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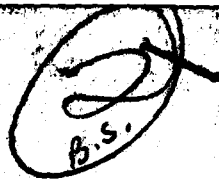
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*EXECUTIVE SUMMARY*

HAROLD BROWN  
SECRETARY OF DEFENSE

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EXECUTIVE SUMMARY

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DEPARTMENT OF DEFENSE

ANNUAL REPORT

FISCAL YEAR 1980.

*Executive Summary,*

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(10) HAROLD BROWN

SECRETARY OF DEFENSE

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## THE -CURRENT BALANCE OF POWER

The direct numerical comparison of the forces engaging in conflict or available in the event of war is almost universal. It is a factor always carefully reckoned with by the various military authorities; it is discussed ad nauseam in the Press. Yet such direct counting of forces is in itself a tacit acceptance of the applicability of mathematical principles, but confined to a special case. To accept without reserve the mere "counting of pieces" as of value, and to deny the more extended application of mathematical theory, is as illogical and unintelligent as to accept broadly and indiscriminately the balance and the weighing-machine as instruments of precision, but to decline to permit in the latter case any allowance for the known inequality of leverage.

Frederick William Lanchester  
Aircraft in Warfare, 1916

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify in support of the defense budget for FY 1980. To put that budget in perspective, let me briefly review our original request for FY 1979 and the supplemental request for FY 1979 that we are presenting along with our request for FY 1980.

In our original submission for FY 1979, a year ago, we requested Total Obligational Authority (TOA) of \$125.9 billion and planned outlays of \$115.1 billion (excluding \$100 million for civil defense). These two totals reflected the President's determination to begin the process of countering the long-term Soviet military buildup and fulfill his pledge to NATO to increase U.S. defense spending by three percent a year in real terms.

As a result of subsequent actions by both the legislative and executive branches, the FY 1979 defense program so far enacted, for all practical purposes, can now be considered as requiring \$123.7 billion in TOA and entailing \$111.3 billion in outlays. These totals allow for pay raises of \$1.8 billion and other fact-of-life increases of about \$400 million.

Because it is essential that we continue with our long-range defense program, and (in the process) increase outlays by about three percent a year in real terms, we are now submitting a readiness and modernization supplemental for FY 1979. It amounts to \$2.2 billion in TOA and will generate \$595 million in outlays. If approved, it will bring the FY 1979 defense budget authority back essentially to its originally planned level. Equally important, it will permit us to:

- expand our initiatives as regards strategic nuclear forces. In particular, we will accelerate our efforts on a new land-based missile and its mobile basing;
- provide for the FY 1979 U.S. share of NATO AWACS and add to our capabilities for reinforcing NATO;
- add several needed surface combatants to our navy shipbuilding program;
- improve further the overall readiness of our forces.

It is against this background that the President has proposed a defense budget for FY 1980 involving \$135.5 billion in TOA, \$135 billion in Budget Authority, and \$122.7 billion in outlays (excluding \$100 million for civil defense, which will now be a part of the Federal Emergency Management Agency). These totals will permit another significant increment of real growth in our defense program after the effects of inflation have been taken into account.

The planned outlays in the FY 1980 budget are estimated to result in a 3.1 percent real increase over the total spending now estimated for FY 1979 (including all supplementals). The TOA, which reflects the long-term effect of the budget, is 1.7 percent more (after correcting for the effects of inflation) than the FY 1979 TOA (including that enacted by the Congress and the supplementals we are requesting). Outlays for FY 1980 will constitute about 4.9 percent of expected gross national product (GNP) for FY 1980, 23 percent of planned federal spending, and 15 percent of estimated public spending -- federal, state, and local.

The Long-Range Defense Projection shows an average real increase in outlays of three percent, and in TOA of around 2.5 percent, a year through FY 1984. At that time, defense TOA is projected to have reached \$178 billion in then-year dollars, and \$151 billion measured in FY 1980 prices. With normal economic growth over the next five years, defense outlays will be about 4.7 percent of GNP by FY 1984. By contrast, defense outlays were 12 percent of GNP in FY 1954, and 8.2 percent in FY 1964. I should stress, however, that our defense forecasts are simply the result of projections based on: the future implications of current defense programs and plans; estimates of future inflation; and future patterns of obligational authority-outlay ratios. They are neither predictions of the future nor irrevocable commitments to the projections.

Our requests for FY 1980 are somewhat lower than we had projected a year ago, and our Long-Range Defense Projection runs slightly below the path forecast in the FY 1979 budget. Nonetheless, the body of my annual report and this summary will persuade you, I trust, that our recommendations for FY 1980 are on the right track.

#### I. THE INTERNATIONAL SITUATION AND DEFENSE

As you well know, there is no such thing as a fixed defense requirement. It is even very rare that we must reach a particular and precise defense goal at a specified date in the future. Whether we are referring to FY 1980 or

FY 1984, we are not planning capabilities that will either surely succeed or surely fail in their tasks. We are planning capabilities that have a greater or lesser probability of doing what we may later decide to ask of them. We are also considering the effects, on the margin, of increases or decreases in our allocation of resources to defense.

