

The better equipped our friends and allies are to provide for their own security, the more firm will be our own security. This is so because the probability of war and of U. S. involvement in war will be lowered.

An effective security assistance program can allow an increasing replacement of U. S. forces — particularly ground combat forces -- with local forces. A vigorous and successful security assistance program can also help achieve a period of more meaningful negotiations and a less dangerous world environment as part of the program to attain our objectives: lasting peace and expanding freedom — that is our hope and that is our goal.

D. NEW INITIATIVES TO SUPPORT A STRATEGY OF REALISTIC DETERRENCE.

The Strategy of Realistic Deterrence calls for new initiatives and new concepts to complement Total Force planning. Some of these initiatives will fall in areas where the U. S. bears the primary responsibility, while others will stem from closer integration of our planning with that of our friends and allies. Some may more properly be called new directions or redirections of effort, rather than initiatives. Regardless of what they may be called, we believe they are necessary — to modernize our forces, reshape them to future environments, and to provide for our security.

1. U. S. Force Planning Initiatives.

The Free World relies on U. S. strategic forces as the cornerstone of its deterrent. As President Nixon has stated, our strategic force policy is one of sufficiency. In addition to our diplomatic initiative in SALT, we believe that it is appropriate to explore a range of new concepts for future strategic force planning. Depending on progress in SALT or

the growth in the military threat, particularly from the Soviet Union, we may or may not need to implement some of these concepts. But I believe it is only prudent that they be examined now. I will discuss key examples of force planning in Chapter IV of this section of the Defense Report.

Another difficult area in planning our forces for the future is the range of potential crisis situations which may require positioning of general purpose forces. In the past, these forces have been designed primarily for sophisticated conventional theater warfare, although provisions were included for minor contingency and limited war conflict situations. We are investigating possible modifications to selected portions of our existing forces, both to enhance overall capabilities and to improve the responsiveness of our forces.

One major step we have taken is our new policy with respect to Reserve Forces. Members of the National Guard and Reserve, instead of draftees, will be the initial and primary source for augmentation of the active forces in any future emergency requiring a rapid and substantial expansion of the active forces.

Lower sustaining costs of non-active duty forces, as compared to the cost of maintaining larger active duty forces, make possible a greater flexibility in planning the Total Force structure. This lower cost of non-active forces allows more force units to be provided for the same cost as an all-active force structure, or the same number of force units to be maintained for lesser cost. However, it also requires that the capability and mobilization readiness of Guard and Reserve units be promptly and effectively enhanced. We are taking steps to do so as I will elaborate later in this report.

Other instances of more efficient use of existing forces are being pursued by the Services. For example, the Army is planning to form and test a tri-capability (TRICAP) division at Fort Hood, Texas, with an armor, an airmobile, and an air cavalry combat brigade -- to facilitate incorporation of these separate capabilities into one division. The Navy intends this year to test a "CV concept" for a dual ASW and attack aircraft capability aboard our carriers, while retaining the ability to operate either in a full ASW or a full strike mode as appropriate to the circumstances. This concept could increase significantly carrier-operating flexibility. The Air Force is proceeding with procurement of air-transportable "bare base" support sets to enhance their capability for rapid deployment of tactical air forces to austere bases.

These are a few examples of modifications to existing U.S. forces we are considering or implementing. Others are discussed in later sections, and will be amplified by the Services in their reports to Congress. We intend to continue examining and evaluating such programs, and the associated organizational structure for our military forces, with an objective of improving force capabilities, readiness, and responsiveness for the future. At the same time, we intend to pursue other new initiatives, both in the area of technology, and in planning with our allies.

2. The U.S. Technology Base and Technological Initiatives

An adequate research and development, or technological effort remains a most crucial element of our overall defense program. In addressing technological requirements, it is important to distinguish between force levels, which basically establish the overall size of the annual defense budget, and the character and quality of the force, which is decided for future years by current RDT&E expenditures.

If it becomes necessary, we can mobilize the manpower and production potential of this country in a relatively short period of time. Everyone must understand that we cannot similarly improve overnight our technological base. This technological capability will only be available when needed if it is maintained, encouraged, and appreciated now as an essential national asset. Recent reductions in technological areas already have seriously affected our ability to sustain essential technological leadership.

It is not possible for the Department of Defense to provide for our security with a constant or falling level of U.S. R&D effort in the face of the expanding military research and development effort being pursued by the Soviet Union, an effort I will discuss in the next section. I do not know at this time what levels of research we will require by 1975 or by 1980; they will depend on what course the Soviets choose to follow. But I do know that for FY 1972 we must increase our technological effort, particularly as we reduce the size of our active military force.

More specifically, there are a number of areas in which we feel we must now move more rapidly than in the past. In each of these areas we are requesting increases in funding for FY 1972, and in several cases we are already requesting the use of emergency funds and reprogramming authority to accelerate effort in the remaining months of FY 1971.

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Before highlighting these requests for an extra technological effort in FY 1972, it would be useful to examine why it is that with our current lower force and equipment levels we have chosen to increase our R&D effort in FY 1972 by some 12% over FY 1971. There are six major reasons for this increase:

1. To avoid the loss of technical superiority to the Soviet Union.

2. To reduce the number of instances -- such as SPUTNIK in 1957 -- that we could expect to be surprised technologically by the Soviet Union in the next few years.

3. To create and maintain additional flexibility in our strategic deterrent forces.

4. To evolve the concepts and weapons necessary to preserve and enhance our ability to control the seas.

5. To improve the ability of our land and air forces to cope with rapidly improving Soviet forces.

6. To develop simpler and less expensive weapons to assist our allies and increase the efficiency of our own capabilities.

Maintaining technological leadership is also important because it will enable us to anticipate an opponent's developments from fragmentary intelligence and may help to design a prompt counter to these developments. And, of course, technological leadership is essential for a rapid response to unexpected operational requirements.

We recognize that these factors, even when considered together cannot enable us to determine the precise size of the R&D program required or this country's defense needs. But without a strong technology base, we would not be able to recognize or take advantage of new developments. Clearly, the objective of maintaining our technological leadership requires more than a minimum sustaining effort. Such an effort would, in fact, guarantee a loss of technological leadership.

Last fall, we conducted an intensive review of existing programs, management, and potential developments which might be pursued in the area of technology. From this review, we concluded that besides shifting emphasis on certain ongoing programs, we needed to embark on a path that would provide an array of new initiatives in our development efforts which could lead to new capabilities in our military programs.

I will mention some of the programs which we have developed or are developing. They will be discussed in greater detail by the Director of Defense Research and Engineering, Dr. John S. Foster, Jr., and other witnesses when they appear before the Committee. Programs contained in the FY 1972 Defense Budget include initiatives in all major mission categories. We have identified and are requesting approximately $300 million in the FY 1972 Budget for research and development to pursue these other "initiative" programs which could provide us with improved capabilities in the future. I wish to emphasize that we have made no commitment to production of specific systems, but we feel it is essential to expand our on-going research and development effort in this way to preserve and expand our flexibility for future production should such systems be needed.

In the strategic area, we are exploring several concepts which will be discussed in a later chapter.

In our ability to control the seas and project our forces abroad, we are:

-- Pursuing a broad program in the area of ocean surveillance using manned aircraft, and surface and underwater sensor systems.

-- Improving the communication capability of our fleet by means of satellites and underwater sound communication systems.

-- Accelerating the development of surface to surface missile capability for our ships.

-- Investigating possible V/STOL aircraft configurations and missions applicable to the air capable ship (ACS) now in the conceptual stage of planning.

-- Accelerating development of very high speed ship capabilities by proceeding with hydrofoil craft of increased size and speed for use as missile attack ships, and by commencing model testing and design competition for a multi-ton experimental R&D Surface Effect Ship.

In the area of land warfare, we are:

-- Increasing our attention to the problems of the individual soldier in an effort to make him more effective, more mobile, and less vulnerable to both

ground and air attack when operating in varied environments.

-- Developing more accurate missiles and artillery to support our tactical forces.

-- Proceeding to develop less vulnerable helicopters with better surveillance capability.

-- Increasing our efforts in the area of suppression of anti-aircraft fire and surface to air missile defenses.

-- Improving the accuracy and stand-off capability of aerial delivered munitions.

-- Increasing our efforts to provide our forces with the capability to locate and identify a wide range of hostile radar targets with sufficient confidence to attack and destroy them without subjecting our aircraft to the dangers inherent in visual target identification.

3. Force Planning with Our Allies

The concept of force planning with our allies is not new; it is our objective to revitalize and improve this important military contribution to Free World security.

In NATO planning the United States must fully and effectively pursue detailed and integrated long-range planning and actions -- including research and development, procurement, training and operations -- that are appropriate for a total-NATO force. Our recent efforts represent major steps in the direction of making sure that NATO forces indeed do constitute a realistic deterrent to Warsaw Pact aggression.

The NATO Ministerial meetings in Brussels last December were the most meaningful NATO conferences that I have attended, either as a Congressman or as Secretary of Defense. They evidenced a new spirit in NATO -- one in which our Allies fully recognized the existing realities and resolved on their own to take more of the defense burden upon their own shoulders.

I believe that three items of particular significance emerged from these meetings. First, the Ministers approved the NATO AD-70 Study accomplished over the preceding six months. It highlighted the need for more conventional deterrence and pointed out specific inadequacies in existing NATO capabilities. There was a unanimous feeling that more must be done in the conventional field and that modern and sufficient NATO tactical and strategic capabilities must be maintained.

A second important area was that of detente. While my fellow Ministers reaffirmed the importance they attached to Mutual and Balanced Force Reductions, they noted that Warsaw Pact countries have not directly responded to past evidence of NATO interest for such reductions. Consequently, my colleagues understandably did not go beyond the previous Rome communique in their treatment of Mutual and Balanced Force Reductions.

A third important area, that of burden sharing, set precedents which constitute a significant first step toward more equitable sharing of the NATO defense burden. Ten European nations agreed among themselves to provide almost a billion dollars of additional expenditures over the next five years, divided about equally between improvements to their own forces and contributions to an additional infrastructure program for better communications and aircraft shelters. This is the most tangible evidence yet of European recognition that Europe must do more in its own behalf, and is also the first purely European endeavor of such importance in which the U.S. has played no direct role. It is the first important common move toward force improvement in the last 10-12 years. This demonstration of European awareness of the strategic, fiscal, manpower, and political realities and their determination to face them is good for both Europe and ourselves.

We are continuing our studies and planning to integrate more closely all the resources available within NATO, to improve our procedures for management and mobilization, and thereby enhance NATO's capabilities.

Other examples of closer cooperation include the modernization program for Korean armed forces, and of course, the entire Vietnamization program.

But there are additional steps we are taking or planning to improve both our own and allied capabilities. One area involves a more cooperative R&D effort. The Services have a number of bilateral and NATO cooperative R&D programs under way with our allies, although the amount of funds is small. We are planning to test and evaluate some foreign weapon systems for possible adoption during this fiscal year, and plan to do even more in this area in FY 1972. In taking these steps, we desire to eliminate any unnecessary duplication in weapons systems research and development activity. To the degree that such duplication can be reduced, our overall force capabilities can be improved at lower cost.

Although this plan is not without disadvantages, it has been carefully weighed. We believe that it is in our mutual interest to proceed along these lines with our allies.

Similarly, we believe that our R&D program has a definite role to play in implementing the Nixon Doctrine. Suitable military assistance to our allies is frequently limited both by the items in the U.S. inventory, which may not necessarily be appropriate to the situation at hand and, in some cases, by a lack of knowledge of the technical and economic problems facing these countries. There are several areas where appropriate effort can help insure that suitable equipment or assistance commensurate with allied capabilities is provided.

At the present time, the International Fighter, for which we have included $128 million in the FY 1972 budget, is the only major development project specifically oriented toward support of the Nixon Doctrine. However, there are several smaller R&D efforts underway. One is the Advanced Research Projects Agency (ARPA) program of "tailored equipment" for less developed allies. This program will develop and/or test and evaluate a broad variety of more simple, less expensive and more maintainable equipments to meet the needs of these allies. Examples being considered are light attack aircraft, fast patrol boats, ambush protection for vehicles and low maintenance small arms.

Since these types of problems often fall outside normal Service responsibilities, we plan to have ARPA task the Services to perform specific, pertinent tasks using ARPA funds. In certain

instances, the Services would be free to undertake projects on their own initiative. It is expected that this arrangement will remove such efforts from funding competition with regular Service programs, yet retain Service flexibility to support important programs which might have multiple applications. We intend to start this effort on a modest basis in FY 1972.

This new program will consolidate and expand on current projects to include those supporting our most important allies. Our goal is to provide equipment to reduce dependence upon U.S. forces, select equipment which offers an optimized military capability for the funds available, and provide options for more sophisticated U.S. general purpose equipment as appropriate and commensurate with the capabilities of a friend or ally.

III. THE THREATS TO U.S. AND FREE WORLD SECURITY

The threats to U.S. and Free World security obviously were a central factor in planning forces and programs to implement the new strategy. Before discussing specific force planning under the strategy, let me review briefly the current and projected security threats. Admiral Moorer, the Chairman of the Joint Chiefs of Staff, will provide a more detailed analysis of the threat in his statement to the Committee.

This section summarizes the major threats we and our friends and allies must confront, primarily in terms of the categories of potential conflicts: strategic and theater nuclear, theater conventional and subtheater. Also included are discussions of different dimensions of the threat: communist military assistance and the technological challenge. Tables 2 through 8 in the Appendix amplify the following summaries.

Although the various military forces are shown in specific categories for ease of understanding and clarity of presentation, such structuring does not mean that these forces can be neatly allocated specific roles in the spectrum of conflict. Just as is the case for U.S. forces, many of the force elements shown or discussed in this threat section could have multi-mission roles, could be used in theater or subtheater conflicts, or could be delivered to other countries under an assistance program.

A. THE STRATEGIC NUCLEAR THREAT

The primary strategic threat to the U.S. -- the capability of the Soviet Union to deliver long range, nuclear weapons against targets in the United States -- has been a matter of grave concern to us. Shown on Table 9 are our estimates of Soviet strategic offensive and defensive weapon systems in the near term. U.S. strategic forces are shown for comparison on Table 3. Although projections beyond those shown become progressively less certain, especially where they extend beyond the production and deployment leadtimes of the weapon systems involved, we must make such projections for future defense planning.

The Soviets have built up their ICBM forces at a rapid rate during the past five years, and as of the end of 1970, had some 1,440 operational launchers. There are indications, however, that construction on new silo starts has slowed during the past year.

The SS-11 deployment of launchers appears to have leveled off at the present time, with over 900 missiles, part of which are associated with the MR/IRBM fields. The deployment rate of the SS-9s decreased during 1970, even though deployment continued. Work on some sites may have been suspended and work has slowed on several others. The deployment rate of the SS-13 continues as it has for the past four years, with some indication that it may be slowing.

The implications of these trends are still not clear. The Soviets may have completed new starts for a programmed force of SS-9 and SS-11 missiles, or they may have slowed silo construction in order to proceed with retrofit of some existing silos with improved, modified or MIRVed missiles. Alternatively, the explanation may be that the Soviets are preparing to deploy new ICBM systems. We will, of course, be examining the situation carefully in order to get more precise indications of where they are headed.

However, we expect the Soviets by mid-1972, if they elect to continue work on those sites where construction has slowed or stopped, and to maintain the older systems at the current level, to have over 1,500 operational ICBM launchers, part of which are associated with the MR/IRBM fields.

Beyond 1972 our projections of Soviet ICBM launchers and reentry vehicles (RVs) become less firm. As was the case last year, there is still no agreed estimate on what the size and characteristics of the Soviet force will actually be in the period after 1972, or on where it may level off.

It should be kept in mind that although the Soviets probably have no MIRVed missiles operational at the present time, MRVs have been tested many times on the SS-9 since August 1968.

It is evident that the Soviets could have over the next few years, several distinctly different forces depending on their objectives and force decisions. Regardless of the direction in which they proceed, a key question would remain about the accuracy of the RVs in their ICBM force. It is estimated that the accuracy of the SS-9 could be substantially improved by 1975/76. With this improved RV accuracy, the projected Soviet SS-9 missile force could pose a serious threat to the future survivability of undefended MINUTEMAN silos.

The Soviet ICBM threat is augmented by a substantial nuclear-powered, ballistic-missile submarine fleet, that is presently the fastest growing element of the threat. The most capable component of this fleet is the Y-class, which, like the U.S. POLARIS, has 16 tubes for launching missiles. There are now at least 17 such subs

operational -- capable of launching at least 272 missiles with a range of 1,300 nautical miles. The additional ballistic missile capability in older Soviet submarines gives them a total of more than 350 launchers in the operational inventory. Another 15 or more Y-class submarines are in various stages of assembly and fitting out. At the current production rate of 7-8 SSBNs per year, the USSR could develop an operational force of Y-class submarines by 1974, comparable in size to the current POLARIS force. A longer range submarine launched ballistic missile is under active development. We cannot estimate deployment at this time.

The Soviet intercontinental heavy bomber force, which now numbers around 200 aircraft (including about 50 tankers) continues its slow downward trend of the past few years. Although we believe the Soviet medium bomber force of several hundred aircraft is targeted primarily against the Eurasian area, we cannot ignore the fact that these aircraft do have a one-way mission capability against the United States. The Soviets also have a new swing-wing bomber under development. Its future role has not been determined, but it is estimated to have intercontinental range capability.

With regard to the strategic defensive forces of the Soviet Union, there is extensive deployment of aircraft defenses, as well as an ABM system deployed around Moscow. The Soviets have a large inventory of radars numbering in the thousands and a force of over 3,000 interceptor aircraft. There is a slight trend towards a reduction in the number of these interceptors, but the quality of the force has improved. Four new interceptors have been added since 1964, and these newer models make up a substantial part of the force. In addition, four different SAM systems, with about 10,000 launchers, are presently deployed for air defense. There is concern by some of my technical experts that the SA-5 SAM might be capable of adaptation for certain ABM roles.

The Soviets now have four MOSCOW ABM complexes (ABM-1) operational. They are continuing construction of surveillance radars which could be a part of an ABM system, and are actively working on R&D related to development of new ABM system components, including a new missile. Further details are shown on Table 3.

As for the strategic nuclear threat of the Peoples Republic of China, their progress toward achieving an ICBM capability is continuing. The sophistication of Chinese missile programs was clearly indicated by the launching of China's first satellite in April 1970, probably using stages of an IRBM now under development. We believe that the Chinese could attain an initial operational capability (IOC) with ICBMs within three years after flight testing commenced. The start of testing has not yet been confirmed, but a reduced range test of an ICBM may have

occurred in late 1970. Thus the earliest possible date for deployment would be 1973, but it is more likely that the Chinese ICBM will not attain IOC until a year or two later, and they probably could not have significant numbers of ICBMs deployed until late in the decade.

Further details on Chinese strategic systems are provided in Table 4 .

B. THE THEATER NUCLEAR THREAT

The theater nuclear forces of the Soviet Union include large numbers of ballistic missile launchers (including short, medium, intermediate, as well as variable range missiles) and tactical surface-to-surface missile launchers assigned to their ground forces. In addition, their large medium bomber force of about 700 aircraft in Long Range and 400 aircraft in Naval Aviation is capable of carrying nuclear weapons, as are a substantial number of light bombers, fighter bombers and fighters in the tactical air forces. Soviet naval forces, both surface and sub-surface, also carry nuclear-capable missiles.

Theater nuclear capabilities of the Peoples Republic of China probably are limited currrently to medium bombers, but limited deployment of the Chinese medium range ballistic missile (MRBM) may have occurred. The emphasis in Chinese R&D appears to have shifted in 1970 from the MRBM to development of an intermediate range ballistic missile (IRBM). The Chinese MR/IRBM development efforts have also provided important experience for their ICBM program.

By mid-1971, the Chinese are expected to have a small number of MRBMs deployed. Their IRBM could attain IOC within the next year or two, and by mid-1972, the Chinese are expected to have operational a modest number of missiles, with a mix of MRBMs and IRBMs. This will, of course, provide an additional nuclear threat to the free nations of Asia.

China's primary aircraft for nuclear weapon delivery is the BADGER, now in series production. They now have a few of these aircraft operational and are expected to have a significant force by mid-1972.

C. THE SOVIET AND WARSAW PACT THEATER CONVENTIONAL THREAT

Over the past year, we have seen the Soviet and other Warsaw Pact forces continue their growth both in quality and in quantity. The Soviets now have at least 160 divisions including motorized rifle, tank, and airborne. This total includes divisions deployed along the USSR-Chinese border.

It should be borne in mind that Soviet divisions are appreciably smaller than their U.S. counterparts, and that the Soviets allocate a considerably smaller proportion of their manpower to combat and service support functions than we do.

Admiral Moorer will discuss Soviet ground forces in greater detail in his presentation to the Committee.

Ground Combat. The Soviets probably will continue for the next few years production of the T-62 medium tank, with modifications.

In other categories of equipment we believe that the Soviets will gradually equip infantry units in at least some of the divisions with a new amphibious armored infantry combat vehicle. Furthermore, the Soviets are almost certainly experimenting with improved conventional weapons and within several years the Soviets could have sizeable operational inventories of improved conventional artillery shells, bombs, and missile warheads in theater force units.

We believe the Soviets will retain their current family of tactical missiles and that the number of tactical launchers will continue to grow.

Tactical Air. In tactical aviation, a gradual buildup probably will continue for the next few years. Over the longer term, the total aircraft inventory probably will decline as newer aircraft models reduce the requirement for large numbers of older fighters and light bombers. As of 1 January 1971, we believe that the force consisted of over 4,500 aircraft, including reconnaissance and support types. Almost half are capable of delivering nuclear weapons, though some of these aircraft at the present time are assigned to units that do not have a primary ground attack mission.

The Soviets have developed several new aircraft which could satisfy their requirement to replace obsolescent ground attack and light bombers and improve their air defense capability. One of these aircraft became operational in 1970, and another may be operational now in Soviet tactical aviation. A third, FOXBAT, recently was deployed with strategic defense forces as an interceptor, and may enter the tactical aviation inventory in 1971. If employed in tactical aviation, it is believed that the FOXBAT will retain its primary role as an interceptor and fulfill a specialized secondary reconnaissance role.

Air Defense. We expect the Soviets to continue to expand and improve their theater air defense systems, including the command and control systems and the tactical missile systems. The SA-4 GANEF

missile system which has been in service with Soviet forces in the USSR and Eastern Europe since 1967, is now entering service with several of the subordinate armies, and the SA-6 GAINFUL is currently being deployed to upgrade Soviet capability in this category.

Naval Forces. It is obvious that an open-ocean navy has been developed by the Soviet Union. Already having the largest submarine force in the world, the Soviets have introduced several new, advanced classes of submarines since 1968. The Y-class SSBN already has been discussed. The introduction of nuclear-powered, cruise missile attack classes has added a new dimension to submarine warfare.

By the mid-1970s, the replacement of older diesel-powered, cruise missile and attack submarines with new nuclear-powered vessels could result in a quantitatively smaller but qualitatively improved submarine force.

Concurrent with this massive submarine construction and development program, the Soviets have introduced new and advanced naval missile systems.

Over the next five years, we expect the composition of the Soviet's major surface combatant fleet to change significantly as new missile-equipped combatants replace older ships armed with guns. Whereas in 1970, missile-equipped surface combatants accounted for 23 percent of the major surface combatant fleet, by 1975, we project that some 40-50 percent of the fleet will be missile-armed.

Lift Capability. With regard to lift forces the Soviets have increased their military air transport capability to include the AN-22/COCK heavy logistic transport, a number of which are operational with transport units. The new AN-22 can carry nearly 100,000 pounds of cargo to a radius of 2,800 nm or 175 troops to a radius of some 5,000 nm.

General - Warsaw Pact. With regard to future developments in forces of other Warsaw Pact nations, we believe that there will be qualitative improvements in general purpose forces over the next decade, but we see no trends which indicate substantial changes in their contribution to Warsaw Pact capabilities. Barring disruptive political developments, we believe the Soviets will continue to place heavy emphasis on East European forces opposing NATO.

D. THE IMMEDIATE THREAT IN THE MIDDLE EAST

We are hopeful that the initiative for peace in the Middle East will be successful. The President has described this area as "... the most dangerous ... with its vastly greater potential for drawing

Soviet policy and our own into a collision that could prove uncontrollable."

The situation in the Middle East can be fitted into potential categories of possible conflict only with difficulty. This illustrates the point I made earlier that forces which we have included in one category -- such as the Soviet theater conventional threat -- also represent capabilities that could be used in other types of conflict. The immediate threat in the Middle East, of course, consists of the potential for war between Arab states and Israel, but the possibility exists that such a conflict could involve the Soviet Union and the U.S. The balance of power in the Middle East obviously has a vital bearing on the U.S. security interests in that area. Moreover, the Soviets are deeply involved with and in some of the Arab states in the area.

Thus, we are striving to prevent the outbreak of a war that has a chance -- however slight -- of leading to a U.S.-Soviet confrontation, and we are trying to help obtain a peace settlement that will promote economic and political stability in the area. As the President has explained, our assistance programs are designed to preserve a balance of military power in this area.

The combined military forces of the Arab countries which are likely to be involved in a conflict -- those of Egypt, Syria, and possibly Jordan and Iraq -- are numerically superior to the Israeli forces. As before the June 1967 war, however, the qualitative superiority of the Israeli armed forces offsets the numerical difference.

E. THE THEATER AND SUB-THEATER THREAT IN ASIA

Our Asian allies and friends are faced with a threat that differs somewhat from that posed to NATO by the Warsaw Pact. The forces of the Peoples Republic of China, North Korea, and North Vietnam are able to engage in subversive and small-scale guerilla attacks in bordering states, as well as being capable of mounting full-scale conventional attacks in adjoining countries. These forces, therefore, pose both a potential theater conventional threat, and a sub-theater threat. This should be kept in mind as we address the total forces available to China, North Korea, and North Vietnam.

In addition, the Soviet forces in Asia, which were covered previously, must be considered as part of the theater threat in Asia.

Communist China, however, poses the principal general purpose force threat in Asia. The Chinese army consists of approximately 2.5 million personnel, organized into a total of more than 140 combat divisions. The air force (including the Navy's air arm) consists of more than 4,000 aircraft, of which most are jet fighters, and a small fleet of about 300 jet bombers. The Navy's main offensive strength centers upon a growing force of more than 40 attack submarines, a number of which are of the medium-range R-Class; and increasing numbers of guided missile patrol boats. Chinese production of army ordnance, new guided missile destroyers and advanced jet fighter aircraft are contributing to a rapid modernization of the general purpose forces.

The Peoples Republic of China could conduct major offensive operations in four non-Communist areas: South Korea, Taiwan, Southeast Asia and India. While the Chinese have the largest land military force in the world, a commitment of forces in conventional military operations on more than one front would impose serious burdens on their available logistic resources, and is considered unlikely today, given China's limited logistic capabilities and its border problems with the Soviets. Such an effort would be possible only if there were no interdiction of China's lines of communications (LOCs) and capacity to make war.

Of course, in addition to the potential of its regular combat forces, China has significant ability to promote and support subversion and insurgency in peripheral areas.

North Korea poses another significant threat in Asia. The country's general purpose forces are relatively modern in structure and equipment and have attained a high state of combat readiness. The Army consists of some 360,000 personnel and about 25 division equivalents and could probably engage in initial offensive operations without external assistance.

The North Korean Air Force has more than 550 aircraft in its tactical air inventory, including MIG-21s. The air force also has a number of transport planes (including helicopters), and a small number of light bombers and 70 trainer aircraft.

The Navy includes a small submarine force, guided missile patrol boats, and a sizeable number of motor torpedo boats.

Any sustained conventional offensive operations would require considerable materiel and possibly military personnel assistance from North Korea's Communist allies. However, North Korea is capable of mounting a wide variety of unconventional warfare operations.

The North Vietnamese theater and sub-theater threat in Southeast Asia is significantly different from other threats in Asia since a portion of its force already is engaged in actual combat. We must, however, recognize the full dimensions of the military threat that could be posed by the North Vietnamese in Southeast Asia.

The Army has a total in-country strength of 315,000 and is organized into 13-14 division/commands. The Navy is relatively small and consists primarily of motor gun and torpedo boats. The North Vietnamese have a total of more than 200 fighter and attack aircraft in the Air Force. While most of these are MIG-15/17/19s, a significant number are MIG-21s.

The actual deployment of the North Vietnamese Army outside its territory will be covered in the next section.

A brief summary of the threat in Asia is shown in Table 8.

F. THE IMMEDIATE SUB-THEATER THREAT IN SOUTHEAST ASIA

The actual deployment of a substantial portion (roughly half) of the North Vietnamese Army in South Vietnam, Cambodia and Laos, along with the North Vietnamese support of local communist forces (Viet Cong, Khmer Communist, and Pathet Lao) in these countries, provides the immediate threat to our friends and allies in Southeast Asia. In South Vietnam we believe there are a total of at least 240,000 Viet Cong and North Vietnamese personnel actually deployed.

The major threat to friendly forces in South Vietnam continues to be posed by those VC/NVA forces just north of the DMZ, in the southern Laos Panhandle and in the northern two provinces of MR 1. The principal Communist threat in South Vietnam is the enemy's continued capability to launch a major, multi-regimental-level operation. In other areas, we believe the enemy will retain the capability of causing serious but temporary disruptions by launching significant, isolated attacks if he commits the bulk of available forces. Additional information on the security situation in South Vietnam is covered in Section I, Chapter II, of this report.

Communist strength in Cambodia is estimated to be over 55,000 VC/NVA forces and Khmer Communists. Communist activity here has been characterized by persistent light-to-heavy military pressure against population centers, increased acts of terrorism, sabotage and interdiction of major lines of communication throughout the countryside. Current Communist strength in Laos is estimated at about 145,000 North Vietnamese and Pathet Lao.

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The present threat to Thailand is primarily one of insurgency. Although the insurgency continues to expand, it is not yet considered a serious threat to the internal stability of the Royal Thai Government. This assessment was given me by Thai officials during my recent visit there. Insurgents along the Thai/Malaysian border are under the direction of the Communist Party of Malaysia (CPM). The remaining insurgents are under the direction of the Communist Party of Thailand and receive some support from the Peoples Republic of China, North Vietnam, and Pathet Lao.

G. COMMUNIST MILITARY ASSISTANCE

Communist military assistance programs are another important aspect of the threat to Free World security interests. Soviet and Communist Chinese aid to North Vietnam, North Korea and the Warsaw Pact countries clearly increase the military threat which we and our allies must face. Moreover, Communist military assistance programs to non-Communist countries can, as in the case of the Middle East, pose a real threat to the maintenance of regional military balances. We do not have precise and complete data or means of measuring and estimating Communist military aid programs, but the information we have does indicate their overall magnitude and direction. We have not included economic assistance, which can, in some cases, be as effective as military assistance, and which we believe is substantial.

