



DEPARTMENT OF DEFENSE

STATEMENT BY
THE HONORABLE CASPAR W. WEINBERGER
SECRETARY OF DEFENSE
BEFORE THE
SENATE ARMED SERVICES COMMITTEE

MARCH 4, 1981

Mr. Chairman, Committee Members:

It is a great pleasure to come before this Committee in my second Congressional appearance as Secretary of Defense.

I come before you with the second half of the Administration's program to revitalize America. The first half was presented to you by President Reagan on February 18th, and was directed to the revitalization of American economic strength. Today, I want to discuss the revitalization of American military strength.

The two are inseparable. Without an adequate defense, we cannot meet our responsibilities and protect our interests around the world.

The President has determined that our defense budget must be increased if we are to preserve peace and freedom.

Today, the budget is not sufficient for our strategic needs. It is clearly inadequate to support our widespread commitments in peacetime. Further, it constrains our ability to meet challenges to our interests in time of crisis. The result has been a diminution of confidence in the United States among our partners in the Western Alliance and elsewhere. The perception of our inability to respond adequately and promptly has served to encourage Soviet and Soviet-inspired exploitation of areas of instability.

Mr. Chairman, it is neither reasonable nor prudent to view the Soviet military build-up as defensive in nature. It would be dangerously naive to expect the Soviet Union, if it once achieves clear military superiority, not to try to exploit their military capability even more fully than they are now doing. We must assume some rationale behind the Soviets' enormous allocation of resources to the military at the expense of other basic human needs.

In fact, we have clear evidence of aggressive Soviet activity around the globe--including the training and support of terrorists; the use of military assistance and proxies, as in the case of El Salvador; the implicit threat of direct military intervention; and, in Afghanistan, actual invasion.

This Soviet activity, unchallenged in recent years by the United States, has led to Soviet gains and the growing perception that the Soviets and their proxies can act with impunity. This trend must be halted and then reversed. But that can happen only if we manifest the capability and the will to follow through.

As a response to the Soviet Union's massive arms build-up and its persistent attempts to destabilize selected legitimate governments and replace them with regimes of its own choosing, the Carter Administration proposed a modest increase in the real level of spending over the previous year. While such a proposal did represent a turnabout in the Carter Administration's own attitude, we do not believe that the increase proposed is adequate to the dangers that we perceive and that we must guard against. Our proposed increases would significantly and quickly strengthen our ability to respond to the Soviet threat at all levels of conflict and in all areas of the world vital to our national interest. They strengthen our forces today by emphasizing expenditures for readiness and personnel; they will strengthen our forces tomorrow by increasing and accelerating our investment in new weapons.

It is important to understand, in considering our supplemental request and budget amendment, that the principal shortcoming of the defense budget we inherited is not so much that it omitted critical programs entirely in order fully to fund others, but rather that it failed to provide full funding for many programs it conceded were necessary but felt unable to afford. To correct this defect requires, of course, that we propose corresponding increases in the same programs--programs that, in our view, we cannot afford not to fund adequately.

It is critical to recognize, however, that it is the across-the-board-suppression of past defense budgets that is the direct cause of the need now for across-the-board increases. Program levels in the budget submitted to the Congress in January were characteristically suppressed below optimum levels, not eliminated; programs were typically delayed as a result, not--with some notable exceptions--terminated. The budget, in short, temporized. We do not believe we can afford to temporize any longer in the face of the Soviet threat; the time for taking our time has ended.

Mr. Chairman, the history of global conflict has taught us a major lesson: that the refusal to respond to a major challenge, by preparing for conflict, has invited conflict. There is another, potentially conclusive, lesson. It is that nations may reach such a level of unpreparedness that they will become afraid to redress the situation for fear of provoking the conflict they are seeking to prevent. We must never permit ourselves to slip to that level of unpreparedness.