Certainly no other claim can compete successfully for resources with what we really need for defense. Yet where the marginal returns from increased resources are relatively small, and those resources could make a greater contribution elsewhere (or where not expending them at all in the federal sector could have a good effect overall on our economic situation), the case for restraint in defense spending can be powerful, and even persuasive. For some programs, such a situation exists today. Nonetheless, a number of factors in the international situation make the case for a strong defense compelling. In these circumstances, it seems justified in FY 1980 to continue the real increase in defense outlays.

National security has always been comprised of a number of factors and has always required a number of strengths, non-military as well as military. The United States, fortunately, is by most measures the strongest nation in the world. No other country -- certainly not the Soviet Union -- can compete with us in economic power, political stability and cohesion, technological capability, national will, or appeal as to way of life and international policies. It is abundantly clear, however, that we cannot maintain and increase those strengths if we allow ourselves to become excessively dependent on energy sources from one part of the world -- and a volatile part at that -- or if we fall victims to recurrent bouts of inflation and recession. Military strength cannot help to cure these kinds of diseases. At the same time, wide swings in the size of our defense program, or inefficient execution of that program, could increase our economic vulnerabilities without producing countervailing benefits in the military balance.

Fortunately, we have paced our defense programs with prudence. While we face a number of international problems, we are in a position to cope with them free of panic, crash programs, and wasted resources.

#### A. The Soviet Union

Among our international problems, the Soviet Union undoubtedly looms as the largest adversary player. In most segments of the competition, the Soviets do not have a comparative advantage over the United States. Only in military matters has their system been able to rival ours. But the fact that they have put so much of their effort into the production of military power is most troubling. Their failure to compete successfully in other arenas can increase the incentive for the Soviets to use their military power to increase their influence and to gain political advantage, whether by direct application of military force, through intimidation, through proxies, or through arms transfers.

Such a motivation is one possible explanation for the Soviet military buildup. Another is bureaucratic inertia, or rather -- in a less benign formulation -- the strength of the military-industrial establishment in the Soviet political structure and resource allocation process. A third may be Soviet fear, however misplaced it might be, of their neighbors -- especially NATO and the People's Republic of China.

Undoubtedly all of these, and perhaps others, are important motives. My own concern and belief is that, to whatever extent Soviet capabilities in the 1980s might be engendered by the motives that seem less alarming to us, these capabilities could then be used -- or their use threatened in dangerous and destabilizing ways -- unless the United States and its allies either reach agreements with the Soviets that limit the Soviet buildup to safer levels, or adequately offset that buildup with our own defense programs, or both.

Although Soviet intentions cannot be surely assessed, there can be no doubt about the steady increase in the Soviet defense effort each year for more than 15 years. As the Soviet gross national product has grown, so has the defense effort. Its annual rate of increase has averaged more than three percent measured by what it would cost the United States to duplicate that effort in our economy, and between four and five percent measured in rubles. By how much the present effort now exceeds our own is less certain. It could be by as much as 45 percent, or as little as 25 percent.

It should be noted that this is a very crude comparison. What really count in military terms are the forces that are deployed and what each side needs to achieve

its objectives. Moreover, the substantial contributions of allies must be added to the balance. It must also be remembered that our naval power projection and sea lane protection costs have little counterpart in Soviet military spending, just as the Soviet strategic air defense costs have little in ours. Even so, relative defense spending, annual or cumulative, is the best single crude measure of relative military capabilities, if efficiencies are not too different. And in military matters, Soviet and U.S. efficiencies are not as far apart as in the civilian sector.

As is to be expected, the Soviet armed forces have improved substantially with these steadily increasing outlays. Since 1964, when Leonid Brezhnev succeeded Nikita Khrushchev as leader of the Soviet Union, the Soviet defense establishment has expanded by about a million men. More than 1,000 ICBM launchers and more than 900 modern submarine-launched ballistic missile (SLBM) tubes have been added to the Soviet strategic nuclear forces. And the modernization of these forces continues at a steady pace. What we describe as the Soviet peripheral attack forces are also being upgraded with the deployment of the mobile, MIRVed SS-20 intermediate-range ballistic missile (IRBM) and the BACKFIRE bomber. Ground and tactical air forces have been increased and provided with modern equipment. The Soviet ground forces have grown by about 25 divisions; more than 1,000 fighter aircraft have been added to Soviet Frontal Aviation. Moreover, the quality of their equipment is much closer to ours than it was 10 years ago; in some cases it is even better than our own. Many of the elements of a serious open-ocean navy are also in place, including two light aircraft carriers with long-range anti-ship missiles, VTOL aircraft, and helicopters. What could be a nuclear-powered cruiser displacing well over 20,000 tons is now fitting out in the Baltic. The Soviets have also demonstrated an operational, evolving, but still limited anti-satellite capability.