1. Intra-Communist Military Assistance

Our current best estimates are that military aid among Communist countries approximated $15 billion in the 1955-1970 period, with more than 85% provided by the Soviet Union.

The largest amount of intra-Communist military assistance has gone to North Vietnam. More than 70% of it has been supplied by the Soviets, and virtually all of the remainder by Communist China. Between 1966 and mid-1970, Soviet aid to Southeast Asia has been concentrated on North Vietnam, and in that period, Hanoi has received substantial military equipment.

North Korea is also a major recipient, with the Soviet Union supplying all except a small amount provided by Communist China. During the period from 1966 to mid-1970, the Soviets provided North Korea assistance for the maintenance and modernization of North Korean forces.

More than half of the intra-Communist assistance in the 1955-1970 period is accounted for by aid transfers among the USSR and Eastern European countries. The Soviets have, of course, provided

the vast bulk of this aid, but Poland and Czechoslovakia have also had fairly sizeable programs. Soviet assistance to Eastern European Communist countries has averaged over $500 million annually in the last ten years, and has included some of their most sophisticated aircraft and missile equipment.

The other two major Communist recipients of Soviet military assistance since 1955 have been Cuba and the Peoples Republic of China. Soviet assistance to the CPR totalled about $1.3 billion before it was terminated in 1960. Soviet military aid to Cuba has averaged about $20 million annually, and it is likely to continue at about that level for the next few years.

2. Communist Assistance to Other Countries

Communist countries have provided, in addition to the intra-Communist flow of military assistance, about $8 billion in military aid to other countries in the 1955-1970 period. The bulk of it, over 85%, has been provided by the Soviet Union, and the remainder by Eastern Europe (12%) and the CPR (2%).

Middle Eastern countries have received the largest proportion of this military aid (almost 55%), and this area is expected to remain the major recipient of Soviet aid to non-Communist countries. The UAR and the Soviet Union reportedly concluded a new military aid agreement during 1970, which probably covered the introduction of the SA-3 surface-to-air missile system into the UAR. Since 1967, the Soviets have also concluded military aid agreements with Iran which amount to over $300 million in value.

The Soviets have also provided significant amounts of military aid to the countries of South Asia, particularly India and Afghanistan. Soviet efforts to upgrade Afghan capabilities and increase their influence in India and Pakistan are expected to keep Soviet assistance to this area at relatively high levels in the next few years.

Soviet military aid to Indonesia was virtually cut off in 1965 after the fall of the Sukarno government. Since that time, Soviet aid to Indonesia has been limited to the sale of small quantities of spare parts for equipment previously supplied.

The Soviets have also provided smaller but still significant amounts of military aid to African states. Soviet aid in Africa has emphasized areas in North Africa and along the Red Sea which are adjacent to the major recipient countries in the Middle East.

The Chinese have provided substantial amounts of military aid to Pakistan and Tanzania in recent years.

H. THE TECHNOLOGICAL CHALLENGE

Forces in-being and military assistance are only part of the military threat to our nation's security. The technology behind the capabilities of our potential opponents, particularly the Soviets, is of severe concern to us. With the continuing technological effort on their part, we must expect the Soviets will be capable of reducing our technological lead in some areas, and at some point in the future, we could even lag in certain critical areas.

Since 1968, the Soviet RDT&E budget has increased at 10% to 13% per year, while that of the U.S. has remained essentially constant. Our estimates indicate that the Soviets are now spending, in 1968 equivalent dollars, some $3 billion more annually on military and space research and development than we do. The Soviet level of military and space technological effort appears to be significantly larger than that of the U.S.

With a technological effort of that size, our analyses indicate that the Soviets could reduce our technological lead of several years by approximately one year with the passing of every three years. Towards the mid-to-late 1970s, we may find that we have no technological lead at all -- or worse -- we may lag several years behind the Soviets in some critical areas by that time.

Although these comments relate primarily to our estimates of funding associated with Soviet research, the same general trends are evident with regard to other measures -- manpower, facility growth, and basic research efforts. Given the fact that theirs is a closed society, if the Soviets were to take the technological lead, it would be much more difficult for us to guide our intelligence collection activities, to interpret the information we do acquire, and to make confident decisions based on this information.

The earlier part of this chapter points out the highlights in the growth of Soviet technical capabilities. As I mentioned earlier, there may be other, perhaps dramatic changes as a result of this Soviet momentum, which could emerge unexpectedly from their closed society, and which could create urgent problems for us in the future. These surprises and consequent problems could occur across the spectrum of capabilities -- as unexpected threats to strategic force survivability, as new tactical weapons and surveillance systems which we might not understand or be able to cope with, and as other improvements in existing systems.

I mentioned earlier our review of U.S. R&D programs, our reasons for the increases we are proposing in R&D for FY 1972, and some of the R&D initiatives we are taking. In the next chapter, I will discuss many of the major development programs contained in the Defense Budget, relating to force modernization and improvement.

We cannot guarantee that technological surprises and problems will not develop, but unless we increase our research effort and improve its application, we can be increasingly confident that they will. Dr. Foster will discuss the technological challenge in greater detail when he appears before the Committee.

IV. FORCE PLANNING UNDER THE NEW STRATEGY

The traditional discussion of both the threat and our own force planning in specific mission categories has certain limitations. While it is convenient for budgetary purposes and superficially clearer to analyze threats and forces in neat categories, such categorization can be both misleading and hazardous for force planning. The military strategist necessarily deals with the complete spectrum of conflict, just as the national security strategist must take account of both military and non-military resources.

In planning forces for the complete spectrum of conflict, we must recognize all the capabilities that can be provided by our existing forces. Many of these forces are versatile enough to perform more than one mission or function and to serve purposes different from the one for which they have been specifically designed and procured. Many examples are available: the B-52, although designed as a strategic bomber, has played a large role in tactical operations in the conflict in Southeast Asia; most tactical aircraft and tactical missile systems have both conventional and nuclear delivery capabilities and several aircraft have multi-mission roles, such as interdiction, close support, and air superiority; some tactical fighters can be used as interceptors for strategic air defense of the Continental U.S.; and aircraft carriers, depending on aircraft complement, are capable of being used in defending the fleet, attacking hostile ships or submarines, providing close air support or interdiction overland, or other missions.

Thus, the use to which any system can be put derives more from inherent capability and the nature of the conflict than from primary mission design. At the same time, it should be recognized that any given force element cannot always be used in a time-critical environment for more than one mission, a major reason for prudent levels of force redundancy.

A. THE FIVE-YEAR PROGRAM

Last year, when presenting the FY 1971 Defense Budget and Program I advised you that we had broken the cycle of five-year planning, and that the FY 1971 Budget was transitional. This year, as I promised, we are presenting the first Five-Year Defense Program of this Administration. The summary forces, shown in classified tables provided to the Committee, represent the basic minimum capabilities which we deem necessary and appropriate to provide

for the immediate years ahead. In effect, we have completed our transition to baseline planning, and are now building for the future. Table 9 includes a summary of the active forces we plan to maintain through FY 1972.

In the following sections, I will discuss many of the specific programs which we are recommending in the FY 1972 Budget to preserve baseline capabilities and to provide for readiness, modernization and improvement in existing forces, while at the same time creating additional options for new forces should future events require them. Before turning to a more detailed discussion, however, I believe it is important to note certain trends.

As you know, major reductions have occurred over the past two years in the size of our armed forces -- in numbers of Army divisions, in the number of aircraft in the total tactical and strategic aircraft inventory, in active naval ships, and, of course, in the manpower associated with these forces. In FY 1972, continuing reductions in certain areas are planned, although of a much smaller scope than in the immediate past.

An examination of Table 1 reveals a change in emphasis in the FY 1972 Defense Budget, in that both research and development and procurement reflect considerable increases from FY 1971. The procurement increases will provide us with some badly needed modernization of existing forces, while the R&D increases represent a needed investment for the future.

Several other points are worthy of note. First, the FY 1972 Defense Budget, in terms of constant dollars, is about equal to what might be termed the last peacetime budget, that of FY 1964.

Second, the cost of manpower required to maintain our active forces is increasing. As we proceed towards an all-volunteer force, we can expect manpower costs to continue increasing substantially as we seek to make military service more attractive and more rewarding. It will not be easy to strike a balance between our equipment needs and our manpower needs.

In addition, you will note that there is no appreciable change in our strategic force funding compared with last year. We continue to believe that hard decisions may have to be made in this area in the coming months, and I will not hesitate to recommend additional effort should the threat or developments in SALT warrant. But pending favorable development in SALT, we continue to believe that an orderly phased program, to preserve essential capabilities, maintain available options and create new ones as appropriate, is both prudent and necessary.

Let me turn now to a discussion of major forces and modernization programs we are proposing for FY 1972. Of course, many of the details associated with these programs will be amplified by other Department of Defense witnesses when they appear before the Committee.

B. STRATEGIC NUCLEAR FORCES FOR DETERRENCE

> "Our strategic forces are the cornerstone of the Free World's deterrent against nuclear attack and must always be sufficient for this crucial role. We seek a negotiated limit or reduction of strategic nuclear forces in the Strategic Arms Limitation Talks (SALT). But in the absence of an agreement, we must proceed with planned improvements to assure the effectiveness of our strategic forces in the face of a formidable Soviet threat."
>
> President's Message to Congress on FY 1972 Budget, January 29, 1971.

Since the Soviet Union was approaching the strategic strength of the United States in the past two years, re-examination of the basis for strategic force planning was required. As a result of the re-examination, the Nixon Administration established sufficiency criteria insofar as a nuclear attack upon the United States is concerned, which are more comprehensive than the retaliatory, or "assured destruction" objective followed in the past.

These criteria for strategic sufficiency are not rigid and unchanging, but rather are developed as broad guidance for planning. They are kept under review in the light of changing technology and other factors, such as intelligence estimates of Soviet and Chinese Communist capabilities in strategic weaponry.

Furthermore, as the President noted in his Foreign Policy Report, the concept of sufficiency in what I like to call the broader context of total force planning includes more than just military considerations. In the President's words:

> "In its broader political sense, sufficiency means the maintenance of forces adequate to prevent us and our allies from being coerced. Thus the relationship between our strategic forces and those of the Soviet Union must be such that our ability and resolve to protect our vital security interests will not be underestimated. I must not be -- and my successors must not be -- limited to the indiscriminate mass destruction of enemy civilians as the sole possible response to challenges. This is especially so when that

response involves the likelihood of triggering nuclear attacks on our own population. It would be inconsistent with the political meaning of sufficiency to base our force planning solely on some finite -- and theoretical -- capacity to inflict casualties presumed to be unacceptable to the other side."

We are continually examining ways to diversify our strategic systems to reduce the possibility that an unforeseen technological development or early deployment of projected threats could neutralize a substantial part of our strategic capability.

In planning strategic forces to meet the military criteria for deterrence, our principal objectives, derived from the sufficiency criteria, currently include:

-- Maintaining an adequate second-strike capability to deter an all-out surprise attack on our strategic forces.

-- Providing no incentive for the Soviet Union to strike the United States first in a crisis.

-- Preventing the Soviet Union from gaining the ability to cause considerably greater urban/industrial destruction than the United States could inflict on the Soviets in a nuclear war.

-- Defending against damage from small attacks or accidental launches.

While these general planning objectives provide overall guidance, there are a number of more specific issues which must be considered when planning our strategic forces.

Among them is the Strategic Arms Limitation Talks (SALT). Because we cannot predict their outcome, we must insure the maintenance of our present capabilities, while at the same time preserving or creating options to adjust those capabilities upward or downward if that is required at some time in the future. In the absence of an appropriate SALT agreement that provides for mutual security, an approach that preserves needed capabilities while we continue to seek an effective agreement is, in my view, essential.

To fulfill our objectives in strategic force planning, we strive to maintain a reliable retaliatory force, placing primary emphasis on measures that both reduce vulnerability to attack and assure defense penetration. In addition, we seek to provide reliable reconnaissance and early warning capabilities to minimize the

likelihood and consequences of surprise, appropriate defensive forces to protect against both air and ballistic missile attack, and effective and reliable command and control of these forces.

At the same time, recognizing the uncertainty inherent in strategic force planning, it is essential to pursue a vigorous research and development program to preserve our options to augment or modify both our offensive and defensive capabilities.

Both the Soviet Union and the Chinese Communist strategic nuclear threats, as presently projected through the mid-1970's, have important implications for our strategic force planning.

Even if the Soviet Union levels off at roughly the present number of ICBMs operational and under construction, it could still have more than 1,900 reentry vehicles in its ICBM force by the mid-1970's. This force, alone, would be more than enough to destroy all U.S. cities of any substantial size. Practically all of the U.S. population also lies within range of the growing Soviet SLBM force. We must also continue to take into account the Soviet bomber force, which is expected to decline only gradually in the near term.

We continue to believe that an effective defense of our population against a major Soviet attack is not now feasible. Thus, we must continue to rely on our strategic offensive forces to deter a Soviet nuclear attack on our cities.

Since we rely on these forces for deterrence, we must insure that they are adequate to convince all potential aggressors that acts which could lead to nuclear attack or nuclear blackmail pose unacceptable risks to them.

Recent analyses of strategic force effectiveness indicate that planned strategic forces should continue to provide an adequate deterrent for the near term. We do have reliable and survivable strategic retaliatory forces, and their capabilities for retaliation today cannot be denied by nuclear attack.

1. The Planned FY 1972 Strategic Forces

For FY 1972, in the absence of a SALT agreement, the major numerical change that will take place in these forces is the inactivation of three B-52 squadrons. We currently plan to keep the aircraft from one of these inactivated squadrons, plus those of the two B-52D squadrons in Southeast Asia, as rotational aircraft to support our mission requirements in that area.

Our strategic offensive forces at the end of FY 1972 will consist of 1,000 MINUTEMAN missiles, 54 TITAN missiles, 450 B-52 aircraft (26 squadrons), 71 FB-111 aircraft (four squadrons), and 656 POLARIS and POSEIDON missiles carried in 41 nuclear submarines.

Our strategic defensive forces at the end of FY 1972 will include about 600 manned interceptors and about 900 surface-to-air missiles on site, together with the required warning and command and control systems.

With planned modernization, and with a phased SAFEGUARD deployment as appropriate, these strategic force strengths represent our baseline planning forces for the future.

2. Modernization of U.S. Strategic Forces in FY 1972

The major programs for improvement and modernization discussed in the following sections are designed to preserve the sufficiency of these forces to fulfill the basic planning objectives I noted earlier, while at the same time preserving our flexibility. A summary of these programs, and the comparable FY 1971 effort, is shown on the following page.

Selected Strategic Forces Programs

Reliable, Survivable Retaliatory Forces	FY 1971 Actual Funding ($Millions)	FY 1972 Proposed Funding ($Millions)
Development and Continued Procurement of Short Range Attack Missile (SRAM) and Modification of Aircraft	266	359
Continued Development of Subsonic Cruise Armed Decoy (SCAD)	---	10
Continued Procurement of MINUTEMAN III and MINUTEMAN Force Modernization	589	839
Conversion of SSBNs to POSEIDON Configuration, Continued Procurement of POSEIDON Missiles, and associated effort.	1,022	803
Development of New Undersea Long Range Missile System (ULMS)	45	110
Continued Development of New Strategic Bomber, B-1	75	370
Development of Advanced Ballistic Re-entry Systems and Technology	100	87
Reconnaissance, Early Warning, and Air Defense		
Continued Development of Airborne Warning and Control System (AWACS), and Over the Horizon Radar (OTH)	92	149
Continued Deployment of New Satellite Strategic Surveillance System and Development of Follow-on Systems	213	187
Ballistic Missile Defense		
Continued Deployment of SAFEGUARD	1,331	1,278
Identification and Development of Advanced Ballistic Missile Defense Technology by the Army's Ballistic Missile Defense Agency	105	100
Prototype Development of Hard-Site Defense	25	65
Civil Defense	73	78

a. A Reliable and Survivable Retaliatory Force

In the strategic offensive forces area, we are concerned both about the potential vulnerability and the penetration capability of our bombers and missiles as we approach the mid-1970's.

As I noted last year, to enhance the prelaunch survivability of our strategic bomber force against the Soviet submarine-launched ballistic missile threat, alert aircraft are being dispersed over a greater number of bases, generally further inland than in the past. Fourteen satellite bases, each with minimum facilities to support aircraft, will be in operation by the end of FY 1972. We are currently examining options for more extensive interior basing of this force, and other means to further improve prelaunch survivability against a broad range of potential submarine-launched ballistic missile threats. For example, one specific initiative undertaken by the Air Force is the provision of a rapid start capability for the B-52's and associated tankers assigned to the Strategic Air Command to reduce engine start time.

We will also need to provide improved penetration capability for the B-52 force as well as the FB-111 bomber force which will be operational through the mid-to-late 1970's. For this purpose, we are requesting $359 million in FY 1972 to: (1) complete development of the Short Range Attack Missile (SRAM), (2) procure a quantity of missiles, and (3) modify B-52 and FB-111 aircraft to carry SRAMs. In addition, we are requesting $10 million to continue development of the Subsonic Cruise Armed Decoy (SCAD) to counter possible Soviet air defenses of the late 1970's.

The SRAM will carry a nuclear warhead and travel at supersonic speed. It will give the attacking plane a capability to "stand off" from a target and avoid anti-aircraft defenses. Based on favorable static and flight test results of the SRAM motor, the Air Force has recently ordered the start of full production of the missile.

We are continuing the program to deploy MIRVs in our MINUTEMAN and POSEIDON missiles. We consider this program essential to preserve the credibility of U.S. deterrent forces when faced with the growing Soviet strategic threat. The MIRV program will provide a number of small, independently-targetable warheads on a single missile. Should part of our missile force be unexpectedly and severely degraded by Soviet preemptive actions, the increased number of warheads provided by the remaining MIRV missiles will insure that we have enough warheads to attack the essential soft urban/industrial targets in the Soviet Union. At the same time, the MIRV program gives us increased confidence in our ability to

penetrate Soviet ABM defenses, even if part of our missile force were destroyed.

Including MIRV, several major programs for the improvement and modernization of our land-based missile force are now underway, with a total funding requested of $839 million. The budget includes $591 million to procure MINUTEMAN IIIs toward a total planning objective of 550 missiles. The force modernization program includes upgrading MINUTEMAN silos against nuclear blast and radiation effects, in order to reduce their vulnerability. This program will be coordinated with the replacement of MINUTEMAN I by MINUTEMAN III missiles to complete both the silo upgrading and MINUTEMAN III deployment programs efficiently. The Budget also includes funds to continue the program of reducing the vulnerability of the MINUTEMAN II missiles to nuclear radiation effects while in flight. The MINUTEMAN III missiles currently being produced are already designed to withstand these effects. In addition, we will continue the Command Data Buffer Program, which will permit more rapid and remote retargeting of MINUTEMAN III missiles.

In addition, we are planning steps to preserve this portion of our strategic offensive forces through the deployment of active ballistic missile defense. I will discuss this program and its relation to our overall planning in a later section.

We are continuing to convert POLARIS submarines to carry the POSEIDON MIRV missile. The POSEIDON development test program was completed in June 1970 with 14 successes in 20 firings. In addition, through February 1971, there have been eight production missiles fired from submerged submarines. The first POSEIDON-equipped submarine will deploy this spring. The Budget includes $803 million to convert more submarines, procure more missiles and provide long lead items for conversions planned next year. Funding for the POSEIDON submarine conversion program should be completed in FY 1974.

In addition to these programs now in progress, we must also make preparations to carry out long-range modernization programs to provide adequate strategic offensive forces in the 1980's. We believe that the best near-term approach is to do design studies and preliminary engineering development of a number of systems without committing ourselves to produce any of them. In this way, we will preserve the flexibility to capitalize on opportunities as they appear, counter threats which may emerge in the future, and respond to changes emerging from SALT.

The two most significant of our on-going long-range developments are the Undersea Long-Range Missile System (ULMS) and the

B-1 intercontinental bomber. The ULMS program now underway will provide the option to augment or eventually modernize the sea-based portion of our missile forces. Work is proceeding deliberately so as to preserve options on performance characteristics and to shorten the leadtime for deployment should this become necessary in the future. Although our continuing investigations have resulted in no immediate concern about the survivability of our POLARIS and POSEIDON submarines at sea, we are continuing our active program for SSBN defense. Of course, no system can be guaranteed to remain invulnerable indefinitely and we are aware that the Soviets are working on new ASW techniques. However, our investigations have also persuaded us that the expanded operating area permitted by the long range of an ULMS missile could offset possible anti-submarine threats which might develop during the late 1970's or beyond. Since continued development work on ULMS preserves our flexibility to respond to a possible future degradation in the effectiveness of any of our strategic systems, it is an important factor in our future strategic force planning. The Budget contains $110 million, primarily for continued technical trade-off studies, preliminary submarine and facilities design, and design work on the power plant and navigation, guidance, fire control, and launcher systems.

The Budget also includes $370 million to continue engineering development of the B-1 intercontinental bomber. This aircraft is designed to modernize the aging B-52 fleet. The B-1 is being designed to enhance survivability in all modes of operation through faster reaction, increased resistance to overpressure, faster fly-out times, higher speeds and lower altitudes during penetration, reduced IR and radar cross sections and greatly increased ECM capabilities; it is being designed for increased conventional capabilities as well. The B-1 is being developed in such a manner as to minimize the concurrence of development and production. This will permit a B-1 operational capability by the early 1980's if we choose at a later date to proceed into production.

The B-1 engineering development contract with North American Rockwell is a "Cost Plus Incentive Fee" contract with no provision for a buy option. I want to emphasize that we will not commit the B-1 to production before development is completed. The program provides for seven basic milestones. At the present time, the only fixed date is a September 1974 first flight time, but a contract change proposal is being prepared to move the first flight time ahead to April 1974 and to eliminate two test aircraft. The Preliminary Design Review and the System and Engine Design Validations are scheduled for FY 1972.

We plan to continue our investigations of Advanced Ballistic Re-entry systems (ABRES) and technology, and are requesting $87 million in FY 1972 for this effort.

b. Air Defense

During FY 1972, we will make certain additional reductions in the current air defense forces, primarily with reductions in surface-to-air missiles, but we will maintain our aircraft early warning capability and will continue research and development to provide effective bomber defenses. The major change planned for these forces in FY 1972 is a reduction in the number of NIKE-HERCULES missile batteries.

Even if we successfully conclude a strategic arms limitation agreement, we may need to modernize our air defenses in the late 1970's. Therefore, the Budget includes research and development funds for two key systems: $3.6 million for the CONUS Over-the-Horizon radar (OTH-B) and $145 million for the Airborne Warning and Control System (AWACS).

The CONUS OTH-B radar system will provide distant, all-altitude detection of approaching aircraft. Tests now being conducted should provide by mid-1972 performance data needed to decide whether to construct an operational system.

AWACS will provide the capability to detect and track low- or high-flying aircraft against the surface clutter over land or sea. It is now in engineering development, and two prototype radars are being prepared for flight testing in military versions of the Boeing 707 commercial jet aircraft. We expect the tests to be completed in late 1972. We can then select the better system, and decide in light of circumstances at that time whether to proceed with the final stages of system development.

A future air defense system will require an improved interceptor that possesses a "look-down/shoot-down" capability, greater time on station at AWACS operating ranges, and improved fire power. Both the Navy F-14 and Air Force F-15 now under development are capable of being adapted to fulfill the mission of a new air defense manned interceptor, and we expect to examine closely the feasibility of using one of them for this mission. The Army surface-to-air missile system (SAM-D) currently under development could also play a significant role in CONUS air defense.

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c. Missile Warning and Space Systems

Early warning of ICBM attack will continue to be provided by the Ballistic Missile Early Warning System (BMEWS) radars and the "forward scatter" OTH radar system. The seven radars of the 474N system will give limited early warning of SLBM attack. Development of the satellite early warning system is continuing. The FY 1972 Budget includes $187 million to deploy this new advanced system, which will complement our radars in providing early warning of ICBM, SLBM and Fractional Orbit Bombardment System (FOBS) launches, and continue development work on follow-on systems. The system will greatly improve the overall capability of our warning network, especially against both ICBM and SLBM launchers.

We will continue to maintain an active anti-satellite defense capability. Satellite tracking and identification will continue to be provided by the existing USAF Spacetrack system and the Navy's SPASUR system; both tied into the North American Air Defense Command and supported by the Space Defense Center for continuous space cataloguing.

d. Ballistic Missile Defense

The Safeguard Anti-Ballistic Missile Defense System has been and continues to be designed to achieve several objectives against a combination of Soviet and Chinese threats. They include:

-- "Protection of our land-based retaliatory forces against a direct attack by the Soviet Union.

-- Defense of the American people against the kind of nuclear attack which Communist China is likely to be able to mount within the decade.

-- Protection against the possibility of accidental attacks from any source."

Last year I told the Congress that ". . . without the Safeguard increment provided by this [FY 1971] budget, we would be faced now with the hard decisions about adding immediately to our offensive systems rather than being able to await hoped for progress in SALT." I further noted in discussing Safeguard several other important points:

-- That the impact of technological surprise -- for example, SPUTNIK -- can lead to expensive crash responses unless we face and make important national security decisions in a timely manner.

-- That Safeguard may not be sufficient to cope with all possible threats, but that it can serve as a core for growth options to defend Minuteman as well as providing the basic four-site coverage.

-- That we were pursuing other concepts, including Mobile Minuteman (on land or afloat), further hardening of Minuteman silos, and shelter based Minuteman, through FY 1971 R&D programs to provide other approaches to the Minuteman survivability problem.

-- And that if the threat development warranted, I would not hesitate to recommend accelerated development of ULMS.

Before turning to a discussion of this year's proposed Safeguard program, let me note that we have moved forward in this budget on both the ULMS and the B-1 development programs, and we are continuing to examine other options as well. With regard to deployment options, we are requesting funds to exercise only one in FY 1972, to start the increased hardness program for Minuteman silos. Our philosophy has not changed: we are pursuing moderate programs, preserving our flexibility with regard to both SALT and the threat, and keeping our options open for the future.

This year a complete and comprehensive review was conducted in accordance with the President's commitment of March 14, 1969. The review of Safeguard included:

Technical Progress. The technical and deployment progress of Safeguard has been satisfactory. The Spartan and Sprint missiles under control of the Missile Site Radar deployed at Meck Island have successfully intercepted ICBM targets. Of ten systems tests to date, eight have been successful, one partially successful, and one unsuccessful.

Threat. The threat is discussed in detail in Chapter III and the Tables. In summary:

(a) There has been an unexplained slowdown in deployment of current Soviet ICBM models, but tests of modifications of the SS-9, SS-11, and SS-13 have continued. Even at current ICBM levels, qualitative force improvements, to include MIRVs, could pose a threat to the survivability of U.S. land-based ICBMs unless defensive measures are taken;

(b) The continued deployment of Soviet Y-class submarines, and a new long-range Submarine Launched Ballistic Missile (SLBM) which is being tested, could threaten the survivability of our strategic bomber force; and

(c) The Chinese have continued to make progress toward the development of an ICBM system. Estimated earliest possible initial ICBM capability is 1973 with the more likely time being the mid-1970's.

Diplomatic Context. The President has discussed developments in SALT in his Foreign Policy Report to Congress on February 25th. Although there has been progress in SALT, we have not obtained the necessary results from the negotiations to allow us confidently to change our basic plans for Safeguard.

As the President said two years ago, the deployment of Safeguard depends on the evolution of the Soviet and Chinese threats, and the outcome of SALT. As we found in the review, the threat developments indicate that we should continue to move ahead toward the full Safeguard deployment; however, we cannot predict the outcome of SALT.

The President has decided to request authorization to implement the following Safeguard program through FY 72:

-- Continue construction at the sites at Grand Forks AFB, North Dakota and Malmstrom AFB, Montana.

-- In 1971, start construction at the site at Whiteman AFB, Missouri, authorized in the FY 71 Budget.

-- Take steps toward deployment of a fourth site at either Warren AFB or in the Washington, D.C. area.

This decision reflects the following considerations:

-- To be responsive to the threat, orderly progress on the presently authorized Minuteman defense and those research and development activities for improving future Minuteman survivability should continue. A fourth Safeguard site at Warren would allow timely deployment of additional Minuteman defense and light defense of some inland strategic bomber bases and command and control centers at Omaha and Colorado Springs. However, an acceptable arms control agreement could affect the planned Safeguard defense of Minuteman.

-- The National Command Authorities are vulnerable to attack by Soviet ICBMs and SLBMs and the defense of our NCA would add to the credibility of our deterrent. At the same time, NCA defense is part of one option of a U.S. SALT proposal and is of interest to the Soviet negotiators.

-- The initiation of a full light area defense deployment of the entire U.S. continues to be a desirable objective because of the continuing efforts of the Chinese to produce an ICBM. Therefore, we should retain the option for proceeding with full Safeguard area defense deployment.

In summary, the Soviet and Chinese threats to the U.S. call for moving ahead toward the full Safeguard deployment. However, we wish to exercise those restraints which we believe may enhance the chances for reaching an acceptable agreement. In short:

The President's program will continue progress toward satisfying our strategic objectives. It continues progress toward defense of Minuteman pending a satisfactory agreement in SALT. It maintains an option to provide for defense of the NCA as outlined as part of one option in a U.S. SALT proposal, and it maintains the option for the deployment of area defense against small attacks at a later time.

The President's program will continue progress in SALT. The proposed program does not request authorization for additional area defense sites beyond those which also protect Minuteman and the NCA. The U.S. has indicated a willingness to modify the long-range plans for full Safeguard area defense of CONUS if an acceptable arms control agreement with the Soviet Union can be reached.

Our FY 1972 request for funds and authorization includes both Warren AFB and Washington, D.C. We believe that the Congress should authorize work on both sites this year, to provide the President maximum flexibility both with regard to SALT developments and the threat. I would emphasize that under this request, the FY 1972 deployment program would be limited to only one of the two locations.

The Safegurd program is designed to achieve several strategic objectives. In addition, the present program provides flexibility for several SALT contingencies and possible outcomes. It does not prejudge either the decisions to be made in SALT or the possible results of SALT. Until it becomes clear that an agreement adequately constraining the Soviet threat to our retaliatory forces is

attainable, the program will proceed in an orderly and timely manner. To do more could reduce the chances for success in SALT: to do less could erode our security and reduce Soviet incentives to negotiate seriously in SALT.