Simply put, Mr. Chairman, we are being forced into a continuing and, apparently, long-term military and political competition with the Soviets, and we are not maintaining a competitive position. The CIA estimates of the dollar cost of the Soviet military effort show it to be approximately 50 percent larger than ours. It has been larger than our effort for more than a decade. Projections also show that the Soviet effort is likely to continue to grow at about three percent a year. Unless economic and other internal problems force some reconsideration by them later in the '80s, there is no prospect for any slowing of the pace that the Soviets have been maintaining since the early '60s.

But even more critical is the comparison of the investment portions of the Soviet and US programs. CIA estimates the Soviet investment (procurement, military construction, and research and development) has been larger than ours since 1971. In the last 10 years, the cumulative excess of Soviet investment over our own is \$355 billion in 1982 dollars. The Soviet investment program is about 90 percent larger than ours, which means they are adding on the order of \$50 billion per year investment more than we are.

I recognize that this does not take into account the total allied contribution. But even counting that, Soviet investment is still far ahead of the combined allied investment. Also, as the Soviets pursue their unstinting efforts to undermine Western European and Japanese defense relationships with the United States, it becomes increasingly important that we and our Allies maintain a strong allied defense commitment.

The United States is faced now, and has been for some time, with a very basic strategic decision. If we continue at anything like the levels of expenditure of the recent past, by the middle '80s we will clearly be second in military power to the Soviet Union, with all of the consequences that would entail for our own security, the cohesion of our alliances, and the worldwide protection of our interests. The alternative is to increase the level of our expenditures for the things that will most strengthen our defense. If we are to make up for lost ground, we have to get the US investment substantially above the annual growth rate that has been planned.

We must begin now. We no longer have the luxury of a leisurely period in which to correct years of neglect. We no longer have that comfortable, reassuring abundance of economic, political, and military power, which permitted us to withstand and overcome error in earlier periods. The margin for error is gone. Someone, comparing my prior post with my present one, said, "The difference is that at HEW, you could afford a mistake."

We begin with the recognition that we have not, as we thought, saved money by reducing military spending in the last decade; we have merely postponed spending. And now we must resume it in a time when high inflation gives a false impression of just how much we are really devoting to our defense needs.

We request no more than we can spend efficiently. But it is fair to tell you that our expenditures will increase substantially, as we increase our ability to spend efficiently and effectively.

The efficient application of our defense capabilities requires efficient spending. As I have indicated, the Soviet challenge is not static, but takes different forms at different times in different areas of the world. These circumstances militate in favor of a US strategy of countervailing power. Belaboring the obvious, Mr. Chairman, the aggressive actions of the Soviets are not directed to points of maximal US strength. We must not pursue a defense strategy that anticipates a point-to-point response to these actions, but rather one which permits us to take full advantage of Soviet vulnerabilities.

Though such a strategy multiplies our options and maximizes our capabilities, it must still be anchored in certain geopolitical realities. One of those realities is our dependence on foreign energy sources. The umbilical cord of the industrialized free world runs through the Strait of Hormuz into the Arabian Gulf and the nations which surround it.

That area, Southwest Asia and the Gulf, is and will be the fulcrum of contention for the foreseeable future.

Within that future, the Soviet Union will almost certainly become a net energy importer. Thus, coupled with their economic necessity for eventual access to the Gulf oil basin is their long-range objective of denying access to oil by the West, and, short of that goal, increasing the economic and political cost of our access.

We cannot deter that effort from seven thousand miles away. We have to be there. We have to be there in a credible way.

Neither our present strategic doctrine nor present military capability allow for that necessity. Today, we are borrowing from strained resources to maintain any presence there at all. Our ability to project force into the region is inadequate, and unfortunately dependent on our willingness to reduce our strength on other fronts so as to respond to a major challenge there. It is for this reason that we must have a presence in the region, and there must be facilities there that we can use to make our presence credible. There must be no doubt about our intentions toward this region, Mr. Chairman. Our vital interests are involved there, as are of course the vital interests of our allies and of the independent nations of that region, and we will confront by military force, if necessary, any Soviet or Soviet-inspired threat to those combined interests.