As these Soviet forces have evolved, Soviet military doctrine --especially for the general purpose forces, where these factors have the clearest application -- has continued to emphasize the virtues of cover, deception, and surprise. Heavy concentrations of force combined with dense firepower, shock, and rapid offensive movement, are emphasized. Equally sobering, the Group of Soviet Forces in Germany (GSFG) -- 20 divisions in all -- is acquiring a much higher degree of combat readiness and tactical mobility than in the past. Capability appears to be catching up with doctrine.

As far as we can judge, these developments have been substantially insensitive to changes in the magnitude of U.S. and allied programs for more than a decade. As our defense budgets have risen, the Soviets have increased their defense budget. As our defense budgets have gone down, their defense budgets have increased again. As U.S. forces in Western Europe declined during the latter part of the 1960s, Soviet deployments in Eastern Europe expanded. As U.S. theater nuclear forces stabilized, Soviet peripheral attack and theater nuclear forces increased. As the U.S. navy went down in numbers, the Soviet navy went up.

Soviet military programs, of course, are the result of many factors, and at least some of their buildup can be attributed to considerations other than the direct Soviet-American competition. It is worth noting, moreover, that the growth in their defense effort has correlated quite closely with the overall growth in the Soviet economy, while the U.S. military effort has steadily shrunk as a fraction of our economy. Be that as it may, nowhere is there any historical evidence that if we are restrained, the Soviets will reciprocate -- except where specific and verifiable arms control agreements are negotiated.

The Soviets, in sum, have made steady and impressive military strides during the last 15 years. We cannot afford to underestimate them. Neither can we afford to exaggerate where they stand in relation to the United States and its allies. Despite the reduced baseline defense budgets of the early 1970s -- budgets that, in real terms, fell 15 percent below where they were before the intensification of the war in Vietnam -- we have not stopped improving our own defense capabilities. And despite their increased efforts, the Soviets have not achieved anything that resembles overwhelming military power. We have had our problems, but so have the Soviets.

Looking back at the trends in Soviet defense spending -- not just since 1964, but since the death of Stalin -- we can see a number of years when the U.S. defense effort was larger than the Soviet effort. During those years, Khrushchev was apparently engaged in a Russian version of what we then called the New Look, with a good deal of emphasis on nuclear capabilities and their efficiency (some of it pure bluff, as we found out later), and with reductions in supposedly obsolete ground forces and their equipment. A substantial portion of subsequent Soviet

investments must surely have gone toward recovering from those years; by now, they almost certainly have recovered. In recent years, the investment portion of the Soviet defense effort has normally been substantially more than that of the United States; counting the efforts of our allies, the ratio has been closer.

It is also worth remembering that the Soviets have had to develop their defense capabilities out of a civil economy much less efficient than ours. It has been noted with considerable -- and not unjustified -- dismay that Soviet expenditures in military research and development may be 75 percent larger than ours (measured in U.S. prices). And this when we are supposed to be -- and are -- depending on our technology to overcome their numbers. But while concern is certainly in order -- and this is an area where we must increase our investment -- the figures do not quite tell the whole story. The Soviet civil sector does not produce much technology that can be transferred to the defense sector. Ours does (though to a lesser extent than used to be the case). For that reason alone, the Soviets have to invest more resources in this area than we do to achieve a comparable military result. Some of our results they cannot duplicate at all.

The Soviets have an equally unenviable problem in deciding how to allocate the forces they acquire. They surely cannot give all their allies in the Warsaw Pact very high marks for loyalty, though the Soviet forces in Eastern Europe aimed at NATO are so large that an insignificant fraction of them need be allocated to overseeing those allies. They find it necessary, in addition, to station as much as 25 percent of their ground and tactical air power on their border with the People's Republic of China (PRC).

The Soviets must also struggle to overcome acute constraints of geography and climate. Admittedly, we have long lines of communication to our friends and allies in Europe, the Middle East, and Asia, and must worry much more than the Soviets about sea control. But the Soviets have analogous concerns. Their forces in the Far East dangle at the end of a long and tenuous logistical system. Their conventional naval forces, to exercise any influence on events, must travel significant distances from their ports, and they must transit narrow waters which could be disputed by opposing forces. The Soviets have more naval ships than we do (if our allies are omitted). But that capability, whatever its effectiveness, is divided into four separate

fleets, with two of them based in the Baltic and Black Seas where we and our allies could bottle them up. Even to acquire some elbow-room for their fleets based on Murmansk and Vladivostok, the Soviets would have to control the Barents Sea and the Sea of Japan.

In sum, the growth in the Soviet military effort is potentially very dangerous to us. Though not as effective as it may appear at first glance, it is not something we can ignore or wave away, especially since the upward trend in Soviet defense spending shows every sign of continuing. It is an effort that we must keep in perspective, not to imitate it, but to prevent it from becoming a major Soviet advantage.