* * * * *

In summary Mr. Chairman, the proposed FY 1972 Safeguard program and other related actions which we are recommending reflect the basic philosophy which President Nixon announced in making his first decision on Safeguard -- a measured, orderly, and sufficient pace, subject to review and modifications as developments dictate. While we proceed at a measured pace with Safeguard, we intend to keep our other options open. We are continuing to examine those which I mentioned last year, and are examining other concepts as well: for providing light area defense against small or accidental attacks through other means than the current full Safeguard to enhance our ability to counter the Chinese threat even if a desirable SALT agreement precludes full deployment of the current Safeguard program; through prototype development of a hard site defense to augment the Safeguard defense of Minuteman if necessary; and other potential programs that may become available in the decade ahead in both offensive and defensive areas. Our objective is to ensure that under any foreseeable circumstances we can continue to provide for the safety and security of the American people.

A summary of the deployment schedule through FY 1972 for the proposed SAFEGUARD program is shown below. The $1,278 million we are requesting for FY 1972 will accommodate the funding level required for either site, excluding personnel and operation and maintenance costs. The details of the SAFEGUARD program and related ballistic missile defense activities will be discussed in detail by Department of Defense witnesses.

Deployment Schedule
(Equipment Readiness Date)

Oct 74	May 75	Early 76	Mid-77	or	Late 77
Grand Forks	Malmstrom	Whiteman	Warren		Initial a/ Washington Capability

a/ The initial defense of Washington is the same as would be provided in the full SAFEGUARD deployment and includes a single Missile Site Radar (MSR).

e. Civil Defense

A complete review of the U.S. Civil defense Program has been conducted by the Office of Emergency Preparedness at the direction of the National Security Council (NSC). Pending consideration of the review by the NSC, we do not propose any major changes in the civil defense funding for FY 1972. The Budget includes $78 million for this program. We will maintain current programs to identify shelters, equipment, and train civil defense volunteers. Deployment of the prototype low frequency warning transmitter will continue in FY 1972. As in previous years, a large portion of the civil defense funds will be used to assist state and local civil defense activities and finance federal emergency operations.

C. THEATER NUCLEAR FORCES FOR DETERRENCE

> "the nuclear capability of our strategic and theater nuclear forces serves as a deterrent to full-scale Soviet attack on NATO Europe or Chinese attack on our Asian allies."
>
> President's Foreign Policy Report to Congress 1970 and 1971.

In considering theater nuclear war, i.e., enemy use of nuclear weapons overseas without a direct attack on the U.S., we must recognize both the utility of all weapons systems in contributing to deterrence including the capabilities of our allies, and the limitations that influence the use of systems designed for one level of warfare in another level.

Considering first the utility of strategic nuclear weapons in deterring theater nuclear war, it is clear that the existence of these forces can create uncertainty in the minds of nuclear-armed potential enemies, about how we would respond to their use of theater nuclear weapons; e.g., whether we would confine ourselves to a response in kind or would escalate further. Thus, for example, uncertainty about U.S. use of strategic nuclear weapons in ratalia-tion if the Soviets use nuclear weapons against NATO can contribute to the deterrence of theater nuclear warfare in Europe. But, with the rough equality of U.S. and Soviet strategic capabilities, reliance on strategic weapons alone is not sufficient.

By the same token, but even more so, our theater and tactical nuclear weapons add to the realism of deterrence of theater conventional wars in Europe and Asia; the Soviets and Chinese Communists cannot be sure that major conventional aggression would not be met with the tactical use of nuclear weapons.

On the other hand, a realistic Free World strategy calls for the planning of forces which are sufficient to cope with each level of potential conflict at that level. Therefore, we must plan our theater nuclear weapon posture and relate it to our conventional posture in such a way that we have a realistic option in the theater without having to rely solely on strategic nuclear weapons. In other words, we plan to maintain tactical nuclear capabilities that contribute to realistic deterrence while allowing for maximum flexibility of response in every major contingency we plan for should deterrence fail.

We are currently evaluating the long-term structure of our theater and tactical nuclear programs. In the near-term, we will continue to rely on current capabilities, including theater assets, tactical aircraft, missiles, rockets, field artillery, and atomic demolition munitions. However, research and development and weapon improvement programs are planned in this area, to insure that our weapons and the associated command and control systems have both adequate capability and continue to emphasize minimum chance of accident. With such programs, we believe that we can retain or improve the essential contribution our theater nuclear forces make to our deterrent posture.

D. THEATER CONVENTIONAL FORCES FOR DETERRENCE

> "The primary role of our general purpose forces is to deter and, if necessary, cope with external aggression. If aggression occurs, the use of our forces will be determined by our interests, the needs of our allies, and their defense capabilities, which we are seeking to improve. It is clear, however, that the Soviet Union's strong and balanced conventional capability enables it to project its military power to areas heretofore beyond its reach. This requires us to maintain balanced and mobile ground, sea and air forces capable of meeting challenges to our worldwide interests."
>
> President's Foreign Policy Report
> to Congress, February 25, 1971.

A basic planning approach used to determine the approximate size of our theater general purpose forces involves estimating the capabilities of various alternative forces in several situations that could arise in the future.

We plan our general purpose forces in peacetime to be adequate for simultaneously meeting together with our allies a major Communist attack in either Europe or Asia, assisting allies against non-Chinese threats in Asia, and contending with a minor contingency

elsewhere. In planning our capabilities, we maintain the full range of air, sea, and ground forces needed to meet our planning goals.

The situation which is most demanding, of course, is in NATO. Our general purpose theater force requirements are largely determined by planning for U.S. and allied conventional forces, which, after a period of warning and of mobilization will be able to defend NATO Europe against a conventional Warsaw Pact attack. We and our allies also must insure our ability to sustain our deployed forces and those of our allies through control of the air and sea lanes.

With regard to U.S. force capabilities in Asia, we do not plan for the long term to maintain separate large U.S. ground combat forces specifically oriented just to this theater, but we do intend to maintain strong air, naval and support capabilities. If a large land war involving the United States should occur in Asia, we would, of course, be prepared to mobilize, and would initially use our non-NATO-committed forces as well as portions of those forces based in the U.S. and earmarked for NATO, if required and feasible, and with emphasis on our air and naval capabilities. In the future, we expect the emphasis in Asia more and more to be placed on U.S. support to our allies who themselves provide the required manpower.

Let me now turn to a brief discussion of the planned FY 1972 U.S. general purpose forces, basic deployment capabilities and potential allied contributions in case of conflict.

1. The Planned FY 1972 General Purpose Forces

Table 9 includes a summary of our active General Purpose and Mobility Forces for FY 1972 and compares them to the forces in selected prior years.

a. Army and Marine Corps Ground Forces

By the end of FY 1971, the active Army force structure will consist of 13-2/3 active division equivalents. The Marine Corps will have three active divisions and three active wings. The reserve land forces will include eight National Guard and one Marine Corps Reserve division, and 21 separate Army Reserve brigades. The above forces combine to form total U.S. General Purpose Land Forces of 25-2/3 division force equivalents at the end of FY 1971, compared to 29-1/3 at the end of FY 1970.

By the end of FY 1971, we will have completed most of the planned reduction in major land forces. The remaining reduction planned is a decrease in division totals of 1/3 division from the end FY 1971 levels. The end FY 1972 Army force structure will consist of 13-1/3 active divisions. Mainly because of reductions in support and overhead manpower in FY 1972, the Army will be able to reduce its total active manpower from 1,107,000 to 942,000 during the fiscal year.

A determination of overall land force needs and the role of U.S. and allied forces within that total must include consideration of the following basic facts:

1. By any reasonable measure of economic capabilities and manpower, the United States and its allies in combination have adequate resources to provide for realistic deterrence of both conventional and nuclear wars.

2. The deterrent value of U.S. and local forces varies considerably over the spectrum of possible conflict situations. Local forces may have greater value than U.S. forces in many cases, particularly in meeting smaller conventional threats.

3. Military manpower is more costly for the U.S. than for any of our allies, and the differential probably will grow as we move toward an all-volunteer force.

These realities have led us to conclude that adjustments should be made in the balance of U.S. and allied contributions to our combined capabilities to better use the advantages of each country as we move toward more self-reliant allied capabilities. In some cases, our allies can and should improve the capabiltiies of their forces without U.S. assistance. However, other allies lack the material resources to match the manpower assets available to them, and thus cannot make their maximum potential contribution without outside assistance.

As we continue with implementing our new strategy, we may find it desirable to make modifications in both the size and composition of our future land combat and support forces. But for the present, we have decided that the FY 1972 planned forces discussed above -- a total of 25-1/3 active and reserve DFE's -- are a realistic planning base for the future, as we proceed with modernization programs for these forces.

b. Tactical Aircraft Forces

Based on our assessment of force requirements and allied capabilities, we have decided to continue the reduction in Air Force active fighter and attack forces during FY 1972. We now expect to reduce active fighter and attack aircraft to about 2,170 by the end of FY 1972. The number of Air Force squadrons is expected to decrease from 74 at the end of FY 1971 to 68 at the end of FY 1972. The total number of wings will remain at 21 throughout FY 1972, but the number of squadrons will be reduced as a result of wing/squadron reorganizations associated with redeployment from Southeast Asia.

We also plan to continue reducing our sea-based tactical aircraft forces from the 12 attack carrier wings (CVWs) maintained in FY 1971, to 11 CVWs with a total of about 1,300 active fighter and attack aircraft by the end of FY 1972. We also plan to maintain about 550 Marine Corps fighter and attack aircraft, also capable of operating from carriers. These Marine Corps aircraft will make up three Marine aircraft wings (MAW), each of which will continue to be closely associated with a Marine division, operating within the concept of the air/ground team.

The Reserve tactical aircraft programs, which also form an important part of our total assets, are discussed separately in a following section.

Our tactical air forces have an ability to carry out a variety of fighter and attack missions. Attack missions can be best categorized by their proximity to friendly ground forces. Close air support missions are flown against targets close to our troops and directly support them. Interdiction missions are flown against enemy forces maneuvering behind their front lines, enemy's lines of communication, airbases, and the command and support elements and storage and production facilities in the rear areas of each enemy field army. Tactical air forces provide highly mobile firepower which can be concentrated quickly to counter the aggressor's inherent advantage of being able to mass forces where he chooses to attack. As its mission carries it deeper into enemy territory, the demands on an aircraft change. For example, the ability to loiter on station for long periods becomes less important and the ability to penetrate sophisticated air defenses becomes more important.

For our attack capabilities to be effective, our tactical air forces also must be able to gain the air superiority needed to permit air support of our forces. Furthermore, aided by surface-to-air missiles and anti-aircraft artillery, these same

fighters protect our forces from enemy air attack. The fighter mission places particular demands on an aircraft's ability to detect targets and to maneuver in combat.

To ensure adequate tactical air forces, military planners must strike the right compromises in both design and numbers of aircraft while organizing and supporting them correctly. Aircraft designs must reflect not only the various missions, but also the conditions under which they must be accomplished. In principle, optimum aircraft could be built in appropriate numbers for each mission. However, in fact, when and where a new aircraft will have to operate and what missions it will have to accomplish in what weather are unpredictable. Therefore, we have built multi-mission aircraft which are designed primarily for one mission, but can also accomplish several other missions. For example, the F-4 Phantom is now the principal air superiority fighter of both the Air Force, the Navy and Marine Corps. However, it is also capable of carrying out attack missions, although not as well as, say, the A7 which is primarily an attack aircraft.

Similarly we must strike compromises if we are to have forces that have the right balance of mission capability and enough flexibility to be able to meet less likely, but nonetheless important, demands.

The issues involved in force planning are further complicated by the need to make the best use of assets already on hand and to compensate for the varying capabilities of our friends and allies to contribute to their own defense in the air as well as on land. For example, while our NATO allies together have versatile tactical air forces about as large as our own tactical air forces, our Asian allies generally have small air forces containing relatively few kinds of aircraft. In addition, the levels of training and support of many of the allied air forces may need improvement. Our technically advanced allies are surely able to provide fully capable air forces, but some others can maintain credible air forces only with U.S. assistance. To the latter end, we have begun the International Fighter Aircraft Program, so that our allies can have a fighter which will be simple but able to match the threat over friendly or contested territory. Yet, even with United States assistance, some of our friends and allies lack the technological base to support air forces. In sum, the limits of burden sharing are more restrictive when we speak of tactical air forces than land forces and will vary from country to country.

As we proceed with our planning, we are continuing to examine the many conflicting demands for our tactical aircraft, and the

relationship of these forces to those of our allies. Each mission and theater presents its own unique and demanding circumstances; in the future we may be able to increase further our overall military flexibility by designing different parts of our forces for different likely conflict areas or situations. If our investigations indicate that we could achieve significantly more flexible tactical air forces in the future, we would want to gradually reorient our forces over the 1973-77 period.

In the meantime, the Air Force, Navy and Marine Corps are pursuing essential modernization programs designed to enhance the flexibility and capability of our present tactical air forces. We believe that the active and reserve force strengths we are planning, when coupled with both this modernization and the capabilities of our allies in this area, represent a realistic baseline program for the future.

c. Naval Ships and ASW Forces

By the end of FY 1972, we expect that Naval Ship and ASW Forces, after the reductions of the past few years, will approximate a baseline force for future planning. These forces will include 16 aircraft carriers, including both CVA and CVS, 93 nuclear and conventional attack submarines, and some 227 fleet air defense and ASW escorts. In addition, the FY 1972 forces include land-based ASW patrol and carrier-based ASW squadrons, amphibious ships to lift the assault echelons of slightly less than 1-1/3 Marine Amphibious Forces and about 155 logistics and support ships. In future years, as some existing old ships and aircraft are phased out and new ones are introduced, modifications to these force levels will reflect some further small reductions in total force levels.

Our naval forces form an essential part of our assets for realistic deterrence across a broad spectrum of possible conflicts. Since the United States has been and remains a maritime nation, a strong navy is essential.

However, in planning our forces, we must consider the capabilities of our friends and allies to share the burden of defense at sea, as well as on land and in the air. Allied naval forces possess much more capability in some areas than in others. For example, we cannot anticipate that our allies will be able to make a major contribution in large attack aircraft carriers similar to those that the U.S. possesses in the foreseeable future. But in escort ships, our friends and allies around the world possess a greater number than we do. While the capability of this combined escort-ship force is difficult to measure, due in part to the fact that many are obsolescent, we feel it is substantial. Therefore, it is one of our goals for the 1970's

that our Atlantic and Pacific allies should provide a major contribution to protecting the convoys that in war would be carrying material for their sustenance.

Another area in which our friends and allies should be able to make a substantial contribution is the provision of land-based anti-submarine warfare (ASW) aircraft to patrol the seas within range of their shores. Our allies now have about as many such aircraft active as we have, but again their capabilities are uncertain. We believe that a reasonable goal for the late 1970's is for nearly all of these allied aircraft to have capabilities comparable to our current P-3 A/B aircraft.

Our allies' naval forces also contain some modern, conventionally-powered submarines (SS) in addition to a few nuclear attack submarines (SSN). They should be able to bear the burden of carrying out many of those missions for which conventional submarines are suitable. On the other hand, we do not foresee a time when a major part of the total need for nuclear attack submarines can be met by any free nation other than the United States. Thus, it is clear that allied capabilities will figure more prominently in our plans for escort ship and conventional submarine forces than in our plans for carriers and nuclear attack submarines.

Our long-range goal is to provide a strong, modern and effective navy. The naval modernization programs which I will discuss in later pages are essential for meeting this goal.

2. Deployment Capabilities of FY 1972 Forces, and Potential Allied Capabilities

Capabilities of the planned FY 1972 U.S. forces for possible deployments to meet theater-level conflicts in Europe or Asia are discussed in the following pages. These capabilities should, of course, be considered as illustrative rather than actual plans for meeting any specific contingency or conflict. They do not reflect current deployments, but represent a surge capability for meeting a conflict situation in a specific theater.

In the European theater, for example, we have deployed and immediately ready to fight, an Army combat force of 4-1/3 divisions. With adequate lift, this force could be immediately augmented by redeployment of the U.S. dual-based units and subsequently, by substantial additional augmentation.

Our NATO allies, at the outset of a war in Europe, would have available in the Central Region a total of some 20 divisions. These forces could subsequently be increased.

Turning to the tactical airpower we normally have deployed in the European area, there are some 31 squadrons (about 600 fighter and attack aircraft). This level could be increased substantially as reinforcements, including both active and reserve aircraft, arrived from the U.S. The total number available would include the deployment of a number of aircraft carriers and their tactical aircraft for the primary task of protecting the essential sea lines of communications and for the support of land forces if required. At the same time, allied fighter and attack aircraft could be increased from the number originally available.

Naval forces also would be heavily involved worldwide in the event of a war with the Soviet Union. Other than the additional attack carriers available to augment those already involved, other Naval forces that could be deployed worldwide would include surface combatants and escorts, ASW aircraft and attack submarines.

Our NATO allies also possess significant naval capabilities, but their forces are much more capable in some areas than in others. They have, for example, a large number of escort ships, land-based ASW aircraft and attack submarines (almost all of them conventionally powered). Their carrier capabilities (attack and ASW) and their nuclear attack submarine forces are, however, quite limited.

The deployments which could be made to Asia provide another illustration of U.S. capabilities -- though obviously not simultaneous with a deployment in support of NATO. U.S. land combat forces could, for example, be increased substantially above peacetime deployment levels. This assumes, of course, that adequate air and sea lift would be available and that we would maintain our Europe-deployed force. The number of tactical aircraft wings initially deployed could be increased as forces from the U.S. were deployed to the theater. Under our revised strategy and the Nixon Doctrine, we would be increasingly striving to keep employment of our own ground combat forces to a minimum while keeping open the option to provide local ground combat forces with the required air, sea, and logistics support.

Our Asian friends and allies also have substantial capabilities to bring forces to bear in the event of conflict. For example, in the case of a conflict on the Korean peninsula, South Korea would initially have available almost 600,000 men, over 200 fighter and attack aircraft, and several more divisions within a short time. And the Republic of China could, in the event of an attack on Taiwan, employ some 600,000 men, within a short mobilization period. In addition, the Chinese would have a substantial number of fighter and attack aircraft available for support.

However, we must recognize two important considerations which impact on our planning in this area. First, strengthening of allied forces with increased military assistance and through their own improvement programs will not be achieved immediately. A case in point is our long-range program worked out with South Korea for the improvement and modernization of their armed forces. Similarly, appropriate restructuring of our own forces with the objective of complementing allied capabilities more effectively also takes time. Thus, we believe it is essential to maintain appropriate U.S. strength as we move toward a greater sharing of the defense burden with our friends and allies.

Maintaining strong U.S. active forces with rapid deployment capability, and responsive Reserve forces, are both important factors in providing a realistic deterrent posture for the future. However, other factors relating to U.S. forces can be equally as important. I am referring to the presence which our forward force deployments provide in various areas of the world. This factor is particularly important in Europe. U.S. contributions to the defense of Western Europe have been given broad support by the Congress and by the people of the U.S. since World War II. The steadfastness of this commitment is particularly manifested by our forces stationed in Europe.

I mentioned earlier the fact that we have deployed in the European theater at the present time an Army combat force of 4-1/3 divisions. In addition, many of our other military assets are firmly committed to NATO. The total assets available to NATO today are substantial and they must be kept so. As the President noted in his Foreign Policy Report last month:

> "No token presence could serve our purpose. Our substantial contribution of United States forces -- about 25 percent of NATO's peacetime capabilities in Central Europe -- insures the viability of the strategy of flexible response. It enables us to found Alliance defense on something other than reliance on the threat of strategic nuclear war. It is the basis of our allies' confidence in us. It links European defense to a common strategy and to the nuclear power of the United States."

The FY 1972 Budget provides for the maintenance of our current force in Europe consistent with the President's pledge last December that:

> "... given a similar approach by the other Allies the United States would maintain and improve its own forces in Europe and would not reduce them except in the context of reciprocal East-West action."

Other deployed forces also contribute to stability and deterrence. In this context naval forces are particularly important. For example, last fall the presence of our 6th Fleet in the Eastern Mediterranean during the Jordanian crisis served as a reminder that outside intervention carried great risks.

The modernization programs which I will discuss next will enable us to sustain and improve our present capabilities.

Other funding in the FY 1972 Budget will help improve the readiness of our existing forces. The Services should be able to discuss these improvements in more detail when they appear before the Committee.

3. Modernization of U.S. Combat Forces in FY 1972

Forces that can be deployed or used for actual combat must be properly equipped and in a high state of readiness if they are to be an effective deterrent.

Today, the operational readiness of the Army's active forces is lower than we would like. This has been brought about by the severe personnel imbalances stemming from the one-year tour in Vietnam and by the heavy procurement requirements that were needed for Vietnam -- both to support our own Army units there and to help equip South Vietnamese units. Army Forces outside Vietnam simply have not been supported as well as have those in Vietnam.

There are some encouraging signs, however. The Army has been able to begin delivery of several new weapons systems to its forces outside Vietnam, and its FY 1972 budget request provides for continuing this effort. The Chaparral/Vulcan air defense system, the TOW antitank missile system, and the Sheridan armored reconnaissance vehicle are all being issued to Army units in Europe. The M-16 rifle has been issued to most active Army troops, and deliveries to the Reserve Components have begun. Other modern equipment is being issued to the Reserve Components in increasing quantities as well. Of particular importance is the growing number of modern helicopters included in these deliveries.

Our tactical air forces also need to be improved and modernized if they are to be successful in the future environment in which they must be prepared to operate. Although the operational readiness of these forces today is at a high level (owing in part to their extensive role in the Vietnam conflict) there are a number of areas where we believe the increased capabilities of a modernized force will be required. For example, the F-4 represents technology which dates back to the mid 1950's. These aircraft will not be able to

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cope with projected air threats of the late 1970's or early 1980's. The new F-14 and F-15 fighters are designed to provide the capability we will need. With respect to close air support, we currently have a number of aircraft which can perform this mission. Nevertheless, there is a need for relatively low-cost aircraft specifically designed to provide a specialized close air support role in the future.

There are, of course, other areas where our tactical aircraft inventories should be modernized, and they will be covered in subsequent sections relating to their missions.

As you know, our naval forces are also in need of modernization. Last year, I advised the Congress that if additional money were made available in the FY 1971 Budget, shipbuilding would have first priority. The $3,329 million shipbuilding program contained in the FY 1972 Budget is $739 million above the FY 1971 program and $1.6 billion above the 1966-1970 five-year average for ship construction, and reflects our intention to proceed with a vigorous modernization program for the Navy.

We also plan to accelerate modernization of our own active and reserve land-based combat forces, particularly with regard to capabilities required for NATO. This modernization effort is in our view even more important with the reduced size of our land forces.

Let me now turn to a discussion of the major modernization programs we are planning for FY 1972. A summary of these programs is shown on the following pages. Although programs are grouped by primary mission, as I mentioned earlier many of the systems have inherent capabilities that permit multi-mission utilization. Table 10 provides a summary of major procurement.

Selected General Purpose and Mobility Forces Modernization and Improvement Programs

	FY 71 Actual Funding ($M)	FY 72 Proposed Funding ($M)
Ground Combat Capabilities		
Continued Development and Advanced Production Engineering for Main Battle Tank (XM-803)	77	87
Continued Procurement and Modification of M-60 Tank	92	87
Procurement and Testing of TOW and DRAGON Anti-tank Missiles	131	103
Procurement of LANCE Missile	31	84
Procurement of Army Helicopters	145	35
Continued Development and Advance Production Engineering for CHEYENNE Helicopter	18	13
Close Air Support		
Development of A-X Close Support Aircraft	28	47
Procurement of AV-8A Close Support Aircraft for Marine Corps	86	110
Development and Initial Procurement of Maverick Air-to-Ground Missile	31	87
Air Superiority and Air Defense		
Continued Procurement of F-4 Air Force Fighter Aircraft	78	143
Continued Development of F-15 Air Superiority Fighter	348	415
Procurement and Continued Development of F-14 Multi-Mission Fighter	995	1,034
Procurement of PHOENIX Missiles	92	104
Procurement of Improved Hawk and Chaparral/ Vulcan Surface-to-Air Missile Systems	106	108
Continued Development of a New Surface-to-Air Missile System, SAM-D	83	116

	FY 71 Actual Funding ($M)	FY 72 Proposed Funding ($M)
Interdiction, Reconnaissance, and Other Combat Aircraft		
Continued Procurement of A-7 Air Force Attack Aircraft	256	208
Financing of F-111 Over-Target Costs and Performance Testing (includes 24 A/C in FY 71)	666	190
Procurement of A-6E and A-7E Attack Aircraft	272	192
Continued Development and Procurement of EA-6B Electronic Warfare Aircraft and E-2C Fleet Early Warning Aircraft	300	554
Procurement of RF-4C Reconnaissance Aircraft	40	44
Sea-Control and Naval Projection of Power Forces		
Additional Funding for CVAN 68 and 69	-	164
Continued Procurement of the P-3C Land-based ASW Aircraft	166	328
Development and Initial Procurement of S-3A Carrier-Based ASW Aircraft	288	580
Procurement of High Speed Nuclear Attack submarines (5 FY 72; 4 FY 71)	662	881
Continued Development and Limited Procurement of MK-48 Torpedo	167	182
Procurement of ASW Destroyers (7 FY 72; 6 FY 71)	481	599
1 Nuclear-Powered Guided Missile Frigate, (DLGN-38)	211	209
Completion of Funding and Program Adjustment, DLGN-38-class ships	-	49
Continued Development of AEGIS Ship Air Defense System	72	100

	FY 71 Actual Funding ($M)	FY 72 Proposed Funding ($M)
Sea-Control and Naval Projection of Power Forces (Continued)		
Development of Condor and Harpoon Long Range, Standoff Missiles	42	56
LHA Program (Termination of Program at 5 Ships in FY 1972)	313	110
Procurement of Marine Corps: Amphib. Asslt. Veh.	41	61
Helicopters	18	21
Procurement of Logistic and Support Ships	-	354
Mobility Forces		
Funding for Unbudgeted Prior Year Costs and Implementation of the Scientific Advisory Board Recommendation for the C-5A Aircraft	621	383

a. Ground Combat Capability

XM803 Tank. In connection with our land forces, the Army's tank program today is focused primarily on the continued development of its new main battle tank, the XM803. As I reported to you last year, the joint effort to develop a single tank with the Federal Republic of Germany has been terminated. Since then, the Army's efforts have been directed toward developing the austere version -- the XM803 -- with the goal of reducing the average unit production cost to about $600,000 in FY 1970 dollars. The program will be reviewed as the development and testing progress and we intend to authorize production only when we are sure the development is complete and the cost acceptable.

The resulting tank would still have all of the essential characteristics which will enable it to counter the tanks which the Soviets are capable of producing and are likely to field in the 1980's: a 152 mm gun capable of firing a new high velocity armor-piercing round and launching the Shillelagh anti-tank missile, as well as spaced armor, low silhouette, passive night vision, and fire-on-the-move capability. But some of the less critical features have been either eliminated or modified to save money. We are requesting $87 million in FY 1972 to continue development and Advanced Production Engineering for the XM803, which will include procurement of second generation pilot hardware, testing of components, and development of training devices. The Secretary of the Army will be prepared to discuss the details of scheduling and proposed funding for the XM803.

M60 Tank. To continue improvement and retrofit of the M60-series tanks, $46 million is included in the FY 1972 Budget. Of this, $13.3 million will be used for a modest product improvement program to upgrade the M60 and M60A1 tanks, which are the Army's standard tanks today. These improvements are to give the M60-series tanks better performance and longer life. The remainder is to apply corrective modifications to 210 of the M60A1E2 tanks which the Army has procured in previous years. The M60A1E2 is essentially an M60 tank with a modified turret and armament system which allows it to fire both conventional ammunition and the Shillelagh anti-tank missile. Fixes for the technical difficulties in turret stabilization, which slowed this retrofit program, have been identified. The Army assures me that the testing of these fixes is proceeding satisfactorily.

In addition, the Army plans to continue its procurement of M60A1 tank vehicles. The FY 1972 Budget includes $41 million to procure 90 M60A1 tanks and 60 Bridge Launcher Chassis. This procurement, together with the M60A1E2 modification program discussed above, will keep production at the minimum sustaining rate.

Tow and Dragon. To complement its tank capability, the Army is moving ahead with procurement of its new anti-tank missile systems for the infantry -- Tow and Dragon -- for which we are requesting $103 million in FY 1972. The Tow is the heavy anti-tank weapon used by infantry battalions.

Last year the Army reevaluated a proposal to use the Shillelagh missile instead of Tow in the infantry ground mode, in response to strong Congressional interest in this possibility. The Army's findings were that Shillelagh offered no technical or operational advantages over the Tow, and this action would not promise any significant cost savings. Furthermore, adaptation of Shillelagh would delay equipping of NATO-oriented units with a new anti-tank system by three or four years. For this reason, we decided last year to continue Tow procurement. At the present time, we are well into a multi-year procurement program for this system; in FY 1972 we plan to continue buying the Tow at the minimum sustaining rate. Meanwhile, the Army has sufficient prior year funds to equip its forces in Germany and some of its forces here in the United States with the Tow launcher and a partial supply of missiles. The Dragon is the lighter weight anti-tank system, designed to be handcarried by our most forward ground combat elements. It, too, is destined primarily for our European-based forces. The Dragon goes into initial production in FY 1972, and funds for the first year's increment are included in our current budget request. The budget also includes $4 million to begin Advance Production Engineering (APE) for equipping COBRA helicopters to carry the Tow missile.

We believe that our attack helicopter programs also will significantly improve our anti-armor capability.

Lance. Procurement of the Lance missile system is planned for FY 1972 and $84 million is included for this purpose. This system will replace the Honest John and Sergeant system, both of which are approaching the end of their useful life. Lance will have a primary nuclear as well as a conventional warhead capability, and with greater mobility and quicker reaction time, will provide our ground forces in Europe with considerably increased survivable firepower. In addition, these improved characteristics will allow the Army to replace Honest John and Sergeant battalions with Lance on a better than one-for-one ratio that will produce significant savings in manpower.

OH-58A. The major Army aircraft procurement planned in FY 1972 is 400 OH-58A light observation helicopters, to replace obsolete OH-13 and OH-23 helicopters. These modern helicopters will provide battlefield commanders a significantly greater capability for reconnaissance, target acquisition, and command and control. We have included $35 million for OH-58A procurement for the final year of a multi-year contract.