We seek, and expect, to cooperate with the Soviets on the resolution of a number of issues in the future, as we have managed to do in the past. But we also have to recognize that the Soviets persist in seeing their relationship with us as one of competitive coexistence, with the emphasis on competition where military matters are concerned. Such an outlook leaves us with no choice but to keep up our guard.

#### B. Goals

It remains the case that our wellbeing as a nation and our character as a people depend on peace, justice, and order as well as military strength. To survive, to prosper, to preserve our traditions, we need political as well as military allies, trading partners, access to raw materials and supplies of energy; we need freedom of the seas and international airspace as well as space, and a pluralistic environment conducive to national and individual freedom. Striving for military predominance and stimulating arms races are not how we satisfy these needs or uphold our position in the world. We must make every effort to settle the disputes and remove the tensions that could lead to conflict and wider international disorder. We should lose no opportunity to increase international stability and reduce military competition through equitable and verifiable arms control agreements.

#### C. SALT

Progress is being made on both counts. We are nearing the completion of a SALT II agreement that will contribute to the security of the United States and its allies. In fact, no agreement failing that test should or would be signed by the United States. We want arms control,

but must insist on arms control agreements that specify equivalent overall military capabilities, strategic and general purpose.

An adequate and properly balanced defense budget is a necessary way to maintain our security, but arms control agreements are an additional and complementary way of dealing with Soviet military efforts. Admittedly, the interests of the Soviet Union and the United States diverge in a number of respects. The Soviets appreciate, however, that as long as we remain strong -- as we will -- direct conflict with the United States and its friends could quickly lead to disaster.

Both sides understand that restraint is especially important where nuclear forces are concerned. Nuclear weapons represent the only external threat to the survival of the United States and the Soviet Union. Nuclear weapons could destroy in a matter of hours what each nation has built over the course of centuries. Both the United States and the Soviet Union already deploy nuclear forces fully capable of destruction of this magnitude. It is unlikely, moreover, that the situation will change as a result of further buildups by either side, despite the lure of exotic technologies and damage-limiting strategies that entail massive programs of active and passive defense -- provided always that timely and effective responses (which exist) are undertaken by the other side.

We and our adversaries need to constrain the competition. This is not to say that agreements to limit strategic or other armaments can solve all problems, remove all grounds for fear and suspicion, or bring all military competition to a complete halt. But carefully drawn SALT agreements -- backed by sound verification measures -- can accomplish a great deal. They can make the achievement of destabilizing future advantage even more difficult than is already the case, while allowing current vulnerabilities to be removed. They can make the force structures of the future more predictable, and reduce the need to design against a wide range of uncertainty in strategic force planning. They can contribute to a healthier political environment -- an environment less freighted with suspicion and more conducive to further restraint.

The SALT agreement that is nearing completion will permit us to maintain the nuclear balance at lower levels with fewer launchers than the Soviets could deploy without

any agreement. Avoiding the necessity to match such growth in Soviet forces will leave U.S. (and Soviet) resources free for other needs and avoid the political costs of unrestrained competition.

The agreement will not depend on trusting the Russians. It will be adequately verifiable by our national technical means, including photo-reconnaissance satellites.

The agreement will provide for prompt negotiations to open the road to further reductions and limits in the future. SALT will also create a basis for us to improve relations with the USSR generally, if the Soviets are prepared to cooperate.

SALT will not solve all our problems. Even with SALT, we will need to -- and we will be permitted to -- expand our strategic nuclear efforts. But SALT will mean greater stability and predictability in the strategic challenges we face.

I do not see any immediate prospect of ending the military competition between the Soviet Union and the United States. Nonetheless, I believe we can maintain the modest momentum of arms control. SALT II will contribute to the momentum.

#### D. International Developments

We also have non-military programs that provide a basis for optimism about the international situation. President Carter's energy and anti-inflation programs should make a major U.S. contribution to increased international monetary and economic stability, reduced protectionist pressures, and the further liberalization of international trade and investment. The Camp David accords and the subsequent negotiations between Egypt and Israel still hold out the prospect of moving the entire Middle East toward more stable and permanent peace. The Panama Canal treaties -- whose approval by Congress was a major act of statesmanship -- have removed a longstanding grievance and a source of future disruption in Latin America without any sacrifice of basic U.S. interests. The normalization of relations between the PRC and the United States increases the stability of East Asia -- and indeed of other areas as well. The removal of the Turkish arms embargo improves the chances of greater cooperation for deterrence and peace on the sensitive southern flank of NATO. In Europe, the reaffirmation of democracy and the increased determination of our allies to strengthen

their defenses mean that the opportunities for outside troublemaking and intervention will decline. Even in Africa, where conflicts continue -- often aggravated by the Soviet Union and Cuba -- we may yet see the emergence of settlements that encourage majority rule and full democracy in Namibia and Rhodesia.

We should not be deluded into excessive optimism by recent events. Other developments -- in Iran, the Horn of Africa, and Afghanistan, to take a disparate set of examples -- should remind us that instability, uncertainty, and shifts in the balance are widespread. But internationally, these are times for hope, not for despair, times of opportunity as well as challenge.