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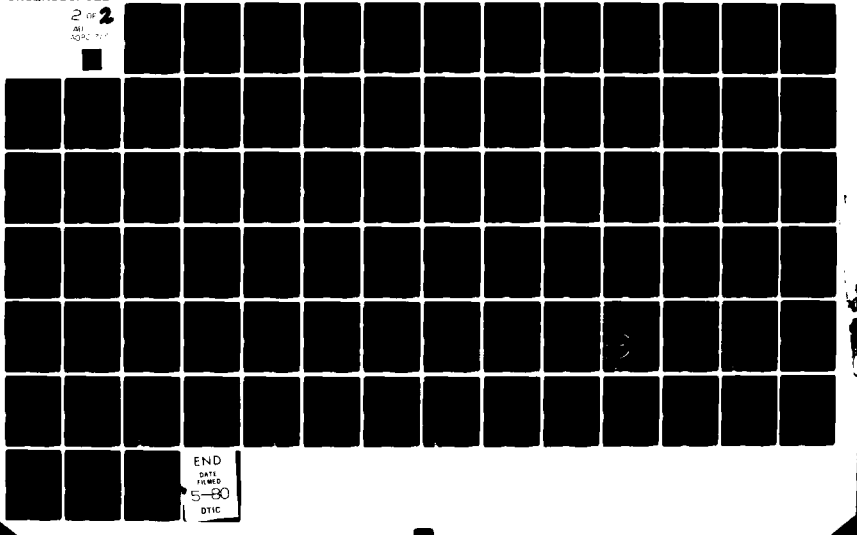

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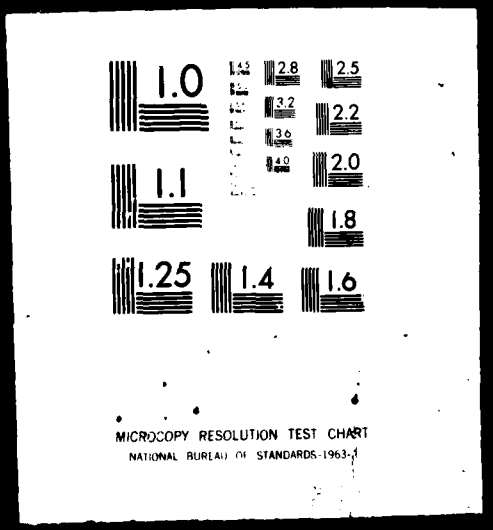

UH-1. No FY 1972 funds are included for procurement of the larger UH-1 "Huey" helicopters for the Army, although deliveries will continue through the period.

Advanced Attack Helicopter. The FY 1972 Budget contains funds for continued development of the CHEYENNE advanced attack helicopter. It is a far better weapons system than the COBRA, and offers the sort of major technological improvement that the Army needs to implement its air mobility concept. We have included $13 million in the budget for CHEYENNE advanced production engineering.

b. Close Air Support

Our combat experience in Vietnam has again underlined the importance of close air support for ground forces. In addition, our new concepts of air mobile warfare have led us to conclude that both organically assigned attack helicopter gunships providing direct suppressive fire support and heavier support in depth from attack aircraft do contribute to this role.

We are proposing in the FY 1972 Budget to continue development of both the A-X and attack helicopters because we believe they complement each other, through overlapping zones of coverage and diverse operating modes. At the present time, we believe that a mix of fixed wing aircraft and helicopters permits a variety of operation and deployment possibilities, a factor that may become increasingly important in the future. However, in view of the continued interest of the Congress in this area, we have established a working group to evaluate the close air support issue. Their evaluation will be completed before a production decision is made on either the CHEYENNE or the A-X.

A-X. We have included $47 million in the budget to continue development of the A-X, an Air Force program designed to provide a modern aircraft to meet the heavier close air support mission. A-X procurement could begin in FY 1974. The A-X design will be chosen using a competitive prototype program, in which a "fly off" will be held between the two designs to determine which aircraft will be developed. In this way, we hope to continue to move away from production based on paper studies and toward a "fly before buy" policy.

Although the A-X design emphasizes close air support of our troops, this aircraft also will have the capability to carry out interdiction missions behind enemy lines, and armed escort, reconnaissance and search operations. The A-X will increase our anti-tank capability, thereby providing greater support for our ground forces.

HARRIER. Since the Marine Corps operates as a closely integrated air/ground team, the AV-8A HARRIER weapon system is particularly suited to provide high performance V/STOL air support. The FY 1972 Budget includes $110 million to purchase in the United Kingdom an additional 30 AV-8As. The HARRIER is a proven aircraft that has been operational with the Royal Air Force (RAF) for two years. Currently, several HARRIERs are undergoing trials and initial squadrons are being formed in the U.S. The RAF and U.S. experience already acquired indicates that the HARRIER will prove to be an effective and valuable system.

MAVERICK. The MAVERICK is another program that is of importance in providing increased capabilities for support of troops on the battlefield. MAVERICK is a tactical air-to-ground missile for use by our current F-4 and A-7 aircraft against targets such as tanks, armored vehicles, artillery and field fortifications. It has automatic television homing guidance, that should enable it to achieve a high probability of killing its target. Testing of this missile has progressed satisfactorily and we intend to begin procuring it in FY 1972 for equipping the tactical forces. We are requesting $87 million for this program in FY 1972.

c. Air Superiority and Air Defense

F-4. Near term modernization of aircraft for this role is planned through continued F-4 procurement. The budget includes $143 million to buy 36 F-4 aircraft in FY 1972 for the Air Force. However, the number of active F-4s will remain at about 1,400, with older aircraft being transferred to the reserves as new ones are delivered to modernize this force.

F-15. We are concerned, however, that the F-4 may not be able to cope with future threats to air superiority, and hence, are developing an all new fighter, the F-15, in order to fulfill our future requirements. We expect the F-15 to possess a significant advantage in maneuverability over future enemy fighter threats, and have a higher overall system capability. It will be armed with short and medium range missiles, as well as a cannon. The F-15 will become our first-line air superiority fighter in the post-1975 time period. The budget includes $415 million to continue this development. We expect to begin F-15 procurement in FY 1973, and by FY 1976 to start replacing F-4 squadrons with F-15 squadrons in the active forces.

F-14. To modernize our fighter oriented naval air forces, we plan to replace F-4 aircraft in the active forces with F-14s in the mid-1970's. The budget contains $228 million for continued R&D and

$806 million to procure 48 F-14 aircraft in FY 1972, as compared to 26 procured in FY 1971. As I noted last year, this increase in production rate is contingent on its performance in test flights. While we believe the F-14 is an important development, the contract was let in early 1969 and does not have some of the features we now believe necessary for good management control. Also, the crash of the first development aircraft has delayed somewhat the development program. We are reassessing the situation and may wish to modify the program, but as yet no modification program has been approved. The budget also includes $104 million to procure PHOENIX missiles for use on F-14 aircraft. The Navy will discuss the entire F-14 program in more detail.

CHAPARRAL/VULCAN. Modernization is also planned for the ground components which contribute to the air superiority-air defense role. The Chaparral/Vulcan system is currently being deployed. This missile/gun combination helps fill a void in the forward air defense of deployed ground forces. At the same time, the Army is planning additional procurement of Improved Hawk missiles, to provide a better defense against electronic countermeasures and mutiple aircraft strikes. Procurement funds of $108 million for another increment of each of these systems are in the FY 1972 budget request.

SAM-D. The SAM-D air defense system continues in advanced development, and good progress is being made. This system is being developed to cope with the anticipated air threat of the 1980's -- a threat which neither the present Nike Hercules nor Hawk can counter. We are requesting $116 million in FY 1972 funds to continue the basic SAM-D development program.

d. Interdiction, Reconnaissance, and Other Combat Aircraft

A-7D. Interdiction missions are flown against enemy forces maneuvering behind their front lines, and against the command and support elements in the rear areas of each enemy field army. We presently have a variety of aircraft, including the F-100, F-105, F-4, A-6, A-7, and F-111, which are capable of performing interdiction missions. In the near term, A-7 and F-111 aircraft will replace F-100 and F-105 aircraft to modernize this part of the Air Force. We expect to procure 97 A-7Ds in FY 1972, for which $208 million is included in the budget. This order will complete our planned procurement of A-7Ds and provide for a force of three A-7 wings in the Air Force.

F-111. We currently plan that the number of tactical F-111 wings in the force will increase to four by the end of FY 1972, our planned force level for these aircraft. The F-111 should provide a significant increase in interdiction capability by virtue of its ability to operate at night or during adverse weather and fly deep into enemy territory.

The Budget includes $190 million for additional development, initial spares, and for payment of prior-year costs needed to complete the F-111 procurement program. The Air Force has tested the F-111 aircraft, and believes that the aircraft now in the force will perform satisfactorily. There are, however, Mark II Avionics System difficulties in the "D" model. The resolution of these difficulties is now being worked out with the contractor, and the Air Force will be prepared to discuss the details, including both funding aspects and program adjustments. No F-111 procurement is planned beyond FY 1971 but funds are needed to pay for aircraft procured in previous years.

A-6E/A-7E. The A-6 and A-7 aircraft are the Navy's principal all-weather and visual air-to-ground attack aircraft. The latest series, the A-6E and A-7E, are expected to provide increased performance over earlier versions through improved avionics systems. Therefore, we have concluded that A-6E and A-7E production should continue in order to modernize our sea-based attack aircraft forces. For this purpose, the budget contains $192 million to purchase 12 A-6E and 24 A-7E aircraft in FY 1972.

E-2C/EA-6B. The budget includes $554 million for continued development of the E-2C airborne early warning and EA-6B electronics countermeasure aircraft and procurement of 11 E-2Cs and 19 EA-6Bs.

RF-4C. To continue modernization of its tactical reconnaissance capability, the Air Force is procuring 12 RF-4C tactical reconnaissance aircraft in the FY 1972 Budget, for which $44 million is requested. This aircraft is equipped with multiple sensors, which will permit it to perform all-weather reconnaissance.

e. Sea Control and Naval Projection of Power Forces

Aircraft Carriers. At the end of FY 1972 the aircraft carrier force will consist of the nuclear-powered ENTERPRISE, eight FORRESTAL-class, three MIDWAY-class, and four older carriers. The NIMITZ and EISENHOWER nuclear carriers have been funded and will replace the two oldest carriers in FY 1974 and 1975. The Navy now estimates that these ships will cost $594 million and $616 million, respectively, for a total cost of $164 million above the Navy's previous cost estimates. This amount has been included in the FY 1972 Budget. Navy witnesses will, of course, be prepared to discuss in detail the reasons for these and other increased cost estimates for ship construction included in the FY 1972 Budget.

In 1978, our carrier forces will average twenty years in age with the oldest ship 33 years. At that time, the nuclear-powered carriers NIMITZ and EISENHOWER will have joined the ENTERPRISE in the fleet. I am convinced that our responsibilities in the Atlantic, the Pacific,

the Mediterranean and other ocean areas will require construction of an additional nuclear powered carrier for the Navy to insure adequate attack carrier capabilities for the 1980's and beyond. The Navy is currently assessing the need for funding to keep the industrial base open with selected long lead time items in FY 1972. If preservation of the industrial base should be at issue, or if significant savings would be realized, I will seek funds for long lead time procurement for CVAN-70 in FY 1972 through reprogramming actions or budget amendments, within our overall request. This will enable us to keep the option open to authorize the next carrier in FY 1973 or FY 1974.

Patrol and ASW Aircraft. Land-based ASW aircraft are our primary means to search broad ocean areas. To increase our capability in this area, we are pursuing a continuing program to buy P-3C aircraft to modernize the active forces and transfer earlier model P-3s to the reserve forces.

In FY 1972 we plan to buy 36 P-3C aircraft at a cost of $328 million. The P-3C contains ASW equipment similar to that of the S-3A. As they are replaced in the active forces, older P-3A/B aircraft will be transferred to the Naval Reserve to increase its effectiveness.

Sea-based ASW aircraft are also needed to maintain the flexibility to meet contingencies which might occur out of range of available land bases and to conduct persistent and concentrated air ASW operations around naval forces and convoys at sea. In order to improve ASW capability, our sea-based ASW aircraft are also being modernized. We are requesting $207 million in FY 1972 for completion of most of the S-3A aircraft development program.

We also propose to procure the first 13 production aircraft in FY 1972 if flight testing shows that the aircraft is ready for production. We have included $373 million in the FY 1972 Budget for that purpose. If the procurement decisions are made on schedule, the first two S-3A squadrons would be operational in the mid-1970's.

Submarines. Important changes in submarine technology have taken place in both the United States and the Soviet Union in the last ten years, and have compounded the uncertainties inherent in our judgments of our needs for SSNs. However, because of the unique ASW capabilities of submarines and their effectiveness in other missions as well, we believe we should pursue a vigorous SSN construction program in the near term. Therefore, we have included $881 million in the FY 1972 Budget for procurement of five new "high speed" 688-class SSNs, and for long lead time procurement funding for submarines to be started in FY 1973.

The MK-48 torpedo program is of major importance to the effectiveness of U.S. submarines. Because of early development problems, the Navy began a parallel competitive torpedo development in 1965. There are now three versions of the torpedo, the MK-48-0, which is primarily an ASW weapon; the independently developed dual-purpose MK-48-1, and the dual purpose MK-48-2, the successor to the MK-48-0. The Navy plans to continue competitive development, test and evaluation until the summer of 1971, when one of the dual-purpose versions will be chosen. The total of $182 million included in the FY 1972 Budget will essentially complete the development program and provide for initial procurement of an operational inventory. Future procurement plans will depend on the version selected for full production.

Fleet Air Defense and ASW Escorts. Much of the escort ship force is old. For example, 82 ships in the planned FY 1972 force are of World War II construction. Therefore, an extensive ship construction program is in progress to modernize this force. The forty-six 1052-class destroyer escorts previously authorized are entering the fleet; a multi-year contract for 30 DD-963-class ships has been let; and two DLGN-36-class ships (the CALIFORNIA and SOUTH CAROLINA) are under construction.

Furthermore, we propose to fund a third DLGN-38-class ship in FY 1972. This is in addition to the two ships of this class funded in FY 1970 and FY 1971.

The delivery of the DLGN-38 is now scheduled for the mid-1970's with the next four ships scheduled to be delivered by the late 1970's. The Navy now estimates that the follow-on DLGN-38-class ship included in the FY 1972 Budget will cost $240 million, and we are requesting $195 million to complete its funding plus $14 million for long lead time items for DLGN-41. We are also including $49 million for DLGN-38 program escalation and cost growth adjustment.

The Navy's current estimate of the total cost for the DD-963 program is about $2.7 billion. We have included $599 million in the FY 72 Budget to fund the next seven ships. The first ship of this class is currently scheduled to be delivered in FY 1975, with delivery of all 30 ships scheduled to be completed in FY 1978.

In total, the Budget contains about $914 million of ship construction funds to modernize this force.

The FY 1972 Budget includes $100 million to continue development of the AEGIS surface-to-air missile system, which we expect will increase our ability to defend naval forces and shipping at sea against missile attacks. The Navy's current plan is to complete the technical evaluation of this system in the mid-1970s. Also included in the budget request is $56 million to continue developing the CONDOR and HARPOON long-range standoff missile systems.

Amphibious Lift. Eleven new ships will be delivered in FY 1972 and 13 older amphibious assault ships will be retired. This, with the exception of helicopter decks equates to a capability to lift the assault echelons of slightly less than 1 1/3 Marine Amphibious Forces. This will permit a division-sized assault in one area while maintaining the ability to land a smaller air/ground team elsewhere. These forces will be sufficient to continue current deployments of amphibious forces in the Western Pacific and Mediterranean.

By FY 1975 all but one unit of the amphibious ship force will consist of post-World War II vessels. Sixty-five will be capable of sustained 20-knot transits. Five new general purpose assault ships (LHAs) have been funded through FY 1971 and will be delivered to the fleet between FY 1974 and FY 1975. We now believe that only five LHAs are needed. The FY 1972 Budget includes $110 million to terminate the multi-year contract, which was originally for nine LHAs, and to reduce the program to the five LHAs required in the assault ship mix for the current lift capability.

Further improvement in amphibious capability in FY 1972 will be provided by procurement of 450 more LVTP-7s (assault amphibian vehicles) for which $61 million is requested, and 24 more twin-engine UH-IN helicopters, with $21 million requested in the FY 1972 Budget for this program.

Logistics and Support Ships. The age of our logistics and support fleet remains an important matter of concern for the long term. Therefore, the FY 1972 Budget includes funds for construction of one new oiler, two submarine tenders, and three ocean-going rescue and salvage ships at a cost of $354 million.

4. Modernization of Mobility and Lift Forces

a. Strategic Airlift

We believe that as presently programmed, our strategic airlift will provide adequate resources to meet the spectrum of deployment requirements through the late 1970's. We expect about 65 C-5A (four squadrons) and 275 C-141 (13 squadrons) aircraft to be active by the end of FY 1972. Another 15 C-5As will be added in FY 1973 to round out our military strategic airlift forces. In a rapid deployment, we also rely on the approximately 330 commercial aircraft in the Civil Reserve Air Fleet (CRAF) to move troops and a portion of the worldwide resupply requirements.

The FY 1972 Budget includes $383 million to support the C-5A program, of which $357 million is for procurement. The remainder is

for additional development work implementing recommendations made to the Secretary of the Air Force by the Air Force Scientific Advisory Board, based on its comprehensive review of the C-5A development.

Secretary Packard has informed the Committee of our plan for resolving the C-5A contractual disputes with the Lockheed Aircraft Corporation in order to insure that the production program of 81 aircraft can be completed. He will discuss that plan with you in detail before the reformed contract is executed and before the FY 1971 "contingency fund" of $200 million is obligated for expenditure.

b. Tactical Airlift

In FY 1972, we will complete the phasing of the C-130 A/B aircraft from the active to the reserve forces. Our active tactical airlift force will consist of sixteen C-130E squadrons, one ski-equipped C-130 squadron, and four STOL (C-7/C-123) squadrons. Twelve more C-130Es are included in the budget at a cost of $41 million. The STOL portion of the force has been reduced significantly by the transfer of six squadrons to the Vietnamese Air Force. We anticipate rebuilding the STOL force (starting in FY 1973) and we are now in the process of determining the appropriate replacement aircraft.

c. Sealift

The United States and its allies have substantial sealift assets. However, we face serious sealift problems in executing the rapid deployment concept required under our national strategy in the early stages of a contingency. The only immediate capability available to DoD is the Military Sealift Command Controlled Fleet. The recently enacted Merchant Marine Act of 1970 will provide additional sealift resources for use during national emergencies. However, we cannot rely solely on commercial shipping assets to meet our deployment needs early in a contingency for several reasons. First, even with Presidential requisitioning, marshalling commercial ships dispersed on the world-wide trade routes consumes valuable time. If DoD has suitable vessels under its control, they can be repositioned during strategic warning periods, prior to national mobilization, in order to be immediately available to deploy forces to limit a developing crisis. Such ships will be controlled so as to facilitate repositioning upon receipt of warning.

A second reason why we cannot rely exclusively on commercial ships is that too few of them have the capability to move the heavy, outsize unit equipment of our combat and combat support forces. The commercial trend is toward containerships and other specialized ship types. Containerships, which now comprise 35% of the U.S. commercial

general cargo sealift capability, are projected to increase their percentage to 55% by 1975. Such specialized vessels can carry resupply cargoes, but are of little use in the early stages of a crisis when unit equipment must be rapidly deployed to a contingency. By contrast, the commercial break bulk fleet, which can lift most unit equipment, is projected to decrease from 224 C-5-S-75a equivalents in FY 1971 to 167 in 1975.

The delay associated with activating vessels from the National Defense Reserve Fleet (NDRF) prevents these resources from meeting the shortcomings of the active fleet. The first vessels from the NDRF would not begin to become available for use in a deployment until approximately 30 days after mobilization, and thus could not be used in the early critical periods of a rapid deployment. Moreover, since virtually all of these vessels were built during World War II, their value in the event of an emergency is increasingly questionable. Because of this, these ships are gradually being disposed of and will be phased out in the next five or so years.

DoD's current shipping assets are quite limited. In the mid-1970's without acquisition of new assets, the DoD-controlled strategic sealift force will be limited to three roll-on/roll-off vessels. In light of this fact and the shortcomings of the commercial fleet, we are attempting to obtain ten Multi-Purpose Cargo Ships (MPS). These vessels are specially designed to be compatible with unit equipment, and they are considered necessary for rapid deployment in the event of a contingency. Recognizing the desirability of eliminating government competition with commercial interests, we propose to acquire these assets under long-term chartering arrangements from commercial shipping operators. The MPS's will be privately built to Defense design specifications with the DoD charter contract serving as the necessary guarantee to induce commercial interest in the program. There would be no government expenditure of funds until the vessels are in the active fleet. At that time, the government would make annual charter hire payments, as is done for other time-chartered vessels. DoD is also hopeful of obtaining nine shallow-draft tankers, which are not available commercially, under the same build and charter arrangement.

5. Modernization of the Reserve Components

An important aspect of our Total Force approach to providing the forces that might be needed in the event of major conflict is increased reliance on Reserve and National Guard forces. This requires that we place greater emphasis on the readiness of reserve component forces. To improve reserve readiness, we must recognize the importance of two interrelated factors, manning levels and the availability of equipment.

Manning levels will represent a continuing problem as we move toward an all-volunteer force. Currently they are in line with the minimum strengths set by the Congress for the Selected Reserves, except for some slippage in Navy Reserve strength which the Navy is now seeking to correct. It is apparent, however, that the downward trend in draft calls will have an effect on reserve manning, which can be seen from the fact that waiting lists for entrance into some Reserve units are declining. Our efforts in FY 1972 will be primarily oriented toward enhancing participation in the Reserve and Guard through improvements in their procedures and administration. It should be noted, however, that the recent general pay raise for active duty military personnel also accrues to Reserve and Guard personnel, which will provide some help in maintaining Reserve component strengths. In any case, it must be anticipated that, as we draw closer to FY 1973, there will be a need for real and visible incentives to encourage young men and women to join or remain in the Reserve components.

While manning levels are more of a future problem related to an all-volunteer force, equipment levels are a current and serious problem for Reserve component readiness. We must ensure that the Reserve component units are provided equipment in sufficient quantity, and in combat-serviceable condition, to be effective fighting forces upon mobilization. Operational readiness also requires that equipment be combined with realistic, timely drill periods and training. Improved equipping levels will greatly enhance our ability to train personnel, and thus provide a basis for major increases in combat readiness. The overall situation in the Reserve components today is that equipment availability and quality limit combat readiness to levels below those imposed by manpower limitations.

One of the major obstacles to improving reserve readiness in the past was that, for the most part, it was very difficult to determine exactly what happened to the funds allocated to the Reserve and Guard for operations and maintenance (O&M) or procurement. The Army and Air National Guard have separate appropriations for O&M (except depot maintenance), but not for procurement, and all of the O&M and procurement funds for the Reserves were merged within the active force appropriations.

We decided initially to deal with this situation by having the Military Departments establish separate Guard and Reserve budget accounts, within the appropriation accounts, for those funds which previously had been included with active force appropriations. Beginning with the FY 1971 Budget, this was done for the O&M appropriations, but line item budgeting for procurement was not established. Much of the equipment provided to Guard and Reserve units is combat serviceable ("fall out") equipment released from active forces. The

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principle of line item identification of funding to rehabilitate "fall out" equipment has been used in the FY 1972 O&M accounts, but a different approach is now being taken with procurement of new equipment. Instead of separating the procurement funds, the Services are establishing formal procedures to schedule the allocation of specific quantities of new equipment between the Reserve components and the active forces. This system should be fully implemented by FY 1973.

Let me now discuss some of the specific details of our program to modernize Reserve forces with more and better equipment.

a. Army Reserves/Army National Guard

Reductions in the level of combat in Southeast Asia and consequent reductions in the size of the active Army are making it possible to replace some of the outmoded or unserviceable equipment now in the hands of the Army National Guard and Army Reserve with first-line combat equipment. Progress is being made in increasing equipping levels, but much more is still needed. It is estimated that at the end of 1970 the Army Reserve components had on hand about $1.6 billion worth of combat serviceable equipment, as against mobilization requirements of about $6.1 billion, and, within that amount, training requirements of $3.8 billion in equipment. In the FY 1965-69 period the equipment inventory actually declined slightly. FY 1970 was the first year of our new initiative to improve Reserve equipping, and about $300 million of serviceable equipment was issued to Reserve component units in that year. We estimate that between $450 and $600 million in equipment will be provided in FY 1971, and at least $500 million more in FY 1972.

About $200 million of the FY 1972 total of $500 million will come from equipment in depot stocks that is in need of repair. The FY 1972 Budget includes $50 million to rehabilitate this equipment. These depot stocks are an important potential source of equipment for the Reserve forces. Because of shortages of funds, however, it was largely untapped in FY 1970 and 1971. We hope to obtain up to $1 billion in equipment from this source for the Reserve forces in the FY 1972-1974 period.

One specific indication of progress in equipping levels is that ten brigades are earmarked in our plans for early deployment in the event of a major contingency, and they are expected to have 80% of their full equipment allowances by the end of 1971. The 80% level is the amount authorized for training purposes prior to mobilization (the balance of their full equipment allowance would be maintained in depot stocks earmarked for their use in the event of mobilization).

Achieving the 80% equipping level will be a major step forward for these units. It will contribute to completion of the training and preparations they need to attain the desired state of readiness.

An example of improvement in the types and quantities of equipment now being issued to Army Reserve and Guard units is that the first M-60 tanks are arriving this year. About 120 M-60s are being provided in FY 1971 and over 150 more in FY 1972. Rifles represent another important item, and 300,000 M-16 and M-14s are being issued this fiscal year -- considerably more than was anticipated a year ago. The Army Reserve component aviation units are receiving the first deliveries of UH-1 helicopters, and the Army is programming heavy lift helicopters for the Reserves. In summary, we have made real progress in raising the equipment level in the Army Reserve and Army National Guard and in supplying them several types of modern equipment but we recognize that much more still needs to be done.

In addition to improving Army Reserve and National Guard equipment, we are also trying to improve their readiness with various types of association between Reserve component units and active Army forces. The objective is to enable the Reserve component unit to train with the active unit and to become familiar with the latter's equipment and methods of operation. The Reserve component unit will still need its full complement of combat serviceable equipment, but the Reserve/Active association will permit personnel to become familiar with newer and more up-to-date types of equipment that are not yet available to the Reserve component unit.

One approach is actually to integrate the Reserve component unit with the active unit. In the program now being evaluated, a number of Guard and Reserve battalions are assigned to round out two NATO-oriented divisions, and would deploy as units of those divisions. We are also examining the possibility of integrating an entire Reserve brigade with the training exercises and deployment plans of an active division.

In addition to these efforts, we are also pursuing more limited forms of association. Units which have achieved company level readiness in Army training tests (i.e., their training and equipment is up to the level needed to function as a unit in combat) may then participate in active Army exercises in order to measure their capabilities against those of active units. Moreover, the Continental Army Command has implemented a program in which company-size Reserve component units conduct training with Army units at nearby active installations. The Army Materiel Command is pursuing a similar program for Reserve component combat service support units.

b. Air Force Reserve/Air National Guard

The Air Force Reserve and Air National Guard include some of our most capable and ready forces. Units of the AFR and ANG are engaged daily in air defense, air refueling, and airlift missions in support of the active forces, and many of them are capable of rapid response in the event of need. The major problem they face involves the quality of the aircraft and equipment they are operating. They need to replace obsolete aircraft such as the F-84, C-119, and C-124 with newer and more capable F-4s, F-105s and C-130s. While the primary need is for better aircraft, we are also considering the adoption or extension of certain concepts for improving AFR/ANG utilization and effectiveness. These include giving tactical and fighter interceptor units dual mission assignments, relying even more on ANG units for continental air defense, and expanding use of the associate unit concept which has proved quite successful in the airlift forces.

Fighter and Attack Forces. Turning to the specifics of modernization, the ANG fighter/attack forces are currently scheduled to receive from the active forces a considerable number of better aircraft in the FY 1972-1976 period, including F-4, F-105, and F-100 aircraft to replace older models such as F-84s and F-104s. With the phaseout of obsolete aircraft and re-equipping of some squadrons, plus units being converted from other missions, the ANG will achieve a significant increase in capability. Under current plans, the fighter forces at the end of FY 1972 will have six squadrons of F-105s, one of F-104s, and one of F-4s. The attack forces will include 18 F-100 squadrons and two A-37 units. In the years after FY 1972, the number of fighter squadrons is not currently scheduled to increase, but the capabilities of this force will be further expanded as F-105s and F-4s become available from the active forces to replace F-100s and F-104s.

Reconnaissance and Special Operations Forces. The Air National Guard tactical reconnaissance force will also receive better aircraft in FY 1971 and 1972. The units equipped with RB-57 and RF-84 aircraft will be converted to RF-4 and RF-101 aircraft, and the ANG will maintain a force of 4 RF-4 and 7 RF-101 squadrons for the next several years.

In the Air Force Reserve, Special Operations Force (SOF) units will be modernized and tactical air control units converted to the SOF mission as A-37 aircraft become available from the active forces. The AFR plans to form four A-37 squadrons in FY 1971 and 1972.

Air Defense. Modernization of the Air National Guard air defense forces is continuing in FY 1971 as the last three squadrons of F-101

aircraft are released from the active forces. With these aircraft the ANG will then have a total of 6 F-101 and 10 F-102 squadrons. The current plan is to maintain this force for the next several years until F-106 aircraft become available from the active forces. We are, however, considering the possibility of assigning this force greater responsibility for performance of the continental air defense mission.

Airlift Forces. The AFR and ANG airlift forces are being modernized as C-119s and many of the C-124s are replaced with C-130A and B aircraft. In FY 1972 we will have 18 Air Force Reserve and 11 Air National Guard units equipped with C-130 aircraft, giving us a very capable Reserve tactical airlift capability. We will also complete formation of a 13th and final C-141 reserve associate unit and the first two C-5A reserve associate units by the end of FY 1972. The associate unit program has worked quite well, and we now plan to form two more C-5 units in FY 1973. This will mean that for each active C-141 and C-5 squadron there will be an AFR associate unit which could augment its capabilities if needed.

c. Navy and Marine Corps Reserve

Fighter and Attack Forces. During the past two years the Navy Reserve attack carrier air squadrons have been reorganized, and their aircraft upgraded. Prior to that time these units did not have combat serviceable aircraft, and they could contribute in a combat situation only by augmenting active forces with filler personnel. The Navy Reserve's fighter and attack squadrons, together with supporting units, have now been equipped with combat serviceable aircraft and organized into 2 attack carrier air wings. These squadrons are now being upgraded to combat deployable status.