## II. THE MILITARY BALANCE

I believe we can maintain the balance of military power with defense budgets of the order we are now requesting and projecting. It should be understood, however, that no informed judgment on this matter can rest on simple, static comparisons, whether that judgment calls for a more or less rapid rise (or even a decrease) in U.S. efforts.

I am, of course, aware that we estimate the Soviets as having more than 45,000 tanks, while the United States has only 10,000. But while we recognize the Soviet armor threat, that raw comparison does not convince me of Soviet military superiority in Central Europe, or make it advisable for the United States to buy another 35,000 tanks. Our allies happen to have tanks as well; and anti-tank launchers -- of which we and our allies have already acquired more than 17,000 (and more than 40,000 anti-tank missiles) -- are also relevant to stopping tanks. It is most unlikely, in any event, that the Soviets could bring all those tanks to bear against the United States and its allies. Simply counting up tanks, or ships, or aircraft, or missiles is not a sufficient basis for determining the relative effectiveness of two opposing forces. Successful defense and deterrence, which are what we seek, depend on a great deal more than the results of these static comparisons.

If U.S. forces are relevant to some specific contingencies and can defeat a specific enemy, presumably they contribute to credible deterrence, no matter what static comparisons might show about particular force elements. Accordingly, we must examine a variety of hypothetical

conflicts, understand how our capabilities would perform in a range of circumstances, and determine what factors are crucial to their performance. Our strategic forces, for example, are smaller in number and lighter in throw-weight than their Soviet counterparts. However, if they are so deployed that an enemy cannot eliminate many of them in a first strike, if they have the reliabilities, accuracies, and nuclear warheads and yields necessary to destroy the targets we have assigned to them, and if the command and communications system to assure their delivery on target is maintained, they may be quite sufficient for our purposes, and the military balance quite stable, even if the indiscriminate static comparisons indicate certain asymmetries favorable to the USSR.

There are, admittedly, particular occasions when avoidance of asymmetries comes close to being an end in itself. In general, equality of legal rights is the basis of SALT and MBFR. But equal numbers and a satisfactory military balance are not necessarily the same thing. Equal aggregates in U.S. and Soviet strategic offensive forces, and common ceilings on the forces of NATO and the Warsaw Pact in Central Europe, have merit -- but for another reason. Since the Soviets have insisted on equality as the basis for arms control agreements, we must insist on equal aggregates and common ceilings as the principal ways of measuring and symbolizing that equality.

But to be driven in our force planning by perceptions of the military balance based on static indicators, and to seek (or grant) equality in every measure across the board, is to ensure the misuse of U.S. and allied resources. We are not interested in symmetry with the Soviet Union, at least not from the standpoint of defense. Nor are we interested in having the capability to defeat the Soviets on a sandtable in a void. We are completely committed, however, to engineering their defeat wherever they attempt to challenge our interests.

#### A. Strategic Concepts

The range of possible challenges is obviously very large. The United States has a wide variety of interests that are reflected in, but not totally defined by, our treaty commitments. Since these interests and commitments are located around the world, there is some small probability that a number of more or less simultaneous attacks could be launched on areas we consider vital. But the military

capabilities of the Soviet Union and its satellites are far from unlimited. The Soviets cannot be powerful everywhere at once, any more than we can. Nevertheless, we need to have a basic strategic concept that recognizes our interests and our resource constraints, and defines the magnitude of the capabilities we should have available. Otherwise, we could find ourselves planning to set up defenses all around the globe.

It has become a truism of modern defense policy that we must maintain military capabilities at three basic levels: strategic nuclear, theater nuclear, and non-nuclear. The degree of dependence we should place on each is much less obvious. This administration, like its four predecessors, has decided that while it cannot and will not neglect our nuclear forces, it will keep the barrier to nuclear warfare -- primarily in the form of our non-nuclear capabilities -- at a high level. The Soviets and their associates, if considering an attack on the United States, its forces and interests, or its allies and friends, must recognize the possibility that we would make a nuclear response. But we reject nuclear escalation as the sole policy on which to base the planning or use of our forces. We will continue to avoid relying on nuclear weapons unless their employment is clearly in our interest -- and in the interest of our allies -- or is forced on us by the nuclear actions of others. In sum, we and our allies must have adequate conventional forces. That should be understood by everyone, and it should be understood as the continuing policy of the United States.

#### 1. Strategic Forces

In designing our strategic nuclear forces, what we need for deterrence and stability cannot be dictated by any simple comparison with the forces of the Soviet Union, even though we must take those forces into account in our planning. Our needs -- whatever the needs of the Soviets -- are met if our retaliatory forces can satisfy the following conditions: survive in adequate numbers and types after a well-executed surprise attack on them by the Soviets; penetrate Soviet defenses and destroy a comprehensive set of targets in the USSR with whatever timing, and degree of deliberation and control, proves desirable; if necessary, inflict high levels of damage on Soviet society -- particularly those elements the Soviet leadership values -- regardless of the measures the Soviets might take to limit the damage; and retain a reserve capability in the wake of a controlled exchange.