The carrier air wings will continue to modernize their aircraft with the introduction of later model and type aircraft in FY 1971 and 1972. One more F-8 squadron will be formed, and three A-4 squadrons will be equipped with A-7s. In addition, as F-4s become available they will replace F-8s in the reserve inventory. The Navy now expects to convert four F-8 squadrons to F-4 aircraft by the mid-1970's.

Marine Corps Reserve air units have also been upgraded in the past year. The Reserve has received combat serviceable A-4Cs to replace obsolete older model A-4s and older model F-8s have also been modernized. During the past year the Reserve Aircraft Wing has received 18 CH-46 helicopters and should receive an additional 18 by the end of this fiscal year. In addition, by the end of FY 1972, the Marine Reserve Aircraft Wing is expected to have received its full complement of 24 CH-53s and 12 UH-1 helicopters.

ASW and Surface Forces. The Reserve ASW aircraft units have also been reorganized and upgraded to combat deployable status, in the same way as was done with the attack carrier air wings. The carrier-based ASW squadrons have been re-equipped with serviceable aircraft and organized into two groups. A training carrier is being used to train and qualify them as deployable units.

The Navy Reserve's land-based ASW patrol squadrons are also being upgraded and provided with more capable aircraft. The ten P-2 squadrons are being re-equipped with serviceable, later model P-2s, and in FY 1971, two new squadrons are being formed with more capable P-3A aircraft released from the active forces. As the active force is modernized with new P-3C aircraft, more of the P-3As will be transferred to the Reserves to replace P-2s.

Some improvements are also being made in naval reserve surface ships, which consist primarily of destroyer types and minesweepers. As we all know, the Navy's active fleet escort force is old and in great need of modernization, but the reductions in recent years have meant that the Reserve could obtain some more capable, albeit old, destroyers. By the end of FY 1973 all of the current destroyers will have been replaced by ships which have been at least partially modernized. In addition, the Navy's decision to cancel its modernization program for ocean minesweepers (MSO) will permit some of these ships to be transferred to the Reserve. Four MSOs will be provided in FY 1972, and more may be available subsequently.

E. SUB-THEATER AND LOCALIZED PROGRAMS FOR DETERRENCE

> "No President can guarantee that future conflicts will never involve American personnel -- but in some theaters the threshold of involvement will be raised and in some instances involvement will be much more unlikely."
>
> President's Foreign Policy Report
> to Congress, February 25, 1971

We must face the prospect that conflicts running from localized insurgency or guerrilla warfare to the type of conventional attack which North Korea itself could mount against South Korea will continue to threaten the security of our friends and allies through the 1970's. We have chosen to discuss such potential conflict separately from large-scale conflict directly involving the Soviet Union and the Warsaw Pact, or the Chinese Peoples' Republic. Such a distinction between theater and sub-theater conflict may be considered artificial by some, particularly in the case of an intense localized conflict such as the war in Southeast Asia. It is important, however, because under the Nixon Doctrine, as exemplified by the Vietnamization Program,

we believe that our allies can and must increasingly bear the primary burden for planning to cope with sub-theater and localized conflicts.

However, as we move in this direction under President Nixon's Strategy for Peace, there may be situations where only U.S. capabilities would provide the flexibility of action which may be necessary in the future. Earlier, I noted the U.S. forces which could be deployed in FY 1972 to respond to intense conflict in Korea. Let me now turn to another type of possible response -- U.S. forces which could be made available for minor contingencies in a short period of time.

1. U.S. Capabilities for Quick Response

In some situations, timeliness of response or presence could be a much more important consideration than the maximum force that could be deployed in, say, 60 or 90 days.

Depending on the circumstances and area, the quick response forces could be drawn from the forward-deployed Fleet Marine Forces in the Atlantic, Pacific, and Mediterranean, 82nd Airborne Division in the U.S., a brigade of the 25th Infantry Division in Hawaii, or the 8th Infantry Division in Europe. In addition, other ready brigades or battalions are available to theater commanders. Backing up these forces are the Marine division/wing teams on both the east and west coasts and one brigade on Hawaii, with its integral air support. All are ready to deploy on a few hours or days notice using available lift. Other tactical aircraft could be provided from the forward-deployed aircraft carriers and Air Force squadrons, or from U.S. based aircraft carriers or tactical air squadrons that can deploy very rapidly.

The ability of naval forces to operate at sea near potential trouble spots also provides a special capability for response and flexible presence. Deployments of the Sixth and Seventh Fleets include not only the aircraft carriers and the amphibious assault capabilities already mentioned, but also a large number of escort ships and patrol aircraft. In addition, the current nucleus of small combatant craft (Fast Patrol Boats, Medium and Light SEAL Support Craft, etc.), provides a basis for creating a coastal and river patrol force should circumstances again warrant such a force.

Although the rapid deployment capabilities of U.S. forces are substantial, our goal is to minimize the need for such deployments in the future -- by helping our allies to build their own military capabilities against localized aggression into self-reliant capabilities. As we proceed in this direction, we will also be considering modifications to our own forces, modifications which will enhance their complementary role, rather than a supplanting role.

2. Security Assistance

On a national basis, security assistance can be viewed from slightly different perspectives, depending on the area and type of assistance involved. For example, with regard to Western Europe and the Mediterranean area, our strong commitment to NATO requires that our security assistance planning be closely integrated with overall NATO plans for future forces. In general, security assistance requirements are to help those less capable countries fulfill their role in NATO defense plans, as well as to provide an element of stability in the eastern Mediterranean in the face of increased Soviet activity in the region.

As I noted in my report last year, foreign military sales provide a means to help more developed recipient countries, who can support financially a larger share of their own security burden, but do not have sufficient or modern material available in country. Thus, in the general European area, where national economies are generally stronger, most of our assistance takes the form of cash and credit sales. This situation does not exist in Asia, however, and in that area, grant aid is generally emphasized.

In the Pacific and Asia, just as in Europe, our assistance programs must also be planned in consonance with our own force programs, but in a different sense. As we proceed with Vietnamization and implementing the Nixon Doctrine, we seek to replace some of our past military presence with stronger local capabilities, rather than just improving indigenous forces which complement our own retained capabilities.

Many people are not aware of the magnitude of U.S. military force reductions in the entire Asian area. In the past 2 years we have announced plans to withdraw and reduce authorized military strength in Asia by approximately 325,000. Besides the troop redeployments from Vietnam, this figure includes reductions in Japan, Okinawa, Thailand, the Philippines, and Korea. U.S. military presence in this area is going down, not up. It is being replaced by improved capabilities of nations in this area, both through their own efforts and through the assistance which we are providing them.

In Vietnam, as I noted earlier when discussing Vietnamization, the RVNAF is picking up the burden which we had assumed during our buildup. Because we are actively engaged in conflict in this area, and our planning and operations are integrated, funding military assistance through the Defense Budget is both sensible and proper.

In Korea, where the Koreans are also assuming more responsibilities, we are proceeding at a different pace and using different means for assistance. In this situation, we hope, with the cooperation of the Congress, to fund the Korean force modernization through the grant aid program over the next several years.

Limited fund availability in the past has prevented our allocating to Korea much more than the funds necessary for support of the operations and maintenance costs of its forces in being. We have been unable to make an adequate investment in the replacement of obsolescent equipment, and this has impeded the development of maximum combat effectiveness.

The $150 million requested and provided in the foreign aid supplemental legislation last fall marks an important step toward effective implementation of the Nixon Doctrine in Korea. It will begin a tailored force modernization for South Korean armed forces. This modernization program, which was developed in detailed planning with the Koreans, will strengthen their forces so that we may proceed with the planned reduction of U.S. troops without weakening the defense posture essential to deter North Korean aggression.

Although the amounts involved for Korean Armed Forces modernization are admittedly substantial, they will be more than offset by the savings which will result from the current planned reduction of U.S. forces. Total net savings -- that is, U.S. withdrawal and deactivation savings minus incremental Korean modernization costs -- could amount to about $450 million over a five-year period. This is not only good economy but, even more important, a long stride in the direction of a key goal of the Nixon Doctrine -- that of greater sharing of the defense burden with our allies.

We would hope to structure our security assistance funding to contribute to regional security arrangements. While few countries by themselves can develop a self-defense capability against the full range of possible threats, several working in concert can present a united front to deter aggression. Although every country has a legitimate right to be prepared to defend itself, a careful balance must be struck between dollars spent for defense and dollars spent to improve economic conditions. Regional arrangements can avoid expensive redundancy in defense procurement, especially in costly air and naval weapons systems.

As the President noted last month, the Japanese have announced plans for continuing qualitative improvements in their self-defense forces, thereby enabling them to provide for substantially all of their conventional defense requirements.

Of course, such changes in the forces of our friends and allies cannot take place overnight, and just as is the case for the long leadtimes required to develop new defense weapons systems, there is leadtime associated with a shifting of the burdens of security. And as the President so emphatically pointed out in his Foreign Policy Report, the method is crucial. Developing additional capability does take time. In certain instances such as in Cambodia, where the need is urgent and the types of material required are obvious, we can provide a much quicker response. Small arms and ammunition to equip friends who are involved in conflict can be accomplished relatively quickly, but long-range programs to develop appropriate local capabilities require detailed planning and consultation, because much more than just the strict military aspects must be considered. We have taken steps to improve this planning process by beginning to develop integrated country program-budgets.

In the interim, it is essential that our friends and allies understand that the United States will live up to its commitments and continue to support them. Thus, as we proceed to implement the Nixon Doctrine, both timing and balance are critical concerns. We must maintain our strength as a complement to the growing regional strength of our friends and allies in Asia and use this strength if necessary to assist them in their efforts to provide for their own security until such time as they reach self-sufficiency.

SECTION II

TOWARD BETTER MANAGEMENT OF HUMAN, MATERIAL AND ECONOMIC RESOURCES IN THE DEPARTMENT OF DEFENSE

I. ORGANIZATION AND MANAGEMENT IN THE DEPARTMENT OF DEFENSE

During the past year we have given considerable attention to the improvement of organization and management in the Department. The actions we have taken represent both a continuation of the efforts we began shortly after taking office in early 1969 and the initiation of new proposals drawn from our own subsequent experience and the work of the Blue Ribbon Defense Panel. The following discussion of our management and organization efforts addresses three major areas:

-- Our general approach to organization and management, including continuing actions to improve the overall effectiveness of the Department.

-- Improvements in the management of military operations.

-- Improvements in the process for developing and acquiring new weapons systems.

A. THE APPROACH

We have adopted, as I said a year ago, a concept of management that is based on participatory decision-making, defined decentralization and delegation of authority under specific guidance. Our aim is to improve both the decision-making process and also other management activities by placing more emphasis on people and less emphasis on elaborate procedures. When the people who will be responsible for implementing a decision have the opportunity to participate in making it, the decision is likely to be better, and the people in the organization will probably have a greater incentive for successful implementation.

1. The Importance of People in Management

One key facet of our concept of management is emphasis on individual responsibility and action. We know that one way to improve management is to improve motivation and morale -- and thereby performance -- of the people in the Department. We have taken a number of steps in this direction. The Statement on Human Goals, promulgated by me, Deputy Secretary Packard, and the Secretaries of the Military Departments and the Chiefs of the Services in October 1969 highlighted our concern for the people of the Department. In keeping with that statement, equal opportunity actions have had a high priority in our efforts. Moreover, each of the Services is doing a number of things designed to make a military career more attractive for young people in the future

than it has been in the past. These actions are motivated by our desire to improve morale and performance and to move toward an all-volunteer force in the future. I will have more to say in the next chapter about our efforts to reduce draft calls and to progress toward an all-volunteer force.

2. Decentralization

We firmly believe that management will be improved by selective decentralization. An essential part of this process is to give the Military Departments a larger role in making the decisions that affect them. We have already moved in that direction and intend to continue to allow and to encourage the Services to make their own decisions whenever appropriate.

There are, however, some decisions that the Military Departments find it difficult or impossible to make. There is, understandably, continual competition among the Services and while it generates a high level of motivation and performance, this competitive attitude makes it virtually impossible for the Services themselves to make basic decisions on the allocation of resources and responsibility between and among themselves. The Joint Chiefs of Staff can and do resolve some of these matters, but there are clearly a number of areas in which the final decisions can be made only at the Secretary of Defense level. Decentralization must, then, be limited to giving the Services the responsibility for those things which they are best able to do themselves. Not every management decision can be decentralized, and in fact some matters require more centralization than existed in the past.

The decisions we face in the Defense Department concern important and complex matters involving large sums of federal funds. The essential inputs to effective decision-making on these matters are knowledge, experience, and analysis.

In the previous Administration, the decision-making process was centrally controlled, with the Systems Analysis office giving independent support to the Secretary of Defense by identifying issues, providing analyses, and recommending decisions. In this Administration, we have encouraged greater participation by all parties concerned. At the same time, we have sought to identify more precisely the areas of responsibility of the participants. This participatory-management approach results in a more effective interplay of experience and analysis, and in a more effective use of the Systems Analysis office. Within this framework, the role of Systems Analysis is to stimulate and develop the uses of analytic techniques throughout the Department and to encourage the development for me of clear analyses of issues and clear

delineations of alternative courses of action on them. In this manner the issues and alternatives are clarified not only by analysis but also by the judgment and recommendations of the military services and of the JCS.

3. Delegation of Authority

One important ingredient of good management is the proper delegation of authority. We have found some serious past shortcomings in the Department in this regard -- in the OSD offices, between OSD and the Military Departments and within the Departments themselves.

Issues addressed almost always are complex, requiring many parties to be involved, but a Department cannot be effective when everyone gets into everything.

We have taken steps to define responsibilities more precisely, and we believe that this step alone will contribute to better management. This has been done in the planning, programming and budgeting system (PPBS), where we have given the Military Departments more responsibility and, at the same time, provided a clearer definition of Service and OSD responsibilities. We have gone through the same process in establishing procedures to be used in the development and acquisition of new weapons.

There is much more that can be done to improve delegation of authority, particularly in the Military Departments. A lack of proper designation of responsibility has in large part caused the past layering of staff reviews of new weapons programs. We expect further improvements in this important aspect of good management during the coming year.

4. Changes in Organization and Management and the Blue Ribbon Panel

In implementing our new management concepts we have deliberately chosen to use an orderly, sequential, step-by-step approach instead of attempting to make comprehensive adjustments all at once.

A measured rather than precipitous pace seems most wise to us. We intend to avoid unnecessary disruptions in defense capabilities while we make the transition from wartime to peacetime forces, incorporating the changes in force structure necessary to implement the Nixon Doctrine and the Strategy of Realistic Deterrence, and also needed to complement our transition toward an all-volunteer force.

We have taken this measured course in considering the report of the Blue Ribbon Defense Panel which we received last July. That Panel recommended major changes in the organization of the Department with a separation of activities into the three areas of Operations, Management of Resources, and Evaluation, with a Deputy Secretary designated to have responsibility for each area. A number of other recommendations for management improvement were made, for example, in the development and procurement of new weapons. We concur in general with the Panel's objectives; however, we are seeking to avoid the tendencies toward increased staffing and overhead which we believe to be inherent in many of the specific Panel recommendations. Some of the Panel's recommendations already have been approved; others still are under consideration.

5. A Second Deputy Secretary of Defense

One major change in the organization of the Department which I have concluded is necessary is the establishment of an additional position at the Deputy Secretary of Defense level. My objective in recommending the creation of a second Deputy Secretary of Defense is to enhance civilian supervisory management.

The time of the senior Department officials is the most limiting factor in their management capability. Many developments in recent years have placed increasing demands on the time of the Secretary and Deputy Secretary. While selective decentralization is often the preferable alternative in alleviating this problem, there are both legal and practical limitations on the extent to which high-level responsibility can be delegated to officials in functionally oriented positions.

The Secretary of Defense is authorized to delegate the full scope of his authority to the Deputy Secretary of Defense, and the practice has been for the Secretary to do so. It is my view that the additional Deputy Secretary, if approved by Congress, should also be authorized to receive a full delegation of authority. My intention would be to make a full delegation to both Deputy Secretaries, although it would probably be desirable to assign primary areas of concentration to each Deputy Secretary. I do not believe it would be appropriate to limit flexibility by designating specific areas of such concentration and responsibility in legislation, but I would envision an agreement between the Secretary and the two deputies on their respective areas of responsibility based on the wishes of the Secretary and the particular expertise of individual deputies. This would preserve flexibility for future Secretaries of Defense to make those adjustments best suited to their policies and to the talents of their deputies.

I will not permit this new position to limit access directly to me by the Military Chiefs or by the Secretaries of the Military Departments. As a matter of fact, I believe that this change will actually afford the JCS and the Secretaries of the Military Departments an increased opportunity to present their views and their problems directly to the Secretary of Defense. I feel that creation of an additional Deputy Secretary of Defense will directly support our principle of participatory management.

My proposal differs significantly from the specific recommendations of the Blue Ribbon Defense Panel. That Panel correctly identified the magnitude of the management task and responsibility placed upon the Secretary and the Deputy Secretary of Defense, and I fully support their conclusions about this workload. However, I am not now recommending and do not intend to recommend that the Office of the Secretary of Defense be functionally organized exactly as outlined in the detailed recommendations of the Blue Ribbon Defense Panel.

The creation of this new Deputy Secretary position will require Congressional action, and that should be done by an amendment to Chapter 4 of Title 10, United States Code. I will submit to the Congress the legislation necessary to accomplish this in the near future.

In that connection, the Blue Ribbon Defense Panel also recommended that five new Assistant Secretaries of Defense be established. Because of the modified approach we are pursuing to several of the Panel's recommendations, it is currently my intention to request legislative authority to create two additional Assistant Secretaries of Defense in contrast to the five recommended by the Panel.

I will have more to say about a few of the other important recommendations of the Blue Ribbon Panel later in this chapter, but let me turn now to some of the specific applications of our approach to management and organization.

6. The Planning-Programming-Budgeting System (PPBS)

As I noted a year ago, one area in which we saw a particular need to decentralize responsibility and to delegate more to the Services is the PPBS. As I described it last year, in our revised system I issue detailed strategy and fiscal guidance based on guidance from the President. The JCS and the Military Departments then proceed with force planning based on this guidance. We place much greater reliance on the Military Departments and JCS than was the case in the previous Administration, and this year's work in preparing the FY 1972-76 Program and the FY 1972 Budget is an example of that reliance.

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Uncertainties about the fiscal situation, however, caused us to deviate somewhat from the exact programming process planned a year ago. A further review and revision of our fiscal guidance by the National Security Council was necessary during last summer. For that reason, it was not feasible for me to issue the program decision memoranda that are planned as the final stage of the PPBS cycle within the Department. We have, however, developed a sound budget and five-year program based on revised fiscal guidance and the force planning of the Military Departments. We are confident that next year the new PPBS will function fully in accordance with out plans. This year's experience has illustrated one of the strengths of the system: its adaptability, or flexibility to accommodate change when necessary or advisable.

7. Other Changes to Improve Efficiency

While we have proceeded with efforts to improve the motivation and performance of defense personnel, we also have made a number of management changes to increase efficiency, some of them in response to Blue Ribbon Panel recommendations. One example is our review of Defense Directives and Instructions. The objective of this review is the elimination and consolidation of as much as possible of the voluminous body of policy guidance, procedures and reporting requirements imposed in the past by the Office of the Secretary of Defense. By adhering to the principles of defined decentralization and delegation of authority under specific guidance, we have been able to reduce substantially Defense Directives and Instructions and to simplify them.

We have found that, of the some 1,227 DoD Directives examined, 435 of them could be cancelled because they generate work that is unnecessary. Another 354 directives are being simplified and modified, and only 438, or 35% of all the directives, were found to be in satisfactory shape. Each of the Assistant Secretaries of Defense has been directed to take action to correct the deficiencies existing in his area of responsibility.

Our effort to reduce and consolidate Defense Directives was designed to reduce unnecessary work. These actions already have resulted in a substantial reduction in the number of reports required by the OSD from the Services. We also have directed the Services to give priority attention to the reduction of their own reports and paperwork, and they have undertaken to do so.

As a result of decentralization and management improvements, it has been possible to make significant reductions in Headquarters staffs. By the end of FY 1971, we expect to have made reductions in the overhead personnel in the Washington, D.C. area and other

major Headquarters amounting to 15% of the end FY 1969 strength. This means a reduction of about 13,000 in the number of military and civilian personnel assigned to headquarters activities worldwide. We hope to make further reductions in FY 1972.

One area where both we and the Blue Ribbon Defense Panel saw a need for improvement was in the performance of our logistics system. The Panel recommended that we establish a unified Logistics Command within the Department to improve performance while at the same time achieving greater economy and efficiency. While we have decided not to create a monolithic logistics organization, we are moving to consolidate some logistics activities.

For example, in the field of transportation, we have announced plans to consolidate certain activities of the Navy's Military Sealift Command into the Army's Military Traffic Management and Terminal Services (MTMTS). After this consolidation is completed, MTMTS will be the single agency manager for all traffic management and procurement of surface transportation worldwide, except for intra-theater transportation in overseas areas. Deputy Secretary Packard has directed the Secretaries of the Army and Navy to submit a joint plan by late March to effect this consolidation. Reductions in operational costs will include establishment of a single computer system for all surface movements, and consolidation of industrial funds with consequent reduction in overhead and simplification of billing to military shippers. The Navy will retain responsibility for operating government-owned and certain chartered vessels; operation of vessels used for non-transportation purposes such as oceanography; and maintenance, operation and alteration of government-owned and certain chartered vessels. In addition, the Navy will continue to prepare recommendations for design, specifications and equipment of ocean-going vessels.

Another example of the type of management improvements we are undertaking is establishment of a separate program budget element for all public affairs activities in the Department. This management tool will provide us with better management of an activity that is of considerable importance to the Congress, the news media, and the public.

8. Environmental Quality

With the continuing need for increased emphasis on environmental quality, we studied alternate means of managing the Department of Defense aspects of this program. I decided to combine all Department of Defense environmental quality matters with the Defense medical program under the Assistant Secretary of Defense

(Health and Environment). This was accomplished last June. We believe we have made substantial progress in the environmental area, and I expect further progress during the coming year.

9. Non-Appropriated Fund Activities

One final example of an extremely difficult problem we are seeking to resolve concerns the management of non-appropriated fund activities. Last year, we instituted a new and comprehensive audit system for the Post Exchange and Commissary systems and Open Messes and Clubs. We are only now beginning to get results from this change. The indications at this point are that additional management and possibly organizational changes are needed. I have directed that a comprehensive management review be made of non-appropriated fund activities. There clearly have been abuses in the past and under past management systems. In addition, we are reviewing the inspection and criminal investigative organizations of the Services to determine what further changes are necessary to improve their effectiveness. We will continue to work closely with Congressional committees concerned about this area.

Experience has demonstrated to me that there is no alternative to the Secretary of Defense taking a much stronger hand in connection with non-appropriated fund activities.

B. IMPROVING MANAGEMENT OF MILITARY OPERATIONS

During the last two years we have given considerable attention to managing military operations. The Blue Ribbon Defense Panel Report placed great emphasis on the need to improve management of military operations, in particular recommending establishment of stronger civilian control. The Panel made a number of specific recommendations on how the Department might be restructured for improvements in this area, including creation of a Deputy Secretary for Military Operations, and a change in the military command structure.

We recognized the existence of many of the problems discussed in the Blue Ribbon Defense Panel Report. We have done a number of things in attempting to solve them, but we do not believe that changes as substantial as they recommend are required or wise in all cases.

1. Intelligence

In my Defense Report of last year I advised you that I had appointed the Assistant Secretary of Defense (Administration) as

my special assistant for intelligence, and that I charged him with the responsibility for reviewing the Department's intelligence programs. During the year he has worked very closely with those responsible for the numerous intelligence activities in the Department. In doing this, he has been able to improve the coordination and communication among the various intelligence activities. He has been able to bring together at one point a picture of the overall resources allocated to the intelligence function. This process has made it possible to get a better picture of the funds being spent throughout the Department on Intelligence, and to evaluate the budgetary decisions with a better understanding of their impact on the quality, as well as the level, of these intelligence activities.

This move has enabled us to focus better on the performance of the specific intelligence organizations, DIA, NSA, and some of the in-service activities, and we believe that significant improvements have been made in the management of the intelligence activities of the Department. I am not satisfied, however, that we have, by any means, done everything that needs to be done in this area, and during the coming year I will be looking not only for a continuation of the effort which we now have underway, but also for ways to make further improvements in the management of Department of Defense Intelligence programs.

During the year it has become evident that there has been considerable confusion between military intelligence activities and organization on the one hand and investigative and related counter-intelligence activities on the other. Accordingly in February of this year, we made a new delegation of responsibility which we believe will bring these investigative and related counter-intelligence activites under better control.

I have delegated to the Assistant Secretary of Defense (Administration) the authority and responsibility to direct and manage for me investigative and related counter-intelligence activities in all of the Services. To assist him, I have created a Defense Investigative Review Council of which the Assistant Secretary of Defense (Administration) is Chairman. Other members are the General Counsel of the Department of Defense, the Under Secretaries of the Military Departments, and the Director of the Defense Intelligence Agency. At the same time, we have formulated and promulgated a comprehensive policy for all Department of Defense investigative and related counter-intelligence activities. This represents a centralization of high-level civilian authority over such activities -- a centralization of supervision which experience has demonstrated was needed.

There is a second area related to intelligence in which we will shortly make additional changes.

As a consequence of currently-exercised compartmentalization of intelligence activities, it too often is very difficult to obtain net assessments of our relative military posture, particularly in technical areas. This deficiency seriously detracts from our long-range planning capabilities.

To partially correct this situation, I have established a net technical assessment group. This group is located in the Office of the Director, Defense Research and Engineering, and it has the responsibility for bringing together both intelligence and research and development specialists from within the Department and as needed for special expertise, from outside the Department. The first assignment of this new net technical assessment group was to assess the characteristics and capabilities of one of the Soviet surface-to-air missiles. The first assignment to this group resulted in one of the best products I have seen. I am confident that the work of this new group will put our long-range planning for new weapons and new tactics on a much improved foundation.

It is my present intention to create a special long-range planning group, reporting directly to me, to make long-range studies based as a beginning point on the assessment which I receive from the net assessment group.

The establishment of both the net assessment group and the long-range planning group was recommended by the Blue Ribbon Defense Panel.

In creating these groups, it is not my intention to supplant previously existing assessment and planning capabilities. On the contrary, these new groups will provide an additional tool, enabling me to utilize more effectively the institutional assessments and planning which I receive.

2. Telecommunications

Telecommunications is another area where we have generally followed the Blue Ribbon Panel's recommendations. We have appointed an Assistant to the Secretary for Telecommunications, who is responsible for establishing Department of Defense-wide (DoD-wide) communications policy and for coordination of DoD-wide communications effort. This already has improved our ability to bring the far-reaching communications problems of the Department

under better management and control, and we look forward to getting further benefits in the future.

3. The Unified Command Structure

The Blue Ribbon Panel specifically recommended changes to the Unified Command Structure. These include creating three new commands, and abolishing and merging some of the others.

There have been no changes in the Unified Command Structure since 1963. Meanwhile, there have been major changes in the specific missions of our combatant forces, as dictated by changes in national policy and our world-wide commitments. The implementation of the Nixon Doctrine will further modify the peacetime responsibilities of our combatant forces.

We have concluded that the present Unified Command Structure, together with the distribution of responsibilities among the various commands, does not represent the most effective organization of U.S. combatant forces in support of national policies, nor is it the most effective arrangement for the deployment of U.S. forces to meet likely contingencies. We plan to make recommendations to the President regarding some modifications to the Unified Command Structure. These modifications would alter the assignment of responsibilities to the various commands, and bring these responsibilities more in line with the requirements imposed by our national policies and commitments. In the process, we expect to achieve greater efficiency through reductions in the numbers of headquarters, in the size of Headquarters staffs and in costs.

4. Military Assistance

As I explained earlier, the Nixon Doctrine and the Strategy of Realistic Deterrence place significantly increased importance on our International Security Assistance Programs and also necessitate a closer integration of U.S. force planning with the Security Assistance program. At present, Defense Department participation in the Security Assistance program is somewhat fragmented.

In recognition of the increased importance of Security Assistance programs, we are conducting within the Administration a comprehensive study of the procedures and organization for the planning and administration of the military assistance and foreign military sales programs -- including military assistance which is Service funded for three Southeast Asian countries.

Based on the results of this study and on our concurrent review within the Department of Defense, we expect to be able to revamp thoroughly our procedures, and thereby improve substantially the management effectiveness with respect to these programs.

C. IMPROVING THE DEVELOPMENT AND ACQUISITION OF NEW WEAPONS SYSTEMS

Developing and procuring of new weapon systems always has been an area of considerable interest and concern to those who manage the Department of Defense.

When we assumed office in 1969, we had to face up to a number of problems and breakdowns in the weapons acquisition process that had developed over the years. Nearly every new weapons system was turning out to be substantially more costly than estimated when the system was first authorized. Furthermore, a great many of the new weapons did not work as well as predicted, reliability too often was poor, and maintenance costs were excessive. Improvements were required in two general areas, the organization and management of Research and Development (R&D) and the overall acquisition process. Let me cover each in turn.

1. The Organization and Management of Research and Development

In the area of Research and Development (R&D), the Blue Ribbon Defense Panel recommended a number of changes to DoD management. These include abolishing the position of Director, Defense Research and Engineering (DDR&E) and reallocating his functions to two new Assistant Secretaries of Defense (ASDs), ASD - Research and Technology, and ASD - Engineering Development; making the Advanced Research Projects Agency (ARPA) which is now directly under DDR&E, into a Defense Agency; and establishing both a new ASD for Test and Evaluation and a new Defense Test Agency. The thrust of these recommendations was to separate the three related functions, Research and Advanced Technology; Engineering Development; and Test and Evaluation, and in doing so to give each area special and increased attention at the OSD level.

Instead of establishing three new Assistant Secretaries for these three functions, we believe the same thing can be accomplished by designating three deputies within DDR&E, each with the responsibility for one of these functions.

Research and advanced technology will be given increased emphasis in the Office of the Director of Defense Research and Engineering, and new procedures will be established to insure that all areas of new technology applicable to national defense are being addressed. In the area of Engineering Development, although the Military Departments will assume full responsibility for the conduct of weapon system development, the Deputy Director of Defense Research and Engineering will be assigned coordinating responsibility and will concentrate on the policy and managerial aspects.

In order to upgrade and expand our attention to the test and evaluation of our defense systems and equipment, we are establishing within the Office of the Director of Defense Research and Engineering (ODDR&E) an office under a Deputy Director for Test and Evaluation with full responsibility to coordinate and establish policy for all test and evaluation matters. We also plan to keep ARPA within DDR&E for the time being since we see no compelling reason to make it a Defense Agency. We also intend to retain the Defense Communications Planning Group (DCPG) as an action agency under DDR&E but we will retitle it the Defense Special Projects Group and expand its role to encompass a wide range of new projects.

2. The Acquisition Process

It is not easy to identify all of the reasons for the difficulties now being encountered in the development and procurement of new weapon systems. Some of the reasons for the troubles we are having in the development and procurement area are described below, along with new procedures we intend to use in order to help alleviate some of them. Deputy Secretary Packard will go into greater detail in subsequent testimony. There are no simple solutions to these problems, but we are convinced that a better approach than was used in the past must be developed and followed.

Many programs have had problems because they were poorly defined from the beginning. Frequently more performance was requested than was really needed in a new weapon. This tendency too often was encouraged by over-optimism in evaluation of the technical difficulties involved in achieving desired performance and also was encouraged by under-estimation of the time and cost that would be required for development. At the outset, too much

emphasis frequently was placed on evaluating difficult technical areas by making paper studies rather than by actually developing some working hardware.

In order to help solve these problems, we are insisting that better decisions be made on specifications and schedules at the beginning of a program. We must ensure that specifications are reasonable and a system can be obtained in a realistic time frame.

Key problems also have arisen when programs have been too rigidly structured. Inadequate allowance too often has been made for trading off some system capabilities or characteristics in order to meet cost targets. Furthermore, the date for a new weapon to go into the inventory was in the past usually set earlier than was really necessary. This tended to create unnecessary concurrence between development and production, and to force a program into production before development was really finished.

Finding solutions to these problems is quite difficult. Our approach includes structuring development contracts to provide for tradeoffs between performance, time schedules and cost throughout the development program until the weapon is approved for production. In addition, we are encouraging the use of new, less structured approaches to the entire development and procurement process.

Finally, and most important, to be sure that the necessary work is properly completed before going to the next step of any program, we have requested that all new programs have proper milestones. These milestone checkpoints will be set up at least at the following stages: the beginning of major effort in advanced development; the start of full-scale development; and the time when production of the system is authorized. Projects will not proceed beyond these milestones until they are fully ready to do so.

A very crucial problem area in the past has been that project officers were not doing an adequate job. This resulted from many factors, including assignment of managers who were poorly selected or who lacked proper training for the job, inflexible service rotation policies which made it impossible for a manager to stay with a program long enough to be effective, and the effects of permitting too many people to get in on what the program manager should have been doing himself.

Solution of this problem requires that we select more capable project managers and staffs and leave them on the job long enough for them to be effective. We also must give project managers the special training in development and procurement they need in order to do their job properly. We are revamping and improving our Defense Weapons Systems Management Center to add this special training. The Center is being relocated from Wright-Patterson AFB to Fort Belvoir, effective July 1971. Finally, we must clarify the project managers' responsibility so they are not just errand boys for already over-burdened higher staff echelons.

The final major problem area of the past involves contract types. We have come to the conclusion that total package procurement contracts are simply not a practical way to handle important new weapons system development and acquisition programs. We are proposing that primary development reliance be placed on cost-incentive contracts. This will enable us to base development schedules on development milestones rather than on specific points in time. We believe that once development programs have been completed in a satisfactory way, fixed price contracting should normally be used for production contracts. After the parameters of a product have been carefully established and demonstrated in the development stage, contract negotiations to establish a fixed price production contract can be conducted on a sound basis.

I want to stress that under our participatory approach to management, the responsibility for managing a program rests with one of the Services; nevertheless, the Office of the Secretary of Defense (OSD) will remain responsible for seeing that a project is administered in accordance with established policy guidelines. Using this approach, we will continue to seek improvements in service management procedures, and in all aspects of the weapons acquisition process.

Deputy Secretary Packard will describe our approach in greater detail in his testimony to the Congress, and will explain the specific management procedures we will be using in order to improve Department of Defense performance in this area.

II. DEPARTMENT OF DEFENSE MANPOWER OBJECTIVES

Of all the challenges facing the Department of Defense, none is more important than modernizing manpower policies. Nothing can have higher priority than our people -- military and civilian and their families.

In this section, I discuss major steps already taken to improve manpower policy, including some gains in equal opportunity, our plans for the future, and the problems that must be met.

Three important changes in manpower policy, already underway, are among our major current objectives:

-- Improvement of military life in accordance with the 1969 statement of our Human Goals -- reproduced on the back cover of this Report.

-- Reduction of draft calls to zero by July 1, 1973, as we move toward an all-volunteer force.

-- Completion of the transition to peacetime manpower levels from the high peaks of the past with minimum personal hardship.

Between the time I assumed the Office of Secretary of Defense and the end of FY 1972, we will have reduced the personnel strength of the Armed Forces by approximately one million men and women. This major reduction in military manpower, made possible largely because of our Vietnamization program, must be offset by improvements in the quality of our smaller forces. This is precisely what we intend to do, with the help of Congress and the American people.

No one should make the mistake of believing that attainment of our manpower goals will be easy. But we are determined to pursue these programs with complete dedication, and we will make maximum efforts to obtain the assistance of both Congress and the American people in taking the actions needed to achieve our goals.

We must never lose sight of the fact that the size of the Department of Defense depends on what capabilities the military forces, both active and reserve, need in order to support national security strategy. The defense forces must always be large enough and powerful enough to do the job expected of them.

A. ASSUMPTIONS

In the belief that we gain nothing by failing to face realities in our planning, let me summarize some major assumptions about the future on which our estimates of the nature, size, and structure of the military establishment are based.

1. Congress will extend the current draft authority which expires 30 June 1971 and will support programs to modernize military manpower and to enhance the attractiveness of a military career.

2. The National Guard and Reserve will take on increasing responsibilities and will be used initially to augment active forces should the need arise, reversing the past policy of relying primarily on the draft. Activation of standby draft authority will follow Guard and Reserve call-ups, if necessary.

3. The Vietnamization program, the first step in implementing these new concepts, will be completed successfully.

4. Under our new concepts for force planning, which are discussed in Section I, Chapter II, our friends and allies will assume a greater share of the responsibility for international security in conformity with President Nixon's policy of partnership.

5. The United States will provide assistance to some of these nations in order to help them assume increased responsibility for their defense.

6. There will be no major armed conflict or greatly increased unforeseen threat affecting the vital interests of our country during the five-year period.

If any of these assumptions proves to be faulty (and not all are within our power to control), the attainment of the goals of substantially reduced forces, of zero draft calls, and of the all-volunteer military force would, of course, be jeopardized.

B. PROGRESS TOWARD THE GOALS

In a number of areas -- such as reductions in military and civilian manpower, lowering of draft calls, improvements in Service life -- we have made significant progress.

The manpower reductions exceed any in our nation's history except those associated with demobilization after the two world wars. Planned manpower strengths, including active and reserve military as well as direct-hire civilian, are shown on Table 11. Between the end of FY 1968 and the end of FY 1970, active military personnel strength was reduced by 481,000. During FY 1971, a further cut of 367,000 is being made. This cut exceeds by 114,000 the reduction originally planned in the FY 1971 Budget and was made possible because of progress in Vietnamization. From the beginning of FY 1969 to the end of FY 1972, the total reduction in active military personnel will be 1,042,000 or about 30 percent. The number of men and women in the active forces at the end of FY 1972 -- 2,505,000 -- will be well below the pre-Vietnam figure of 2,687,000 at the end of FY 1964 and below any year-end strength level since FY 1961. In short, we face the task of doing a better job with fewer people and that is why we are going to give a new accent to quality both in the active, National Guard and Reserve Forces instead of relying on quantity.

Direct-hire civilian personnel (including the National Guard technicians who became federal civilian employees in FY 1969) was cut by 126,000 between 1968 and 1970 and is scheduled for a further reduction of 79,000 by the end of FY 1972. We are hopeful that reductions in FY 1972 largely will be made by attrition and that reduction-in-force actions will be held to a minimum. These reductions, over the four-year period 1968-72, amount to 16 percent of the civilian force at the end of the last full fiscal year of the preceding Administration.

Much progress has been made in reducing draft calls, as we move to the goal of zero draft by July 1, 1973. From the peak Vietnam draft call year of 1966 when 365,000 men were inducted, draft calls have gone down to 163,500 in 1970. They are expected to decline further in 1971. The following table shows draft calls since CY 1964.

CALENDAR YEAR DRAFT CALLS

1964	107,500
1965	233,250
1966	364,680
1967	218,700
1968	299,000
1969	289,900
1970	163,500

Steps have already been taken to make service life more attractive and to achieve our Human Goals. These include increased construction of family housing, the introduction of improvements into barracks life, relief from onerous and irritating tasks and restrictions, and new measures to give effect to the policy of equal opportunity. We also recognize our responsibility to ease the serviceman's transition to a civilian career and have strengthened programs to help in this transition.

C. SOME PROBLEMS OF FORCE REDUCTION

Cutbacks in personnel inevitably involve some painful turbulence. The magnitude of the manpower reductions in Fiscal Year 1970 and 1971 has created hardships on many thousands of dedicated people -- both military and civilian. We will do everything we can to minimize personal hardships as we complete the transition from wartime to peacetime conditions.

In achieving the planned reduction of 22,000 direct-hire personnel during FY 1972, the Services may find it necessary to separate involuntarily some career employees. To minimize involuntary separations of civilian career employees, we have taken a number of actions. We have imposed limitations on filling most continuing job vacancies so that priority can be given to displaced careerists through a defense-wide computerized Priority Placement Program. We are also seeking legislation to allow earlier retirement to reduce the number of involuntary separations. Deputy Secretary Packard and I have charged the Assistant Secretary of Defense (Manpower and Reserve Affairs) to monitor this matter closely so that we can minimize disruption in the lives of people who have served the Department of Defense well over the years, including the period when we were enlarging our forces.

The planned reduction of active duty military personnel can be achieved largely through voluntary means. A substantial portion of that reduction will result from lower accessions. The remaining reductions can be achieved by permitting many officers and men to terminate their active duty service before their normal separation date.

As to military career advancement, plans for Fiscal Year 1972 provide motivating career advancement opportunities for those who have recently joined, but in some career grades we must expect, of course, that advancements will be slower than in the recent years of the build-up of forces for deployment in Vietnam. We intend to keep the promotion picture under close and continuing scrutiny to insure equity for our career men and women in uniform.

It cannot be emphasized too strongly that in the preparation of our budget program for 1972 we have kept constantly in mind the fact that competent and dedicated people constitute the single most valuable asset of the defense establishment. I believe we are reducing the size of the Armed Forces at a rate which is consistent with good personnel management. Should we be forced to reduce at a greater rate, we would not only fail to meet our defense requirements, we would also greatly increase the hardships for our military and civilian personnel and for their families.

D. ZERO DRAFT -- GOALS, PLANS, AND PROBLEMS

I have set July 1, 1973 as the target date for reaching zero draft calls.

At the end of FY 1972, as I noted, our military strength will be down to the level of the early 1960's, when it was necessary to draft 60,000-160,000 men per year.

The transition to zero draft calls will not be easy. Nor can it be instantaneous. The number of voluntary accessions to the Armed Forces in recent years clearly has been substantially higher than the number of volunteers that could be expected in the absence of the draft. Many who have volunteered have done so because of the expectation that they would otherwise be drafted. The draft has been a decisive inducement to service for approximately half of the first-term enlistees, about two-thirds of the Army's combat soldiers, about three-fourths of the Reserve enlistees, and the vast majority of young doctors.

In FY 1972, the military accession requirement will be about 528,000 enlisted personnel and nearly 44,000 officers for the Active Forces; this is equal to about one-fourth of the total of young men reaching age 19 that year. Total accession needs should become smaller in FY 1974 and beyond because of an anticipated increase in voluntary enlistments for periods of service for three years and more. But, this is dependent upon the enactment of pay raises at the entry level this year as well as prompt action on other proposals designed to increase retention rates in the services.

In FY 1970, about 388,000 males volunteered for Armed Forces enlisted service. Our studies suggest that about one-half of this number were "true" volunteers -- entrants who would have enlisted in the absence of the draft. Thus, if we assume that the same number of "true" volunteers could be expected in FY 1972 as in FY 1970, the Armed Forces under present circumstances and conditions of service -- notably pay -- would fall well short of the accessions needed.

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There are other problems as well in moving toward zero draft calls. The personnel loss rate will be high as previous year draftees and draft-induced volunteers leave military service, many of them with high technical skill levels. Furthermore, there are problems in acquiring officers.

The most serious obstacle to achieving zero draft is pay. Military pay is much too low, and is scandalously low for men in the entering enlisted grades with less than two years service. I want to bring to an end the injustice in the fact that thousands of our military families today are eligible for relief because of low pay.

The basic pay of a private graduating from basic training in the armed forces today is approximately $1,800 a year. Add to this quarters, subsistence, and his tax advantage and the total comes to $2,700. Measured by any standard, military entry pay is much too low -- so low, in fact, that present pay levels probably keep people from enlisting in the armed forces who would otherwise volunteer. Compare with this private's pay, for example, the $1.60 an hour federal minimum wage, or $3,300 per year; or the annual pay of a Job Corps graduate at $3,900; the common beginner's pay for unskilled blue collar work of $6,000; or the starting salary of a New York City policeman, which is $9,500.

Our programs this year are designed among other things to solve the basic problem of entry-level pay. We are proposing an average basic pay increase of 36 percent for enlisted people with less than two years of service. New entrant's base pay would be increased by 50 percent.

The Department of Defense has submitted proposed legislation to the Congress to authorize an enlistment bonus. Initially it would be applied in the Army combat arms.

In addition, our programs provide an appropriate increase in Dependents Assistance Act allowances for personnel in pay grades E-4 with less than four years of service and below. The new levels will provide increases of up to $45 per month for approximately 270,000 junior enlisted personnel.

Turning now to another way in which we can increase voluntary enlistments, there is evidence that the present recruiting effort falls short of the mark. We are therefore planning to increase the number of recruiters and recruiting stations. In order to stimulate more aggressive efforts, the monetary needs of the recruiters will be met by incentive pay and housing allowances and, if authorized by Congress, by reimbursement of out-of-pocket expenses. There is no

reason why a recruiting sergeant, if he provides a cup of coffee and possibly a doughnut or two to a young man and his parents visiting a recruiting station should find it necessary to pay for the coffee and doughnuts himself. In addition, modern equipment will be provided for the operation of our recruiting stations, and we will take a new look at recruiting advertising.

Two additional issues that bear upon the problems of voluntary accessions are the quality of military life, and the need to strengthen the stature and dignity of military service. We cannot reasonably expect to attract enough qualified people to a military life that not only pays less than the private sector but lacks adequate recognition in many segments of our society.

There is no doubt that further elimination of "make-work" and modification of unnecessary rules and restrictions will enhance the attractiveness of service life. Experimental programs suggest that the elimination of unnecessary irritants is reflected in higher first-term reenlistments. Improving barracks life by providing more privacy and additional living comforts is another step toward increasing volunteers. We have a specific program in this area concentrated in the Army and Marine Corps, that would refurbish barracks, partition them into two or four man cubicles, and provide such furnishings as desks, chairs, lamps, and rugs. It is the first phase of a three-year program designed to provide a measure of privacy and better living quarters for 450,000 enlisted personnel.

Our efforts to make military service more attractive and rewarding, however essential on their own merits, will be inadequate if they are not accompanied by public recognition that military service is a worthy career. The abusive defamation of the military that circulates in many quarters of our society is increasingly an obstacle to recruitment and retention of personnel by the armed forces. It is unjust, and it is dangerous to our security. If the military profession is not accorded the respect it deserves, no amount of money, no improvement in the conditions of service life, no recruitment campaign, will attract enough qualified volunteers to maintain an adequate military force.

Zero draft calls will affect the National Guard and Reserves as well as the Active Forces.

The problem of maintaining the strength of the Reserves and the National Guard will grow during the transition period to an all-volunteer force. The present officer force in the Guard and Reserves, with the exception of medical personnel, is adequate. Enlisted force levels, however, will be harder to maintain as the drawing power of the draft declines. A year hence, the draft will have little impact

to stimulate enlistments of 17 and 18 year olds. By January 1973, the draft will have ceased to swell enlistments in the Reserve forces. Recruiting problems can become serious if steps are not taken to increase voluntary accessions of the Guard and Reserves.

Another problem facing us in the transition to an all-volunteer force is the potential difficulty in obtaining officers in the quantity and quality we need. Of immediate concern is the ROTC -- our primary source of officers. The decline in enrollment in this program, which currently furnishes six times as many new officers as the service academies, is shown below:

Academic Year	ROTC Enrollments
1968-69	218,466
1969-70	161,507
1970-71	114,590

Declining enrollments stem largely from two causes -- a reduction in the number of compulsory ROTC units and a wait-and-see attitude on the part of students stemming from the withdrawal of our forces from Vietnam, the draft lottery, and the movement toward a zero draft. Although our declining military strengths reduce our requirements for officers, a continuation of the current declining trend in ROTC enrollments will create serious shortages of officers starting in 1974. Since ROTC is a long-lead time program, corrective action is needed now to ensure that future officer requirements will be met.

There are a number of programs we are recommending that will help alleviate, but not eliminate, the problem of officer accessions. We are asking for an increase of ROTC subsistence allowance from $50 to $100 a month. This would restore the relationship between subsistence payments and the Consumer Price Index which existed in 1946; the year it was established. We also propose to increase the number of ROTC scholarships from 5,500, the current statutory ceiling for each service, to an amount equal to 10% of the total officer forces for each service; we additionally propose that up to 50% of the scholarships may be used in the two year program at the discretion of the Military Departments. The table on the next page depicts the projected effect these proposals on ROTC subsistence allowance and scholarships should have on ROTC officer production. They should enable us to meet ROTC officer production requirements, however, they will not solve our overall officer accession problem.

ROTC Program Table

Fiscal Year	Commissionings With No Change In the Program	Commissionings With Increased Subsistence and Scholarships	Added Cost (Millions $)
1972	14,504	14,687	32.1
1973	11,087	14,337	39.1
1974	8,950	15,481	47.7
1975	7,800	15,828	52.7
1976	7,100	16,927	58.2

We have also submitted legislation to provide additional compensation for officer candidates in the Marine Corps primary officer procurement program.

In the future, additional incentives may be necessary to ensure a supply of officers adequate to meet our needs.

There is one final aspect to be considered in the overall problem of achieving zero draft and an all-volunteer force, and that is meeting our requirement for physicians. Last year's announcement that there would be no doctor draft in CY 70 caused a sharp reduction in the number of Berry Plan applicants. As a result it has been necessary to resume the doctor draft in CY 71.

In order to meet the need of the military services for medical personnel, we recommend increasing our support of medical school students, through medical scholarships. We would, in effect, exchange subsidy of the individual's education in medical school for a specified period of military service. While we hope to retain many physicians and dentists for continued military service, we recognize that many of these personnel will not remain in military service indefinitely. The sponsored physicians who do not choose a military career will, after their period of service in the Armed Forces, help to reduce the nationwide shortage of medical personnel.

E. EXTENSION AND REFORM OF THE DRAFT

Faced with these problems it is not difficult to see that the draft cannot be ended abruptly. Until actual experience gives good reason to believe that we have devised a program which will attract an adequate number of volunteers to the Armed Forces, we dare not dispense with the draft.

The President has asked Congress to extend induction under Selective Service to July 1, 1973. This is an absolute necessity.

By July 1, 1973 we are hopeful that draft calls can be ended as we stabilize at peacetime force levels and as our programs for attracting volunteers take hold.

If the Congress authorizes us to carry out the Project Volunteer Program and provides adequate funding, the induction authority could expire on July 1, 1973, although standby draft machinery should be retained to permit speedy increase in the size of the military forces in the event of an emergency.

The Administration is also renewing its request for authority to institute several draft reforms. As long as the draft is needed, it should be made as fair as possible. These reforms, some of which were introduced in the 91st Congress but not acted upon, relate primarily to the phasing out of undergraduate student deferments, other than for ROTC and other officer programs, and the placing of direct national calls by random sequence numbers.

F. ACHIEVING OUR HUMAN GOALS

When I became Secretary of Defense two years ago, I formulated a declaration called the "Human Goals" of the Department of Defense. Because we wish to move toward an all-volunteer force, the implementation of the principles of this declaration designed to increase the attractiveness of a career in defense becomes of even greater importance and urgency.

In the years ahead we shall continue to improve and expand many ongoing programs aimed at making service life more inviting and to seek new initiatives toward this end.

The military housing program is a case in point. I am convinced that a continuing program of building military family housing is vital for morale, career motivation, and retention of trained military personnel. We have substantially increased the number of family housing units on military bases. The FY 1969 Budget provided for the construction of 2,000 units; the figures rose to 4,800 in the 1970 program and 8,000 in the 1971 program. This year we are asking for the construction of 9,684 family housing units, almost five times as many as three years ago.

In addition to the on-base military family housing construction program, we are making progress in seeking community housing for military families in low income housing projects under subsidy from FHA. Recent legislation contained in the Housing and Urban Development Act permits preferential treatment to military families by sponsors who build low income housing. We have developed with FHA

an initial 5,000 unit program, which will be available to low income military families.

Changes are being introduced in service life to eliminate unnecessary demeaning, irritating, and onerous practices. For example, to reduce long periods of separation from family, the Navy this year has cut the time of deployment of carriers in the Atlantic Fleet to a maximum of 6 months in place of the 8 or 9 months, which was normal heretofore. Scheduling of training and work is being revised in all services to avoid unnecessary periods of duty and allow more free time. A less rigid regulation of things that are matters of personal taste has been introduced. The military services will continue their efforts to eliminate unnecessary regulations without loss of the discipline which is essential to the effective functioning of the armed forces.

Because of the importance of broadened opportunities for self-development and advancement, the Armed Forces will continue to improve their educational programs. Several studies have shown that educational opportunities can be a major incentive for enlistment and retention of service personnel.

Last year almost 100,000 enlisted men took necessary instruction and completed the examinations to secure their high school equivalency certificates. Over 200,000 college courses were completed by officers and enlisted men. Tuition Assistance payments were made for 160,000 courses taken by officers and enlisted men. Veterans Administration figures indicate that they had approximately 87,000 servicemen taking courses.

We are beginning to put to good use two pieces of legislation passed by Congress last year. One, Public Law 91-219 was the so-called Predischarge Education Program (PREP) legislation making it possible for servicemen to obtain an educational assistance allowance to pursue a course or courses required to receive a secondary school diploma or deficiency, remedial or refresher courses to prepare them to pursue an appropriate course or training program at an approved institution. The Armed Services have made extensive plans to develop PREP programs at overseas bases largely through the use of Dependents Schools and at CONUS bases through the use of local high schools and junior colleges. The other piece of legislation, Public Law 91-584, made it possible for servicemen to use Veterans Assistance payments for education at the completion of 180 days of service.

The Department of Defense is committed to the goal of making military and civilian service in the Department a model of equal

opportunity for all, regardless of race, creed or national origin. A major equal opportunity goal of the Department of Defense is to assure that minority group personnel are accorded equal treatment in promotions and assignments.

Effort is being made to increase the participation of minority groups in the officer corps. In Fiscal Year 1970, black attendance at the Service Academies rose sharply. The United States Military Academy, as of July 1, 1970, had 93 black cadets, 40 of whom entered last year as Plebes in the Class of 1974. At the United States Naval Academy there were 53 black midshipmen, 20 of whom were admitted in the Class of 1974. The United States Air Force Academy had 75 black cadets, 28 of whom are members of the Class of 1974. In addition, steps are being taken to increase the proportion of minority group members in ROTC.

There has also been progress in securing the right of all military personnel to available off-base housing in the United States. When the off-base housing program was initially implemented in 1967, a nationwide canvas of militarily significant housing found that of 1,120,000 rental units surveyed, only 246,000, representing 22 percent, expressed a willingness to comply with DoD's policy of non-discrimination. As of December 31, 1970, the owners and managers of rental units, representing 98.2 percent of those surveyed, were pledged to a policy of nondiscrimination.

DoD has also made progress in insuring that 53,000 contractor establishments are equal opportunity employers. During FY 1971, we shall continue monitoring the performance of our contractors in regard to equal opportunity in hiring, upgrading, and promoting of their work force. Significant breakthroughs have been achieved in several industrial fields. Substantial gains were made in minority group employment in the textile, paper, and aerospace industries.

Projects TRANSITION and REFERRAL are both ongoing programs designed to ease the serviceman's transition to a civilian career. Hundreds of thousands of young men are returning to civilian pursuits each year, and they fully deserve all the help we can give them in preparing for a productive life as soon after separation as possible.

In the case of the TRANSITION program, which provides vocational counseling, job training and job referral assistance just prior to separation from the service, we have put special emphasis on providing manpower for critically important national needs. In FY 1970 we trained approximately 5,900 in law enforcement pursuits; 12,000 in the construction trades, and 9,000 in postal work. We have begun special training for water pollution control technicians. The training costs

in all these programs are borne by American industry and the Department of Labor.

A second program designed to make a service career more attractive is the REFERRAL program for retiring military personnel. It was placed in full operation in August 1970, and provides for counseling and voluntary registration into a computerized man-job matching system into which employers may submit job requirements. After 6 months operation, more than 15,000 military personnel have registered, over 68,000 job vacancies have been reported and 100,000 resumes have been provided employers. Data on placement are not yet available.

We are also cooperating with the Department of Labor, Department of Commerce, and the Veterans Administration in the support of the Jobs for Veterans Program. The Department of Defense will provide information to departing servicemen on how best to utilize the services of this new program in their home towns.

One of the Defense Department's Human Goals is to contribute to the improvement of our society by securing double duty from our resources when we can do so without impairment of effectiveness in performing the primary mission of providing for the nation's security. The TRANSITION and REFERRAL programs both serve this purpose as do many other activities of the Department.

During the past year, two new programs were initiated with this aim in mind -- MAST and MEDIHC.

The MAST program (Military Assistance to Safety and Traffic) is a joint project of the Departments of Defense, Transportation, and HEW to assist civil agencies in providing faster medical attention to those who need immediate care. Military helicopters are used to transport victims of highway accidents and others in need of emergency care to hospitals and other medical installations.

A test program, first instituted at Fort Sam Houston, Texas, has been expanded to include Fort Lewis, Washington; Fort Carson, Colorado; Luke Air Force Base, Arizona; and Mountain Home Air Force Base, Idaho. Rescue missions are being flown as training missions for the crews, including the paramedical personnel, and costs are included by the military in their training programs. As of February 7, 1971 a total of 214 MAST missions had been flown, 287 patients were evacuated, and more than 60 lives were saved by prompt evacuation and treatment. About 65% of the emergencies occurred on highways. The test period for MAST will run to March 31, 1971 to provide a broader range of experience, particularly during the winter months. At that time it will be determined whether a national medical airlift program for accident victims should be recommended.

The MEDIHC program (Military Experience Directed Into Health Careers), a joint Defense-HEW effort, is designed to attract more of the 30,000 medically trained servicemen, who leave military service each year, into critically needed civilian health occupations. Approximately 600 service personnel each month are applying for civilian positions under this program. Initial reports indicate an employment rate of 70% among the first applicants.

G. SPECIAL PROBLEM AREAS

There are two special problem areas in the manpower field in which intensified efforts are needed -- drug abuse and race relations.

We in the Department of Defense are keenly aware of the problems associated with drug abuse in the armed forces and in the nation. We are resolved that the man in uniform shall have an intelligent, informed understanding of the dangers of drug abuse. We are committed to strict enforcement of the prohibitions against the sale, use or possession of marijuana, narcotics and dangerous drugs.

The drug problem has increased and is increasing in our country and likewise has grown and continues to grow in the Armed Forces.

The Department of Defense has taken a number of steps designed to cope with this very serious problem. We have developed informational materials on improper drug use, and procedures for the prevention of illegal drug traffic. We have also developed programs designed to restore members of the Armed Forces who are drug abusers or drug addicts to useful functions. We have authorized, on a trial basis, amnesty programs for drug abusers who voluntarily step forward before being apprehended.

We are, of course, concerned about the potential danger of drug abuse among United States personnel in Vietnam. We have launched a number of programs to suppress and eliminate illegal drug usage by U.S. military forces in Southeast Asia.

-- Special Vietnamese-U.S. marijuana/narcotics investigation teams to investigate sources of supply and apprehend offenders.

-- Special teams are available to instruct commanders and troops in identification and detection of marijuana.

-- Orientation classes are conducted for all new arrivals to stress the moral, medical, and social aspects as well as the legal penalties associated with the possession or use of marijuana.

Turning now to another problem area, despite the progress made in achieving equal opportunity and improving race relations, more must be done. In all my trips to military installations in the U.S. and overseas, I have made it a point to talk with thousands of our enlisted men and women. I have sought particularly to get their views and the views of their commanders on what more needs to be done to improve equal opportunity in the Armed Forces. In late 1969, and more recently in late 1970 my staff visited bases in Southeast Asia and Europe. Data gathered during the visits evaluated the implementation of DoD policies and programs on equal opportunity and treatment. Interracial tension and conflict were also studied on these visits. These visits resulted in a changed DoD policy in regard to equal opportunity and race relations.

I have authorized base commanders to declare OFF LIMITS any establishment which discriminates against any member of the Armed Forces. Heretofore commanders have had to refer these cases to the office of their Service Secretary before taking action.

I have also determined that leadership in conducting successful Equal Opportunity Programs should be one criterion in the evaluation of military and civilian officials for promotion to positions of increased responsibility.

Another program designed to ease racial tensions in the Armed Forces is our new race relations education project. An Inter-Service Task Force on Education in Race Relations was established in January 1970 for the purpose of developing an educational program for all military personnel in the area of race relations. Extensive progress toward the accomplishment of their mission was made by the Task Force. The curriculum will be finalized, field-tested, and ready for implementation by early 1971. The Department of Defense will require the military services to implement the Department of Defense Race Relations Education Program at all levels of education and training for military personnel.

These two problems are problems of our society -- not just problems of the Armed Forces. We shall continue to work toward effective resolution of them within the Armed Forces. To deal with them adequately, however, our effort must be part of a broader campaign in which the resources of the civilian sector are brought to bear to eliminate these evils.

III. DEFENSE AND THE ECONOMY

Last year, in my appearance before the Committee, I discussed some of the problems associated with determining appropriate priorities for resource allocation, and the FY 1971 Defense Budget in that perspective. In this section of my report, I will discuss the proposed FY 1972 Defense Budget in a similar broad context -- in terms of inflation, general trends in defense spending, changing priorities, and the relationship of this budget to our new defense strategy of realistic deterrence. Let me begin with this last item.