## 2. Theater Nuclear Forces

In designing our theater nuclear forces, we must provide a credible deterrent to theater nuclear and overwhelming conventional attack. As part of the NATO TRIAD, these forces must be capable of carrying out serious military tasks within NATO's strategy of flexible response if deterrence fails, with the aim of controlling escalation. They must be diversified, so that they can pose the risk of a nuclear response to any level of Warsaw Pact aggression; and they must be sufficiently survivable so that they do not invite a Soviet preemptive attack.

## 3. General Purpose Forces

In designing our general purpose forces, we now recognize that a major two-theater attack on our allies and forces has become increasingly implausible as a result of the deepening Sino-Soviet split and the improvement in our relations with the PRC. What must therefore concern us first and foremost is the heavy concentration of Soviet forces in Eastern Europe and the western military districts of the USSR. Those forces represent a direct and growing threat to the security of Western Europe, on both the central front and the flanks. They also define the magnitude of the largest and most serious non-nuclear contingency that could confront us in the foreseeable future.

To stress Europe is not to rule out a major contingency elsewhere. Nor is it to preclude a smaller attack by Soviet or other forces in such sensitive areas as the Middle East and the Persian Gulf, or the Korean peninsula. For planning purposes, however, it seems appropriate to base the size of our general purpose combat forces on the assumption of having to halt more or less simultaneously one major attack (with Europe as the most plausible and demanding locale for its occurrence), and one lesser attack elsewhere.

## 4. The Role of Allies

I should stress that our strategic concept is not quite as demanding as the previous sentences may make it appear. We plan our strategic forces on the assumption that the United States by itself will have the continuing responsibility for deterring Soviet nuclear attacks. Wherever appropriate, however, we plan our general purpose forces on

the assumption that, in most contingencies, they will be fighting alongside of allied forces rather than going it alone. For example, we count on our NATO allies to provide substantially larger ground and air forces for initial defense of the NATO area than we contribute ourselves.

The collective defense will require a much greater dovetailing of allied defense programs and closer compatibility among allied forces than has been the case to date. Indeed, it is for this reason that I have made alliance cooperation one of the keystones of our defense policy, and have laid such stress on rationalization, standardization, and interoperability.

#### 5. Other Capabilities

Equally important, we rely on more than our active-duty forces to shore up our continental air defenses and the non-nuclear deterrent. Should a conventional conflict be of significant scope and duration, we would turn to our National Guard and Reserve forces, and to our mobilization base (including a draft), for the expansion and reinforcement of our initial combat capabilities. We should not assume that our more costly (and more ready) active-duty forces would carry all the burden of fighting to the end of these hypothetical conflicts without the addition of other resources. At the same time, we should recognize that, at present, our reserve forces (with the exception of the air reserve units) are substantially less well-manned than they need to be in order to fulfill these responsibilities. Not only are Army reserve units under strength; we are encountering increasingly serious and disturbing shortfalls in the manpower replacement pool known as the Individual Ready Reserve.

If we are to be effective and efficient in fulfilling our strategic concept for the general purpose forces, we must have sufficient capabilities to permit the following: the forward deployment of forces in key areas overseas such as Western Europe and Northeast Asia, along with the retention of a powerful central reserve in the continental United States (CONUS); the rapid movement of substantial forces to threatened theaters by airlift and sealift; the maintenance of forward defenses for at least as long as an enemy could sustain his attack; the buttressing of these defenses with reinforcements and sustaining supplies; and uninterrupted access by air and sea to the theaters of conflict.

If our strategic nuclear and general purpose forces can satisfy all these varied conditions, they should be sufficient to counter an enemy's capabilities, not on some abstract plane, but where and how it counts from the standpoint of U.S. security. It follows that whether, in fact, U.S. and allied forces have that kind of capability is the issue that must concern us -- not whether the Soviet navy has more coastal patrol boats than ours, whether our navy weighs more than theirs, or whether we have more anti-tank weapons and helicopters than they.

#### B. Tests of Effectiveness

We have developed a number of tests as the basis for resolving this issue. The first of them analyzes the performance of the strategic nuclear forces by means of a hypothetical exchange following a Soviet surprise attack. This, admittedly is a special case, and it may only approximate potential reality. But because it is severe, it results in a conservative assessment of our strategic forces and their effectiveness.

The results of this test suggest strongly that even a surprise Soviet attack would have no prospect of disarming us -- any more than we could expect to disarm the Soviets if we struck first. Not only would our surviving forces be very large; they could now readily penetrate Soviet defenses and destroy thousands of military and non-military targets either immediately or -- if we choose -- over an extended period of time. The specific results would, of course, depend on what kind of a response we deemed appropriate and how we decided to allocate our warheads. But this general outcome would not be in doubt.