As I explained in earlier sections, our new strategy is based on my belief as Secretary of Defense that we can perform essential defense functions with a restructured U.S. military force that, in peacetime, requires no more than about seven percent of GNP or less and is made up of no more than about 2.5 million volunteers. Within these rough guidelines, we want to maintain a peacetime "baseline" force structure that with our allies will be sufficient to deter war by confronting potential aggressors with strong and effective fighting forces.

The forces proposed in FY 1972 with minor modifications discussed earlier represent our best estimate of the "baseline" forces needed for our new strategy during the FY 1972-76 planning period, while providing the basis for adjustments to our capabilities should that become necessary or desirable.

It is useful to view FY 1972 as the year when we return our budget and manpower levels to those that prevailed prior to the Vietnam war. It is within this budget and overall force level that we are making necessary changes in our capabilities so that, together with the growing capabilities of our friends and allies, an effective and realistic Free World security strategy can and will successfully deter war and secure the President's goal of a lasting peace.

In this section, an explanation of budget and manpower trends is provided in order to indicate how we reached this peacetime baseline in budgets and forces.

Turning to the magnitude of our FY 1972 Defense Budget and Programs let me summarize certain key facts:

-- Defense programs continue to be affected by strong inflationary pressures, especially with respect to pay rates and other manpower costs.

-- Defense programs in real terms -- that is, in dollars of constant buying power -- decline by about 5% from FY 1971 to FY 1972. The FY 1972 program is about 24% below the wartime peak of FY 1968.

-- The FY 1972 Defense Budget, in dollars of constant buying power, is about equal to the prewar (FY 1964) level. That is, with the FY 1972 Budget the additional money previously required for prosecution of the Vietnam war is no longer needed and can be applied to other federal programs.

-- The FY 1972 Budget reflects a continuation of President Nixon's program for reordering priorities -- this has produced major cuts in the money and manpower allocated to Defense, with these reductions (plus all economic growth) allocated to the civilian sector.

-- The sharp cutbacks in Defense programs over the past two years have obviously had a major bearing upon the performance of the economy, and have contributed to the sharp rise in unemployment. The sharpest of these cuts are now behind us, and the future impact of defense cutbacks will be much more gradual. This fact, coupled with other developments, produces a more favorable employment outlook.

A. THE IMPACT OF INFLATION AND INCREASED PERSONNEL COSTS

Inflation as well as increases in personnel costs (owing to both real wage increases and inflation itself) have had an explosive impact upon the defense budget and mask the very large program cuts that have occurred. It is therefore essential that we consider the defense budget in terms of constant dollars (that is, dollars that are of constant buying power and exclude all increases in pay and personnel costs) in order to get an understanding of program trends.

In addition, it is important to note a significant innovation in presenting this year's budget. Last year, following prior practices, we submitted the defense budget on the basis of pay rates then in effect. That FY 1971 Budget did not reflect two pay raises affecting FY 1971. Largely for this reason, our FY 1971 estimates are now significantly higher (even after Congressional reductions) than were presented a year ago. To avoid such confusion, we have made the estimates as complete as possible this year -- including reflecting the pay raise expected to become effective in January 1972.

Perhaps the best way to illustrate the impact of inflation and increased personnel costs upon our budget is in terms of manpower and payroll trends. Consider these facts:

-- From June 1968 to June 1972, we are reducing military personnel by 1,042,000 and civilians by 205,000 -- a total manpower cut of 1,247,000.

-- However, from FY 1968 to FY 1972, our payroll -- military basic pay and civilian salaries -- rises by $4.8 billion.

-- In addition, payments to retired military personnel rise by $1.7 billion from FY 1968 to FY 1972, and the FY 1972 spending estimates include $1.4 billion for the Volunteer Force.

-- All told, then, these pay items rise by $7.9 billion while we are decreasing manpower by nearly 1.25 million.

Table 12 presents data on defense spending in terms of current prices and constant prices (including all adjustments for increased personnel costs). Data are shown for FY 1964, the last prewar year; FY 1968, the peak spending year, and for FY 1971 and FY 1972. The top part of the table shows outlays in current prices -- that is, amounts actually spent, or proposed to be spent. Note that, in these terms, defense spending rose by $27.2 billion from FY 1964 to FY 1968, will fall by $3.5 billion from FY 1968 to FY 1971, then is expected to rise by $1.5 billion from FY 1971 to FY 1972.

The bottom part of the table shows data for the same years in constant prices -- that is, at the price levels and pay rates expected to prevail in FY 1972. Had these pay rates and price levels been in effect in FY 1964, our spending in that year would have been $75.8 billion instead of the $50.8 billion we actually spent. Put another way, if today we hired the same number of people and purchased the same amount of goods as we did in FY 1964, it would cost us $25 billion more than it did then. By the same token, defense spending in FY 1968 would have been $99.9 billion, and FY 1971 spending would be $79.6 billion in dollars comparable to those we are budgeting for FY 1972.

Pay increases, as I have indicated, account for the largest part of this rise. Military basic pay, which is not directly comparable to civilian salaries, rises by 85% from FY 1964 to FY 1972; classified civilian salaries rise by 56.5%. All of the increases to which I am referring have been enacted into law with the exception of one we assume will take effect in January 1972.

Retired military pay is shown separately in Table 12. Note that this triples from FY 1964 to FY 1972, increasing from $1.2 billion to $3.8 billion.

Volunteer costs, a new item in FY 1972, add $1.4 billion in FY 1972 spending ($1,520 million in budget authority).

Other military personnel costs include items other than basic pay. This includes, largely, allowances and special pays, subsistence, and permanent change of station travel.

Total payroll and related items, in current dollars, comprise a large and growing percentage of the budget -- 52% in FY 1972, versus 43% in prewar 1964.

Prices in goods and services the Department buys will rise by 27.7% from prewar FY 1964 to FY 1972.

Assistant Secretary of Defense Moot will provide the details behind our calculations in this area -- the specific pay increases, the inflation rates which occurred during these years, and other pertinent facts.

B. DEFENSE PROGRAM AND EMPLOYMENT TRENDS

As indicated in Table 12, the Defense budget (in constant prices) rose from $75.8 billion in FY 1964 to a peak of $99.9 billion in FY 1968, then is expected to drop to $79.6 billion in FY 1971 and $76 billion in FY 1972 -- a drop of $23.9 billion, roughly 24% from the wartime peak.

Thus, the FY 1972 Budget, in constant dollar terms, is almost equal to the prewar level. This marks an historic first -- it is the first time in this century that military spending has returned to the prewar level. In every other war, military spending (measured in constant dollars) has been higher after the war than it was prewar as the chart below highlights.

DEFENSE WARTIME BUDGET TRENDS
INDEX OF CHANGES,
IN CONSTANT PRICES

	INDEX		
	Prewar	Peak	Postwar
World War II (FY 1940-45-48)	100	3,839	405
Korea (FY 1950-53-56)	100	290	219
Southeast Asia (FY 1964-68-72)	100	132	100

It is especially noteworthy that this result has been achieved while spending for military operations in Vietnam continues and the military manpower needed for Southeast Asia is being provided from a force that is 180,000 below the prewar level.

Manpower is an important part of the defense cutback, as I indicated earlier. In the previous section, I discussed the

cutbacks in DoD military and civilian personnel. The following table shows all DoD-related manpower, including defense-related employment in industry.

	(June 30, in thousands)			
	1964	1968	1971	1972
Military personnel	2,685	3,547	2,699	2,505
Civilians	1,035	1,287	1,104	1,082
Total direct	3,720	4,834	3,803	3,587
Defense related employment in industry	2,280	3,470	2,240	2,160
Total DoD-related manpower	6,000	8,304	6,043	5,747

Military manpower in the years immediately preceding the war ranged from 2.8 million in 1962 to about 2.7 million in 1963-65. Civilian employment was 1,035,000 in 1964, and prior to then at or slightly above that level. Certain positions previously military have been converted to civilian since 1964, so the military-civilian mix is slightly different than prewar.

As the figures show, by the end of FY 1972, defense-related manpower will be down sharply from the FY 1968 peak -- nearly 2.6 million, or nearly one-third. Also, total defense-related manpower will be down by 253,000 from the prewar level.

In summary, I want to emphasize once again that with this budget all of the wartime buildup in manpower and money has been removed. Defense manpower, as I have shown, is below the prewar levels, while defense purchases, in constant dollars, are also below those levels.

Let me now turn to one other significant area with regard to defense employment trends. The impact of both direct and related defense manpower reductions, and their effects on the nation's unemployment level has been of considerable concern. Although defense cutbacks are continuing in FY 1972, the rate will fall off significantly and the future employment picture looks much more favorable when coupled with more expansionist government economic policies.

For example, from the above table we can see that direct DoD employment should drop just over one million in the three year period between FY 1968-1971, or about 340,000 per year. During FY 1972 it will drop some 216,000. A similar trend is true for defense-related employment, which decreased about 1.2 million between FY 1968-1971, (about 410,000 per year) but should drop

about 80,000 during FY 1972. Combining both figures, we see that total defense and defense-related job cutbacks averaged about 750,000 per year between 1968-1971, but will be less than half, or about 300,000 during FY 1972.

C. CHANGING PRIORITIES

The shift in our priorities, away from defense and to civilian pursuits, has been massive. The size and price of this change is not generally appreciated. Table 13 presents key data highlighting these developments.

As can be seen from the table, in current dollars (not adjusted for price changes) defense spending rises by $25.2 billion from FY 1964 to FY 1972 -- almost entirely due to inflation and personnel cost increases, as we have noted. Other federal spending, and state and local spending, will each rise by about $90 billion in the same period -- also subject to inflation.

The constant price figures, adjusted for pay and price increases are much more significant. Defense spending rose by $24.1 billion from FY 1964 to FY 1968, and falls by $23.9 billion from FY 1968 to FY 1972, so that real defense spending in FY 1972 is slightly above the FY 1964 level. Other federal spending grows by $68.3 billion price adjusted, and state and local spending by $58.6 billion. This means that public spending (in constant prices) grows by over $125 billion from the prewar level -- practically all of it for non-defense programs.

The change in the FY 1968 to FY 1972 period is especially significant. Defense spending drops by $23.9 billion, while other federal spending grows by $36.4 billion. This means that two-thirds of the real increase in civilian spending can be viewed as having been financed by defense cutbacks. Civilian programs are increasing by $36.4 billion, while the federal budget total (in real terms) increases by about one-third of that amount.

The picture is the same for public employment, including military personnel. Defense grew sharply from FY 1964 to FY 1968, and falls even more sharply from FY 1968 to FY 1972. The result is that practically the entire increase in public employment since 1964 is at the state and local level, with defense cuts offsetting part of the increases in federal civilian agency employment.

The labor force data are especially significant. Note that the total U.S. labor force will increase by 13.2 million from 1964 to 1972. This is an unprecedented growth, the result of the post-World War II baby boom.

From 1964 to 1968, defense (including industry employment) absorbed one-third (about 2.2 million) of the labor force growth, which was estimated at 6.8 million in those four years. From 1968 to 1972, we are turning all these people back. Although the total labor force change is an increase of 6.4 million people, cutbacks in the defense labor force mean that nine million people will become available for non-defense work in the years 1968-1972, about twice as many as in the preceding four years.

And from 1964 to 1972, the number of people available for non-defense work will grow by 13.5 million -- the entire growth in the labor force, and then some again owing to cutbacks in the defense labor force that make additional people available for the non-defense sector of the economy.

Turning now to another aspect of a change in priorities, the lower part of the table presents data for selected years relating defense to the total economy and to public spending.

Defense spending in FY 1972 will amount to 6.8% of the Gross National Product (GNP), compared to 9.5% at the wartime 1968 peak and 13.3% at the Korea peak. This 6.8% is significantly lower than the prewar figure, 8.3% in 1964.

As to federal spending, the defense budget for FY 1972 is 32.1% of the total, compared to the 42.5% at the wartime 1968 peak and 62.1% at the peak of the Korean War. The 1972 percentage is nearly ten points below the 41.8% that pertained for prewar 1964.

The same pattern pertains in comparing defense spending with net total public spending -- federal, state and local with grants-in-aid and other offsets netted out. Defense spending will account for 20.9% of all public spending in FY 1972, significantly below the levels in FY 1968, FY 1964, and FY 1953.

In all three of these areas, the Defense percentages for FY 1972 are the smallest that have pertained for more than 20 years. That is, we are devoting a smaller share of our economy to Defense, and of our public spending, than we have since FY 1950. The 1948-50 period, you will recall, marks the low point of our defense effort since World War II.

In summary, I would like to point out some orders of magnitude. Note, for example, that non-defense federal spending grows by $90.3 billion for 1964 to 1972. State and local spending grows by $89.9 billion. Both of these <u>increase</u> amounts are much larger than the <u>entire</u> defense budget. Note also that defense spending is 20.9% of the public spending total. Other federal spending is

more than twice as great as defense; so is state and local spending.

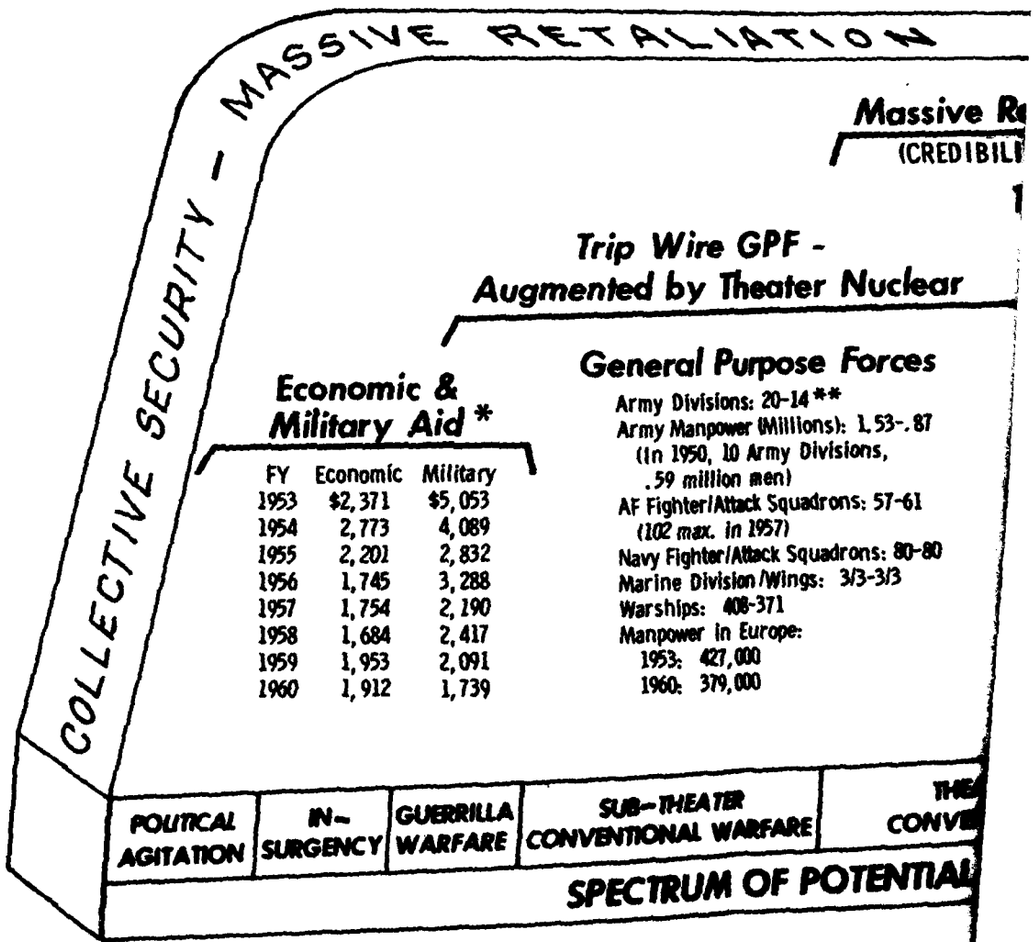
In the context of huge changes such as these, defense spending -- especially potential future changes in defense spending -- does not loom very large.

The defense budget no longer consumes the large percentages of our government resources that it did in the 1950's. In those years, it could play a key role in financing increases in other segments of the federal budget -- and in the employment and unemployment trends. But as a result of this changed complexion of the federal budget, the opportunity to use changes in the defense program to finance non-defense programs is significantly reduced. Thus, the period of defense dominance in resource allocation is over.

NOTE: Figures 1, 2 and 4 show basic trends during the periods displayed, and represent best estimates from available Department of Defense records. Figures 1 and 2 use the most commonly identified terms to depict strategy concepts in the 1950's and 1960's.

FIGURE 1

EISENHOWER STRATEGY
1953 - 1960



*Deliveries, excluding Military Assistance, Service funded (Converted to constant dollars using same index as that for total DoD Budget).

**Includes three training divisions that did not have a combat assignment.

416-352 O - 71 (Master No. 1)

Retaliation - Umbrella for Allies

LITY CONTINGENT ON NUCLEAR SUPERIORITY)

Theater Nuclear Forces (Deployed)

IRBMs:
THOR & JUPITER
MK-5 through
MK-39 Bombs
11 Types of missiles
and rockets incl.,
MATADOR, MACE
HONEST JOHN, NIKE-
HERCULES, TALOS,
REDSTONE
3 Nuclear Projectiles
(8", 16", 280mm)
Atomic Demolition
Munitions (ADMs)
ASW Weapons:
BETTY & LULU

Strategic Forces

Strategic Bomber Squadrons:
(Heavy): 18-36
(Medium): 66-104
ICBMs: ATLAS 0-6
MINUTEMAN (Development initiated & deployment authorized)
SLBMs; POLARIS: 0-32
CONUS Air Defense:
SAMs: Approx. 0-4, 400
AF Fighter Interceptor
Sqdns: 78-65
(96 max. in 1957)

ATER NTIONAL	THEATER	STRATEGIC
	NUCLEAR WARFARE	

L CONFLICT

otal Active Forces

3.6 Million (1953)
2.5 Million (1960)

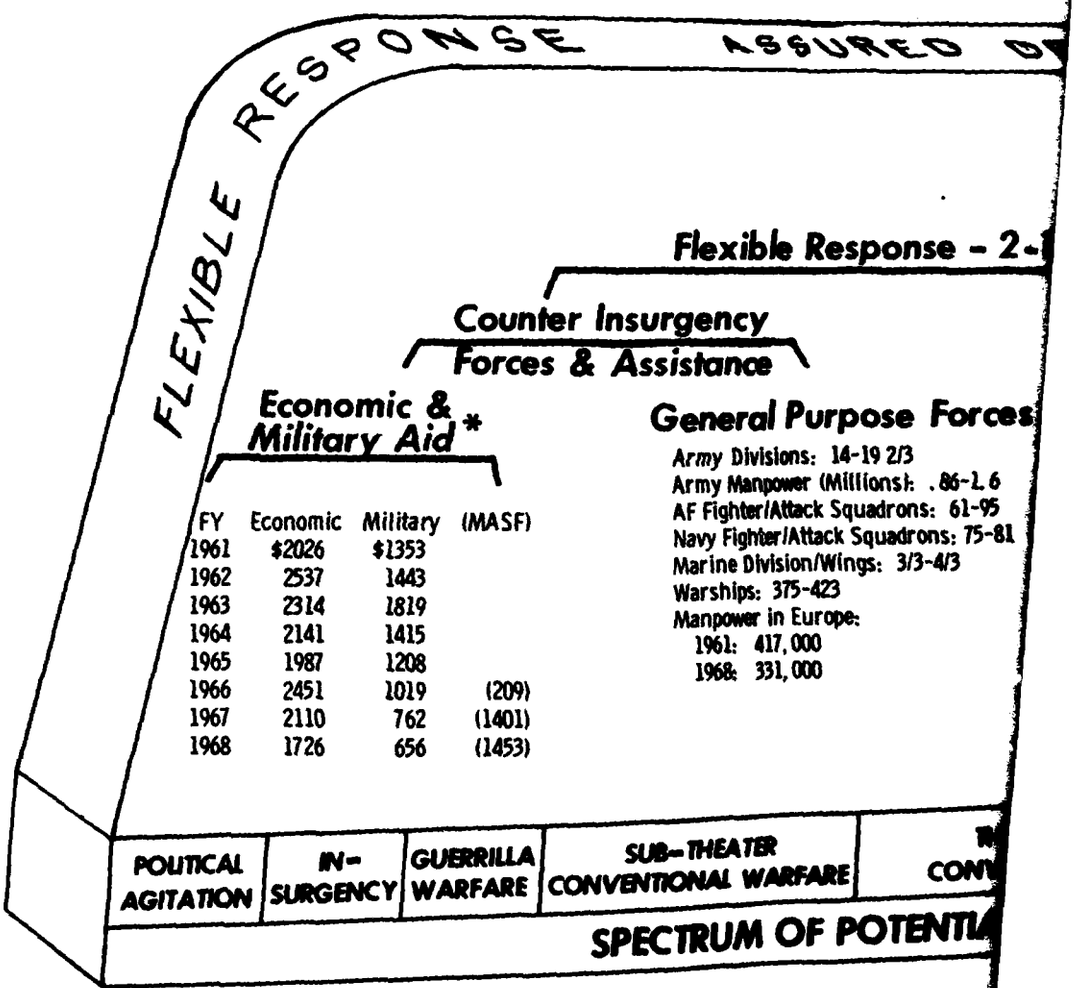
Budget Levels

(Outlays for Mil. Functions & Mil. Assistance in Billions of 1964 Dollars):

1953	$60.7	1957	$45.5
1954	56.3	1958	45.8
1955	46.6	1959	46.7
1956	44.7	1960	46.1

FIGURE 2

KENNEDY - JOHNSON STRATEGY 1961 - 1968



FY	Economic	Military	(MASF)
1961	$2026	$1353	
1962	2537	1443	
1963	2314	1819	
1964	2141	1415	
1965	1987	1208	
1966	2451	1019	(209)
1967	2110	762	(1401)
1968	1726	656	(1453)

* Deliveries, excluding Military Assistance, Service funded (Converted to constant dollars using same index as that for total DoD Budget).

418-352 O - 71 (Paster No. 2)

ESTRUCTION

Strategic Deterrence

(Credibility Contingent on Assured Destruction)

V2 War

Theater Nuclear Forces (Deployed)

Carryover of Eisenhower Systems
PLUS:
- MK-43, MK-57 and MK-61 Bombs
- 6 missiles and rockets incl., FALCON, PERSHING, DAVY CROCKETT, AND TERRIER
- 155mm Projectile
- 4 ASW Weapons incl. SUBROC & ASROC

MINUS: (Phased out between 1961-68)
- IRBMs: THOR & JUPITER
- 5 missiles and rockets incl. REDSTONE & MATADOR
- ASW Weapon: BETTY
- 280mm Projectile

Strategic Forces

Strategic Bomber Sqdns:
- (Heavy): 39-34
- (Medium): 86-6

ICBMs: ATLAS 28-0 (126 max. in 1963)
TITAN: 0-54
MINUTEMAN I & II 0-1,000
MINUTEMAN III †
SLBMs: POLARIS 80-656
POSEIDON †
ABM: SENTINEL †
CONUS Air Defense:
- SAMs: 2,122-868
- AF Fighter Interceptor Sqdns: 54-27

† (Development initiated and deployment authorized)

EATER VENTIONAL	THEATER	STRATEGIC
	NUCLEAR WARFARE	

L CONFLICT

l Active Forces

.5 Million (1961)
.7 Million (1964)
.5 Million (1968)

Budget Levels

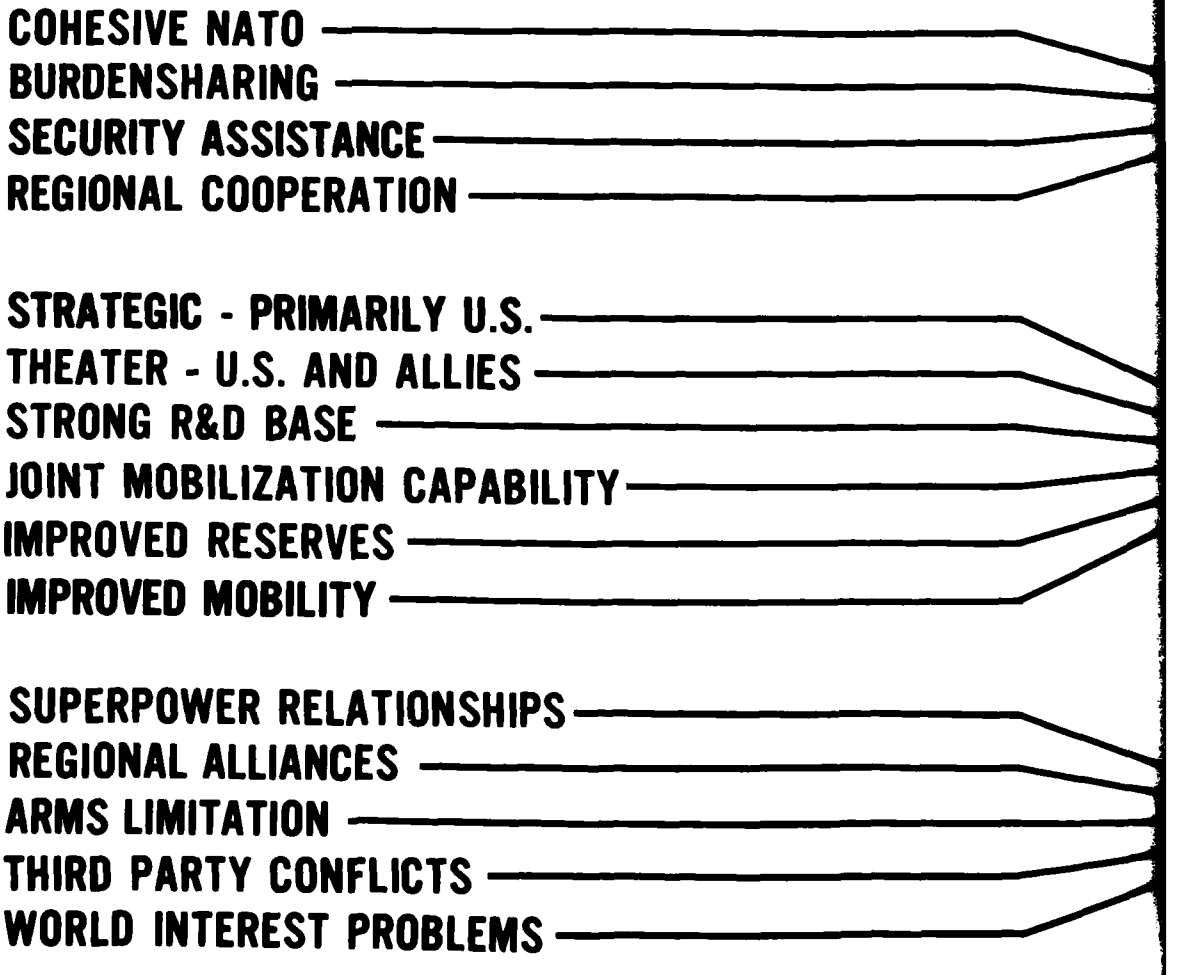
(Outlays for Mil. Functions & Mil. Assistance in Billions of Constant 1964 Dollars):

1961	$46.5	1965	$45.3
1962	50.3	1966	51.2
1963	51.0	1967	61.7
1964	50.8	1968	68.4

2

FIGURE 3

FOREIGN POLICY OBJECTIVE OF LAST
THROUGH
NATIONAL SECURITY STRATEGY OF
AND
A FOREIGN POLICY STRATEGY OF



418-332 O - 71 (Paster No. 3)

NG PEACE AND FREEDOM

REALISTIC DETERRENCE

IGOROUS NEGOTIATION

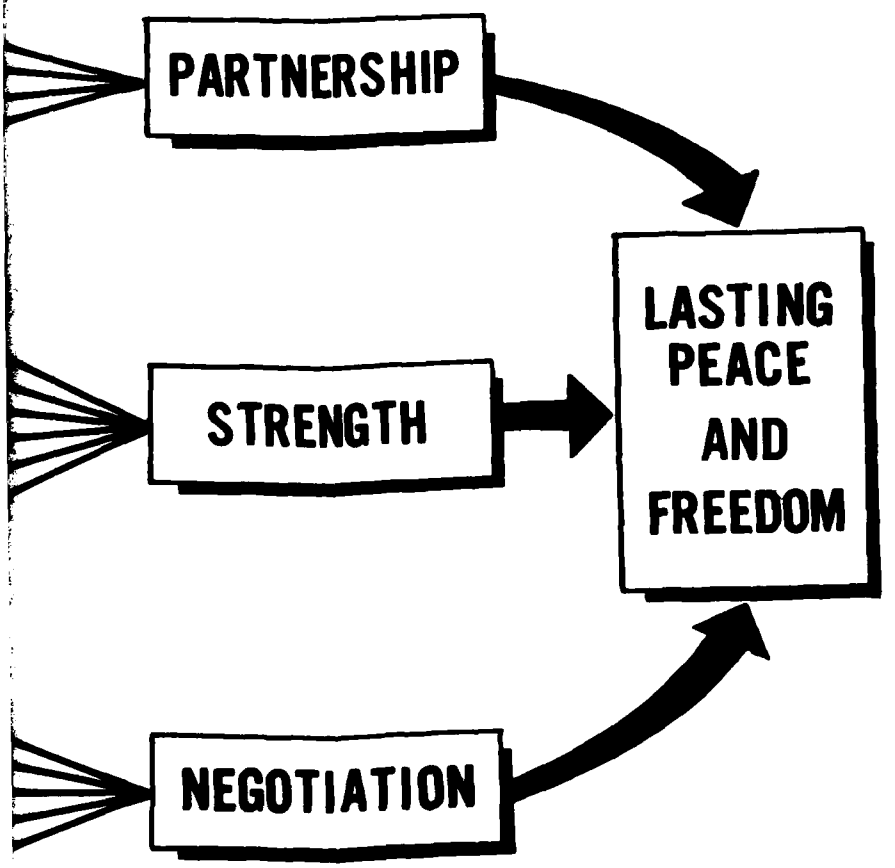
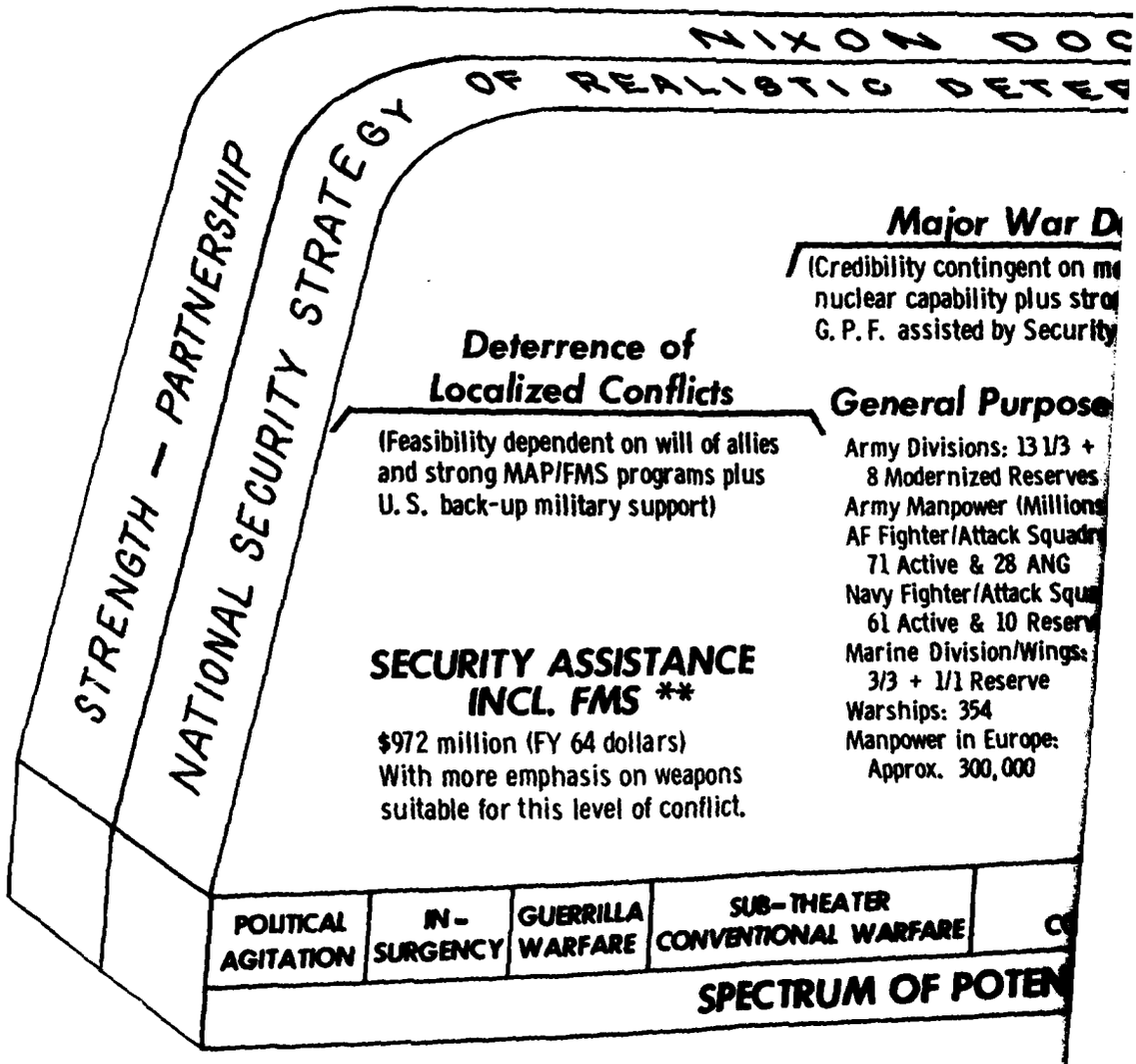


FIGURE 4

NIXON STRATEGY FOR PEACE

STRENGTH - PARTNERSHIP - NEGOTIATIONS



* FY 1972 Baseline Forces
** FY 1972 Program

418-352 O - 71 (Paster No. 4)

CTRINE

ERRENCE

Strategic Deterrence

(Credibility contingent on sufficiency and/or SALT)

Deterrence

n modern and sufficient
strong allied and U. S.
urity Assistance, incl. FMS)

ose Forces*

+
ves
ions): .942
adrons:
quadrons:
erve
s:

Theater Nuclear Forces* (Deployed)

Carryover of Kennedy-Johnson systems -
PLUS:
- WALLEYE
- LANCE (approved for production)
- Improved 155 mm Projectile (approved for Engineering Dev.)

MINUS: (phased out after 1968)
- DAVY CROCKETT, MACE, LITTLE JOHN

Strategic Forces *

Strategic Bomber Sqdns.
(Heavy): 26
(Medium): 4
ICBMs:
- TITAN: 54
- MINUTEMAN: 1,000
- POSEIDON: 496 (force goal)
- POLARIS: 160 (force goal)

ABM: SAFEGUARD
CONUS Air Defense:
- SAMs: 913
- AF Fighter Intercept Squadrons: 11

THEATER CONVENTIONAL	THEATER NUCLEAR WARFARE	STRATEGIC

NTIAL CONFLICT

Total Active Forces

3.5 Million (1969)
3.1 Million (1970)
2.7 Million (1971)
2.5 Million (1972)

Budget Levels

(Outlays for Mil. Functions & Assistance in Billions of 1964 Dollars):

1969	$65.4
1970	$59.4
1971	$53.2
1972	$50.8

2

TABLE 1

Department of Defense

FINANCIAL SUMMARY

(Millions of Dollars)

	FY 1964	FY 1968	FY 1970	FY 1971	FY 1972
Summary by Program					
Strategic Forces	8,503	7,341	7,358	7,737	7,639
General Purpose Forces	16,507	30,495	27,650	24,142	24,278
Intelligence and Communications	4,313	5,553	5,613	5,396	5,625
Airlift and Sealift	1,076	1,810	1,709	1,376	1,139
Guard and Reserve Forces	1,764	2,200	2,570	2,686	3,141
Research and Development	4,872	4,322	4,870	5,229	6,096
Central Supply and Maintenance	4,626	8,395	9,091	8,399	8,721
Tng, Medical, Other Gen Pers Activities	6,946	12,207	13,721	13,861	13,650
Admin and Assoc Activities	1,083	1,230	1,469	1,581	1,510
Support of Other Nations	1,063	2,365	2,731	3,887	3,671
Military and Civilian Pay Increase	-	-	-	1,000	2,560
Volunteer Armed Force	-	-	-	-	1,200
Total - Direct Program (TOA)	50,753	75,919	76,782	75,291	79,230
Summary by Component					
Department of the Army	12,271	25,064	24,151	22,101	21.468
Department of the Navy	14,500	20,869	22,710	21,766	23,347
Department of the Air Force	20,018	25,052	24,170	22,914	22,827
Defense Agencies/OSD	1,007	1,503	1,723	1,734	1,787
Defense-wide	1,857	2,758	3,499	4,228	4,721
Civil Defense	111	86	70	73	78
Military and Civilian Pay Increase	-	-	-	1,000	2,560
Volunteer Armed Force	-	-	-	-	1,200
Military Assistance Program	989	588	459	1,475	1,242
Total - Direct Program (TOA)	50,753	75,919	76,782	75,291	79,230
Summary by Functional Classification					
Military Personnel	12,988	19,939	22,978	21,971	20,164
Retired Pay	1,211	2,093	2,853	3,387	3,744
Operation and Maintenance	11,700	20,907	21,516	20,164	20,270
Procurement	15,126	22,856	19,860	17,974	19,720
Research, Develop, Test & Eval	7,049	7,285	7,451	7,109	7,888
Special Foreign Currency Program	-	-	5	8	12
Military Construction	977	1,543	994	1,395	1,482
Family Housing	602	621	597	735	870
Civil Defense	111	86	70	73	78
Military and Civilian Pay Increase	-	-	-	1,000	2,560
Volunteer Armed Force	-	-	-	-	1,200
Military Assistance Program	989	588	459	1,475	1,242
Total - Direct Program (TOA)	50,753	75,919	76,782	75,291	79,230
Financing Adjustments	169	483	-2,303	-2,594	-487
Budget Authority (NOA)	50,922	76,402	74,479	72,698	78,743
Outlays	50,786	78,027	77,880	74,500	76,000

Table 2

STRATEGIC FORCE STRENGTHS

	December 30, 1970		Mid-1971	
	USSR	US	USSR	US
ICBMs	1440[1]	1054	1500[1]	1054
SLBM Launch Tubes	350	656	400	656
Heavy Bombers	195[2]	517	175-195[2]	569
Total Offensive Force Loadings 3/				
Weapons	1800	4000	2000	4600
Air Defenses				
Fighter-Interceptors	3200	599	3000-3300	599
SAM Launchers	9700	1436	10000	1136
ABM Launchers	64	0	64	0

1/ Includes ICBM launchers associated with MR/IRBM fields.
2/ Fifty of the BISONs are configured as tankers.
3/ Data not available for October 1970. Figures are as of mid-year.

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TABLE 3: USSR STRATE

USSR

INTERCONTINENTAL BALLISTIC MISSILES

RECENT DEVELOPMENTS

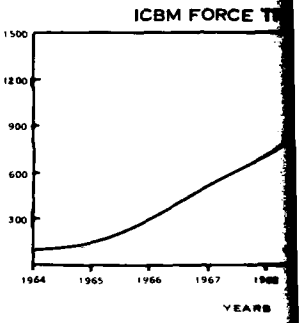
Deployment of the SS-9 and SS-13 ICBMs is continuing but at a reduced pace. It appears that deployment of the SS-11 has leveled off. Warhead variants (multiple re-entry vehicles or decoys) are being developed for the SS-9, SS-11 and SS-13. As of December 1970, the Soviets had an operational force of 1440 launchers, including the SS-11s in the IR/MRBM fields.

The deployment rate of SS-9s decreased in 1970. Work on some sites may have been suspended, and work has slowed on several other sites. The Soviets may have reached their deployment goal for the current models.

The SS-11 deployment appears to have leveled off at the ICBM and MR/IRBM complexes with over 900 launchers.

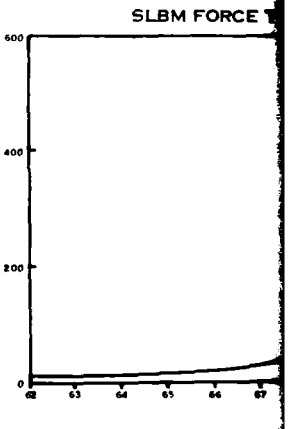
The deployment rate of the SS-13 continues as it has for the past four years, with some indication that it may be slowing.

There is, however, no assurance that new ICBM deployment programs will not occur.



USSR

BALLISTIC MISSILE SUBMARINE (CONUS ATTACK)



RECENT DEVELOPMENTS

Submarine Construction: During the past year, the Soviet Union continued to give high priority to its ballistic missile submarine construction program. The size of the Y-class force has grown from four operational units in January 1969 to 17 operational submarines at the present time. Two shipyards -- a large facility at Severodvinsk and a smaller yard in the Soviet Far East -- are probably producing a total of 7-8 units per year. At this rate the USSR could develop a force of Y-class submarines by 1974 comparable in size to the current US POLARIS force.

Deployment: There seems little doubt that out-of-area operations will increase over the next five years. When the Y-class becomes operational in greater numbers, out-of-area deployments of ballistic missile submarines will almost certainly become more extensive and regular.

RESEARCH AND DEVELOPMENT PROGRAMS

New Naval Missile: It is estimated that the Soviets are developing a new submarine-launched ballistic missile system.

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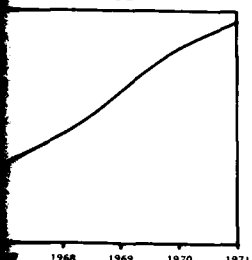
ATEGIC NUCLEAR FORCES

RCE TRENDS



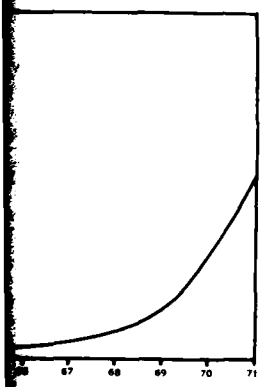
RESEARCH AND DEVELOPMENT PROGRAMS

Multiple Re-entry Vehicles: There have been many tests of the SS-9 with multiple re-entry vehicles since the program began flight testing in August 1968.

SS-9 Mod 3: Extensive testing of this system since 1965 is believed to be for development of a fractional orbit bombardment system (FOBS), or a retrofired depressed trajectory ICBM.

Modified SS-11 ICBM: Flight testing of modifications to the SS-11 commenced in 1969. Detection of multiple objects suggests that penetration aids and multiple re-entry vehicles are likely possibilities.

ORCE TRENDS



EARS

CHARACTERISTICS

	Propulsion	# Tubes Per Boat
Y-class	Nuclear	16
H-class	Nuclear	3
GII class	Diesel	3

7

TABLE 3: USSR STRATEGIC NUCLEAR

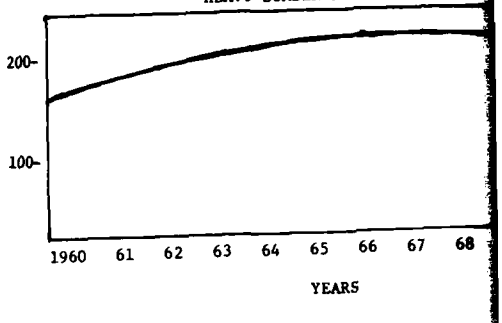
USSR

HEAVY BOMBERS

OPERATIONS: Current training activities are normal for this time of year.

PRODUCTION: No heavy bomber is currently being produced for the long-range air force.

HEAVY BOMBER FORCE TRENDS



FORCE LEVEL

	JAN FEB 71	MID 71	MID 72
OPERATIONAL AIRCRAFT			
BEAR and BISON*	195	175-195	165-195

* 50 of the BISONs are configured as tankers.

USSR

AIR DEFENSE

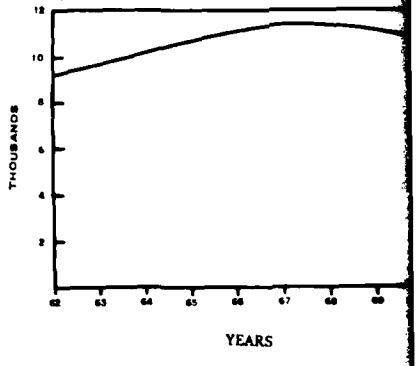
General: Soviet air defense is very extensive and has good capabilities against medium and high altitude attackers. It has limited effectiveness against low altitude (1,000 feet) penetrators.

Early Warning (EW): Provided by a very large network of radars located throughout the Soviet Union.

Interceptor Aircraft: Soviets have added four new interceptors to their inventory since 1964, the most recent being the FOXBAT last year.

Surface-to-Air Missiles: Soviets have deployed four different SAM systems with a total of nearly 10,000 launchers for strategic air defense.

SURFACE-TO-AIR-MISSILES FORCE



USSR

BALLISTIC MISSILE DEFENSE SYSTEMS

General: Soviets are continuing construction of their ballistic missile defenses. These defenses include ballistic missile early warning (BMEW) radars, target acquisition and tracking (TAT) radars-the Moscow ABM System (GALOSH) and necessary command and control.

BMEW: Provided by a network of HEN HOUSE radars.

TAT: Provided by DOG HOUSE radar and TRY ADD radars in Moscow area.

LAUNCH COMPLEXES: During the past year the Soviets appear to have brought four of the Moscow ABM complexes (ABM-1) to an operational status. The four complexes will provide 64 missiles on launchers. Launcher reload apparently is possible. In addition to the GALOSH, the SA-5 missile system or an upgraded version may also provide some capability against incoming missiles.

RESEARCH AND DEVELOP

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R FORCES (CONTINUED)

CHARACTERISTICS

TU-95 BEAR

Combat Radius: 4500 nm
Speed: 500 knots
Year Operational: 1956

M-Type BISON

Combat Radius: 3000 nm
Speed: 545 knots
Year Operational: 1956

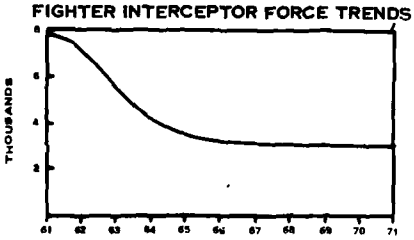
About 50 of the BISONs are configured as tankers. None of them are equipped to carry missiles.

RESEARCH AND DEVELOPMENT PROGRAM

New Swing Wing Bomber: Soviets have produced a prototype of a new variable-geometry wing, supersonic-dash bomber.

TRENDS

FIGHTER INTERCEPTOR FORCE TRENDS



YEARS

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2

TABLE 4

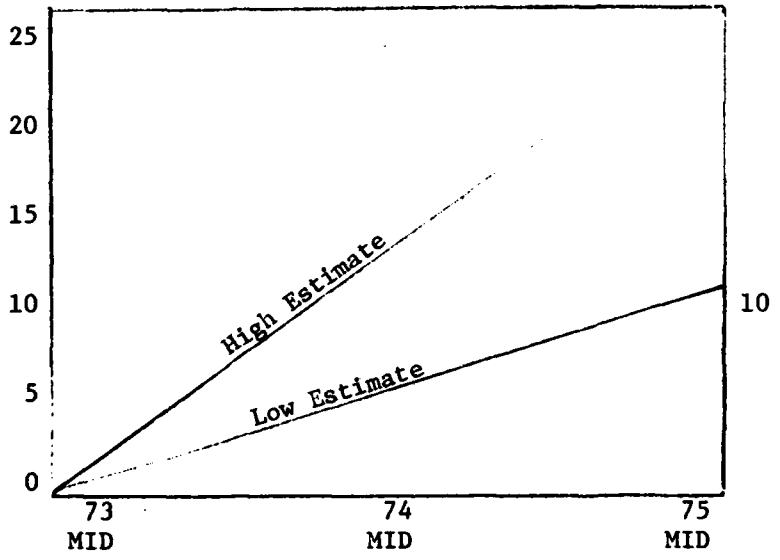
COMMUNIST CHINA STRATEGIC NUCLEAR FORCES

INTERCONTINENTAL BALLISTIC MISSILE DEVELOPMENT

Testing: Initial flight testing of an ICBM has not yet been confirmed. An initial operational capability could be attained within three years after flight testing of the ICBM is commenced.

Deployment Prospects: The earliest possible date for deployment has been estimated to be 1973, but more likely China's ICBM will not reach the status until a year or two later.

Estimated ICBM Deployment Rate
(Based on initial deployment in 1973)



Space Launch: China's first satellite, a payload of 381 pounds, was orbited on 24 April 1970. The launch vehicle has not been firmly identified, but it is estimated to have consisted of stages of IRBM missiles under development. This accomplishment demonstrates adequate sophistication for the progressive development of ICBM systems.

TABLE 5: USSR THEATER NU

USSR

MEDIUM AND INTERMEDIATE RANGE BALLISTIC MISSILES

RECENT DEVELOPMENTS

Construction: The Soviets are deploying SS-11s at MRBM/IRBM complexes in the Western USSR, as was discussed in the table on USSR Strategic Nuclear Forces. This program began in 1968.

SS-12: This Missile system is a mobile launcher which is estimated to carry a 500 nm missile. It is estimated that the Soviets have a number of SS-12 launchers operational.

Scamp (SS-14): No deployment has been identified to date.

USSR

MEDIUM BOMBERS

RECENT DEVELOPMENTS

OPERATIONS: Soviet medium bomber training activity is slightly below the level of previous years.

PRODUCTION: BLINDER operational force has remained stable over past few months.

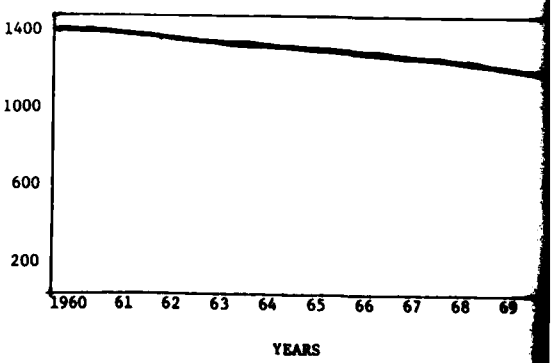
DEPLOYMENT

The large Soviet nuclear-capable medium bomber force is primarily targeted against NATO. Over half of this force is free-fall bombers capable of delivering tactical nuclear payloads. The remainder of the force can carry air-to-surface missiles.

FORCE LEVEL

	JAN 71	MID 71	MID 72
OPERATIONAL AIRCRAFT (Includes BADGERS and BLINDERS in Soviet Naval and Long-Range Aviation)	1217	1150-1255	1080-1210

MEDIUM BOMBER FORCE TRENDS



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LEAR FORCES

USSR

TACTICAL MISSILES: The Soviets have built up large forces of tactical rockets and missiles for immediate support of their ground forces. These weapons (tabulated below) are apparently reliable, highly mobile weapons. Soviet force contains a large number of launchers.

Launchers and Missiles assigned to ground forces:

FROG
SCUD
SHADDOCK
SS-12

TACTICAL AIRCRAFT: Aircraft in the Soviet Tactical Air Force possessing a nuclear weapons delivery capability:

IL-28/BEAGLE	Oldest, light bomber.
YAK-28/BREWER	Only all weather capable, light bomber.
SU-7/FITTER	Primary attack fighter/bomber.
MIG-21/FISHBED	Multi-purpose fighter.
?	Swing wing fighter/bomber.

THEATER NAVAL FORCES: The Soviets have continued a steady buildup in their four fleets of forces -- surface and subsurface. These forces include ships, submarines and patrol boats carrying nuclear-capable surface-to-surface and surface-to-air guided-missiles.

70 71

2

TABLE 6

COMMUNIST CHINA THEATER NUCLEAR FORCES

Surface-to-Surface Missile Development

Research and Development: By 1970, Chinese R&D emphasis may have shifted from the MRBM to development of a longer range, IRBM liquid-fueled system.

Deployment Prospects: Limited deployment of the MRBM is a possibility.

Jet Medium Bombers

Operational Capability: China's TU-16/BADGER, now in series production, will provide a diversified strategic weapons delivery potential. Airfields which can support this bomber's operations are numerous throughout China. Utility of the TU-16 could be enhanced by the development of air-to-surface missile and in-flight refueling capabilities. This aircraft's mission radii are as follows:

	UNREFUELED	IN-FLIGHT REFUELING
Normal Payload (6,600 lbs)	1650 NM	2300 NM
Maximum Payload (20,000 lbs)	1300 NM	1950 NM

TABLE 7

SELECTED SOVIET AND WARSAW
PACT GENERAL PURPOSE FORCES

	SOVIET	OTHER*
Ground Forces		
Divisions	160	60
Manpower	2,200,000	800,000
Tactical Air Forces (All types)	5,000	2,900
Naval Forces		
Major Surface Combatants	215	8
Minor Surface Combatants (Incl. Costal Patrol Types)	674	468
Nuclear Submarines	87	0
Conventional Submarines	264	8

* Warsaw Pact Countries: Bulgaria, East Germany, Czechoslovakia, Hungary, Poland, Romania

TABLE 8

THEATER AND SUB-THEATER THREAT IN ASIA

	Communist China	North Korea	North Vietnam*
Ground Forces			
Divisions	140	25	15
Manpower	2,600,000	360,000	300,000
Tactical Air Forces			
Aircraft (all types)	3,500	600	270
Naval Forces			
Surface Ships	870	150	40

* Does not include infantry divisions deployed out of country.

TABLE 9

SUMMARY OF SELECTED ACTIVE MILITARY FORCES
(End of Fiscal Year)

	1964	1970	1971	1972
Strategic Forces:				
Intercontinental ballistic missiles:				
MINUTEMAN	600	1,000	1,000	1,000
TITAN II	54	54	54	54
POLARIS-POSEIDON Missiles	336	656	656	656
Strategic Bombers (AAI)	1,277	517	569	521
Manned Fighter Interceptor Sqdns	40	14	11	11
Army Air Defense Firing Batteries	107	40	30	21
General Purpose Forces:				
Land Forces:				
Army Divisions	16-1/3	17-1/3	13-2/3	13-1/3
Marine Corps Divisions	3	3	3	3
Tatical Air Forces:				
Air Force Wings	22	23	21	21
Navy Attack Wings	15	13	12	11
Marine Corps Wings	3	3	3	3
Naval Forces:				
Attack & antisubmarine Carriers	24	19	18	16
Nuclear attack submarines	19	44	51	55
Escort Ships	265	231	226	227
Amphibious Assault Ships	139	97	81	75
Airlift and Sealift Forces:				
Aircraft Squadrons:				
C-5A	-	1	2	4
C-133, C-141, C-118, C-124, C-130, C-135	32	17	15	13
Troopships, Cargo Ships, and Tankers	100	113	105	98

TABLE 10

SELECTED MAJOR PROCUREMENT (QUANTITY)

	Fiscal Years			
	65	70	71	72
Strategic Forces				
Navy				
Poseidon Conversions (SSBN)	-	4	6	6
Land Forces				
Army				
Aircraft and Spares				
LOH (OH 6/58)	88	600	600	400
UH-1	759	160	120	-
AH-1	-	170	70	-
M60A1 Tank (Incl. M60A1E2)	246	300	300	300 1/
U.S. Marine Corps				
Helicopters	138	62	15	14
LVT-7 Family	-	38	298	450
Tactical Air Forces				
Navy and Marine Corps				
A-6E (A-6A in '65)	64	12	12	12
A-7E	35	27	30	24
F-4	124	34	-	-
F-14	-	-	26	48
E-2C	-	-	-	11
EA-6B	-	15	8	19
A-4M	-	49	24	-
AV-8A	-	12	18	30
CVAN	-	1	-	-
Air Force				
A-37	-	36	81	-
A-7D	-	128	88	97
F-4	222	-	24	36
F-111	10	66	24	-
RF-4C	128	-	12	12
Int'l Fighter	-	-	-	21

TABLE 10(Con't)

	Fiscal Years			
	65	70	71	72
Naval Forces				
Navy				
Ships				
SSN	6	3	4	5
DLGN	-	1	1	1
DD-963	-	3	6	7
DLG Conv	-	1	4	2
LHA	-	2	2	-
Other Amphibious	10	-	-	-
Support (AS, AFS, ARC, AO, AOR, AD, AE, ATS)	9	-	-	6
Aircraft				
P-3	48	23	12	36
S-3A	-	-	-	13
RH-53D	-	-	12	18
UH-1N	-	-	-	10
Mobility Forces				
Air Force				
C-5A	-	23	-	-
C-130E	-	18	-	12
Navy				
Ships (T-AGOR, T-AGS)	2	-	2	1

1/ Includes retrofit of 210 on hand M60A1E2 tanks

Table 11

Active Duty Military Personnel, Civilian Personnel and Reserve Component Strength

(end of fiscal years in thousands)

	1964	1968	1970	1971	1972
Direct-Hire Civilian					
Army 1/	360	462	411	398	390
Navy	332	419	376	349	339
Air Force 1/	305	331	306	294	291
Defense Agencies	38	75	68	64	62
Total 1/	1,035	1,287	1,161	1,104	1,082
Active Duty Military					
Army	973	1,570	1,322	1,107	942
Navy	668	765	693	623	604
Marine Corps	190	307	260	212	206
Air Force	857	905	791	757	753
Total	2,687	3,547	3,066	2,699	2,505
Reserve Components (in paid status)					
Army National Guard	382	389	409	400	400
Army Reserve	346	312	308	308	308
Naval Reserve	132	131	131	143	132
Marine Corps Reserve	48	48	49	50	45
Air National Guard	73	75	90	89	89
Air Force Reserve	67	46	52	51	51

1/ These totals include Army and Air National Guard Technicians, who were converted from State to Federal employees in FY 1969. The FY 1964 and 1968 totals have been adjusted to include approximately 38,000 and 39,000 technicians respectively.

Table 12

Defense Outlays in Current and Constant (FY 1972) Prices

($ Billions)

	FY 1964	FY 1968	FY 1971	FY 1972
Current dollars:				
Payroll	$15.7	$23.4	$28.4	$28.2
Other military personnel costs	4.6	6.8	6.1	5.6
Military retired pay	1.2	2.1	3.4	3.8
Family Housing, excluding pay	.5	.4	.5	.6
Volunteer	-	-	-	1.4
Total, pay and related	22.0	32.6	38.4	39.6
All other costs (procurement, R&D, construction, supplies & services)	28.8	45.4	36.1	36.4
Total outlays, current dollars	50.8	78.0	74.5	76.0
Constant (FY 1972) Prices:				
Payroll	27.4	33.5	30.2	28.2
Other military personnel costs	5.8	7.9	6.3	5.6
Military retired pay	3.8	3.8	3.8	3.8
Family Housing, excluding pay	.6	.5	.5	.6
Volunteer	1.4	1.4	1.4	1.4
Total, pay and related	39.0	47.0	42.2	39.6
All other costs (procurement, R&D construction, supplies & services	36.8	52.9	37.4	36.4
Total outlays, constant (FY 1972)	$75.8	$99.9	$79.6	$76.0

Table 13

Changing Priorities

	FY 1964 to FY 1968	FY 1968 to FY 1972	FY 1964 to FY 1972
Change (current $ billions) in:			
Defense Spending	$+ 27.2	$- 2.0	$+ 25.2
Other Federal Spending	+ 34.8	+ 55.5	+ 90.3
State and Local Spending	+ 36.2	+ 53.7	+ 89.9
Change (constant FY 1972 $ billions) in:			
Defense Spending	$+ 24.1	$- 23.9	$+ .2
Other Federal Spending	+ 31.9	+ 36.4	+ 68.3
State and Local Spending	+ 29.6	+ 29.0	+ 58.6
Public Employment (000)			
Defense (includes military	+1,114	-1,247	- 133
Other Federal	+ 230	+ 149	+ 379
State and Local	+2,229	+1,849	+4,078
Total, Public Employment	+3,573	+ 751	+4,324
Total labor force (000)			
Defense a/	+2,232	-2,508	- 276
All Other	+4,542	+8,951	+13,493
Total Labor Force Change a/	+6,774	+6,443	+13,217

	Defense spending as % of:		
	GNP	Federal Budget	Net public Spending (Federal, State & local
FY 1950 (pre-Korea)	4.5%	27.7%	19.2%
FY 1953 (Korea peak)	13.3%	62.1%	47.6%
FY 1964 (last peacetime year)	8.3%	41.8%	28.8%
FY 1968 (SEA peak)	9.5%	42.5%	29.2%
FY 1970	8.1%	38.4%	25.5%
FY 1971	7.4%	33.9%	22.3%
FY 1972	6.8%	32.1%	20.9%

a/ Includes military personnel, civilians employed in the U.S., and Defense-related employment in U.S. industry.

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