It is quite conceivable, at some point by the mid-1980s, that the Soviets -- with a first strike -- could eliminate the bulk of our ICBM silos and still retain a large number of warheads in reserve. However, they would have to consider the possibility of our having launched the MINUTEMAN force before their ICBMs arrived, even though we have not made "launch under the attack" a matter of policy for a very good reason: such a decision would be a very grave and difficult one to make, even if our sensors gave clear and unequivocal indications of such an attack.

Even without MINUTEMAN, our surviving second-strike capability would remain large -- in the thousands of warheads. Not only could we still destroy a wide range of targets; we could also cause catastrophic damage to the

Soviet urban-industrial base. It is difficult, in the circumstances, to see how the Soviets could expect to gain any meaningful advantage from starting such a mortal exchange.

I make these points in order to correct any notion that MINUTEMAN vulnerability by itself is catastrophic. However, the capability of the Soviets to threaten the prompt destruction of a major portion of our retaliatory force, while that segment of their own force is not subject to such a threat, will be a serious matter in military terms and, if it were to continue for an extended period, would be a major political problem. I therefore believe we must act to correct it as we modernize our strategic programs.

The most demanding test for our general purpose forces would come from an attack in Europe by the Warsaw Pact. In principle, such an attack could begin as a bolt from the blue by some or all of the Pact deployed forces. The more serious likelihood is that any attack without prior mobilization would be preceded by a period of international tension, some degree of Pact preparation, and at least a few days of warning for NATO. Obviously, the greater the preparation, the larger and better organized the attack would be. But NATO would also benefit -- from increased warning and the arrival of U.S. and allied reinforcements.

There is, I realize, a widespread opinion that the Warsaw Pact could rapidly overcome NATO's defenses regardless of when or how the attack started. That opinion overlooks a number of facts. NATO has already bought and paid for most of the basic capabilities necessary to conduct a successful forward defense. It is also true, however, that the Pact has expanded and significantly upgraded its forces in Eastern Europe during the past decade. NATO has responded to these improvements with a number of short-term programs that have been substantially implemented, and with the Long-Term Defense Program (LTDP) which identifies many specific actions required to enhance NATO's collective defense capability into the 1990's and beyond.

The result of these actions by the two sides is an ambiguous situation. Even today, the Soviets cannot be confident of a rapid conventional victory in Europe. But NATO, despite its basic strengths, cannot have as much confidence in its non-nuclear deterrent as I consider prudent.

Despite this current uncertainty, the planned increases in the U.S. contribution to NATO should, along with contemplated allied increases, be sufficient to deter Soviet attack despite the increase in Soviet capabilities. Moreover, we can make that contribution without weakening the combat force structure needed to deal with a simultaneous but lesser contingency. I am equally confident that our naval forces are still quite capable of maintaining the sea lines of communication to Europe, protecting other essential routes, and supporting allied forces -- whether in the Western Pacific or on the flanks of NATO. What is more, our naval forces will be gaining in capability during the next five years. We are in the process of resolving a number of difficult issues about the exact future direction the Navy should take in its shipbuilding program and in exploiting its capabilities. None of those issues, I should add, have brought into question the importance of the Navy, or the desirability of having it perform its traditional missions within the guidelines of national strategy.

### III. VULNERABILITIES AND NEEDS

I do not want to give the impression, in offering these brief assessments, that we are complacent about U.S. and allied capabilities. We should not be, and we are not. We have a number of vulnerabilities -- some obvious, and others not so obvious -- that we need to repair. I see no grounds for believing that today -- and I emphasize today -- we have fallen into an unacceptable military posture. Even so, I must stress that the gap between U.S. and Soviet defense expenditures cannot continue to expand without a dangerous tilt in the relevant balances of power and a weakening of the overall U.S. deterrent. The United States is certainly more ingenious and efficient than the Soviet Union. It is not so much more ingenious and efficient that it can, without increased budgets, make up for increasing disparities between the two defense efforts.

We can already foresee some of the difficulties that will arise for us during the next five years or so, unless we take timely countermeasures. Our strategic nuclear forces already are armed with more than 9,000 warheads, and that number will increase with the addition of TRIDENT ballistic missiles and air-launched cruise missiles. Nevertheless, our strategic submarines and bombers are aging; the ICBM leg of the TRIAD is becoming vulnerable; and our command-control system is not as capable as it should be of handling a controlled nuclear response. More warheads, throw-weight,

or megatonnage will not by themselves improve our strategic posture, regardless of what they do to the static comparisons between the United States and the Soviet Union. Repairing the TRIAD -- and improving our command, control and communications capabilities -- will.

The diversity, redundancy, and flexibility embodied in the TRIAD have been crucial to our continued confidence in the U.S. strategic deterrent. Even though we have known for some time that the survivability of the ICBM force would erode, we have not been driven into panicky and costly crash programs, largely because the other two legs of the TRIAD have been and remain in good working order. But that does not mean we should abandon the features contained in the ICBM force or make its survival a function of launch-on-warning. If we are to remain fully confident in the future, when a different leg of the TRIAD might become vulnerable, we must restore the ability of our ICBMs to ride out an attack, if that should prove necessary. Accordingly, we intend to proceed with full-scale development of a new ICBM, have explored a number of ICBM basing options, and have ensured that the SALT II agreement will leave open the alternative of deploying a mobile ICBM after the expiration of the interim protocol period, which is well before the program could reach deployment status in any event.

We have accepted the need to keep our strategic forces combat-ready and on a high alert, even though the probability of their ever being used is very low. We have been less willing (or at any rate less successful) in giving these forces the capabilities and controls necessary to operate them with deliberation and discrimination. In many ways, such reluctance is understandable. It is difficult to visualize any nuclear exchange that could be kept from escalating to all-out attacks on cities. Even so, we would be mistaken to leave a potential enemy with the knowledge that the President, if faced with an attack that avoided cities, would have only the options of an all-out response or no response at all. The temptation to exploit this loophole in our deterrent would be minute, but it could be real in desperate circumstances. However probable rapid escalation might be, we should retain the capability to respond to a limited nuclear attack in a controlled and deliberate way -- even though we might not be given credit for it in the standard static comparisons.

We and our NATO allies are presently examining our theater nuclear posture in the overall review inaugurated by the 1977 NATO Summit. We have major programs underway for the possible modernization of both battlefield and longer-range tactical nuclear forces, including the new 6-inch and

155mm nuclear artillery rounds, the new and more flexible LANCE warhead, the dual-capable F-16, the PERSHING II missile, and various cruise missiles. These programs will enable us to make whatever modernization we and our allies eventually conclude might be required.

When it comes to the general purpose forces, we take for granted the need for control, deliberation, and discrimination. But we seem to shy away from combat-readiness, high alerts, and rapid response, even though our position and responsibilities in the world have changed dramatically, and non-nuclear conflict tends to recur.

Because defense budgets are always limited to some level, and because we still act as though we believe we will have the time to mobilize, long-lead weapons and equipment often receive the highest spending priorities. Combat readiness, alertness, and mobility for the general purpose forces sometimes fall much lower on the list. As a consequence, many of our weapons are out of commission for lack of spare parts. Even though we may not yet have learned to operate some of our weapons to their full potential, we make plans to replace them. We log fewer flying hours and steaming days than a fully professional force requires.

Admittedly these are deficiencies that, for the most part, we can make up more rapidly than shortages of modern equipment. And the Services are understandably concerned that if they give up force structure they may well, as a result of subsequent economies by the Secretary of Defense or the Congress, later be left with smaller and less modern forces that are just as unready and unsustainable as before. But in assessing the balance between readiness and force size, it is no longer clear that we would be allowed enough time to repair even our most glaring defects in readiness. With ample warning, we and our allies in Central Europe should be able to achieve sufficient combat readiness to halt an attack by the Warsaw Pact. Looking ahead, though, there is a growing probability that the Pact could deploy for some kinds of attacks in less time than it would take NATO to ready its forces and move them into their defensive positions.

The lesson should be clear. New tanks, however powerful, are only as effective as the crews that man and maintain them. Battalions, however densely packed with firepower, are only as lethal as the ammunition they have to shoot. Divisions, however modern in equipment, are of little use if they have to wait for lift at their home bases while an attack progresses overseas.

We need and can have modern weapons and equipment. We need and can have them in sufficient quantity for our purposes. But unless we fund and pay more attention to training, materiel readiness, adequate stocks of combat consumables, and mobility, we could end up with the shadow rather than the substance of a full defense capability.

A strategy of readiness will not make the defense posture any cheaper. We will still have the investment and operating expenses required by the force structure as it exists today. We will have new programs to fund as well. Replacement of the MINUTEMAN force, though it excites the most attention, is only one (and not necessarily the most expensive) of the programs ahead of us in this category. We will have to give greater attention to materiel and personnel readiness in our general purpose forces.

As a result of the NATO Summits in May, 1977 and 1978, we have endorsed both a goal of three percent real annual increase in the defense outlays of the NATO countries, and an ambitious Long-Term Defense Program for the Alliance. We are already taking steps to preposition more equipment and stocks so as to reduce the deployment times of our reinforcements to NATO. We are also improving our long-range airlift and otherwise seeking to increase our worldwide mobility. To continue with these programs, we will need additional resources.

With the budget we propose and the expenditures we project, I believe that we can do whatever is truly necessary. Security, it is true, depends on more than our defense posture. Nonetheless, a strong defense posture remains crucial to our security. Our overall deterrent is not as weak as the pessimists would have us believe. It is not as strong as I would like it to be. To give it the necessary strength -- and our fellow citizens the necessary confidence in their safety -- balanced forces are what we need: nuclear and non-nuclear; ready as well as modern. To achieve the necessary balance, we must have a defense budget larger than last year's in real terms. The national security cannot be assured without it.