We have gone through a period of national uncertainty as to our proper role in the world, thus projecting an image of weakened will and irresolution, and sowing doubt among our allies. We are determined to demonstrate once again to our allies the reliability and value of American friendship, and we are confident that they will want to join with us in assuming a fair share of an enhanced defense effort. Already, the allies contribute substantially to the collective Western capabilities; indeed, one of the great strengths of our Alliance is that, unlike the Warsaw Pact, no one partner dominates the others, in terms of military or political contributions. The realities confronting us, however, dictate even greater efforts by all in the future.

We cannot fault our allies for insufficient contributions to the common defense, when they have merely duplicated our own behavior. We may have set a bad example of ourselves, doubling the proportion of GNP devoted to social spending and to major efforts to redistribute income, while cutting in half the level of effort devoted to defense.

In one respect, we are even falling behind our allies' contribution and that is in the capacity of our industrial base. The restoration of that base will come with the revitalization of our economy. But it will not come overnight, and it is inadequate now.

It is essential that we develop a more rational "division of labor," under which our NATO allies and Japan will be asked to join us in contributing more to the common defense. This division of labor will be a major thrust of the Reagan Administration's defense policy.

Ultimately, it is the task of political leadership to reinstate, re-invigorate and re-direct a unified response by the Western Alliance to its and our vulnerability. Let there be no doubt that President Reagan will provide that leadership in full measure. Let there be no doubt either, that America can and will respond, as of old, to such leadership.

There are two broad ways of achieving greater collective defense capabilities: one is for each ally to spend more; the other is to achieve greater multi-national capability in what we do spend collectively. We will propose cooperative ventures in the development and production of new weaponry and high technology

equipment as a means of modernizing allied as well as US forces. The greater the efficiency in coalition defense, the less added spending will be needed. My meetings with several NATO defense and foreign ministers lead me to be quite encouraged as to the prospects for this approach.

We will work to promote greater commonality in doctrine, tactics, training, and procedures. The recent agreement among 12 NATO nations for joint undergraduate jet pilot training provides one useful model for expanded cooperative efforts along these lines.

The modernization of theater nuclear forces is another important program for the defense of Europe, to which the United States is committed. In December 1979, a consensus was reached in the Alliance to proceed with the deployment of these weapons, while pursuing parallel arms control efforts with the Soviets. The budget before you incorporates the necessary funding to proceed in accordance with that agreement. As we proceed with implementing this dual-track approach, it is absolutely essential that we and all our NATO partners continue to support and uphold that agreement.

While security requirements for Southwest Asia and in Europe loom particularly large in our budget, our commitments and interests in other regions will not be neglected. We have important obligations towards our Allies in Asia and the Pacific region and towards our friends in Africa. We have a vital concern for the peace and stability of Central America and the Caribbean.

But the ultimate back-up for our defense posture resides in our nuclear forces. While modernization of theater nuclear forces will alleviate the nuclear imbalance in Europe, one of the most disturbing developments we confront is the continuing deterioration of the balance in intercontinental nuclear arms. We must make large investments in this area to deter the ultimate catastrophe. It is unacceptable to find ourselves today facing the prospect of Soviet strategic superiority and to watch the Soviet Union mass-producing both land-based missiles and a manned bomber fleet, while the United States has an open production line for neither.

Our descent from a position of clear strategic superiority, to the present perilous situation concided with our strenuous attempt to bring the arms competition under control through negotiated agreements with the Soviet Union. Rarely in history have we or any great nation pursued such noble goals, risked so much, and yet gained so little.

In no area have we ignored reality so long as in our effort to negotiate and enforce arms control. We have pursued the elusive hope that by setting an example by our own actions, we might stabilize and then reduce the level of armaments of others.

But what was the result?

We did succeed in restraining our own strategic arms programs, but certainly not those of the Soviet Union. The SALT I accord on offensive arms did not significantly impede the growth of the strategic offensive capacity of the Soviet Union; as for SALT II,

had you ratified it in the form proposed, that treaty would have permitted an enormous further increase in Soviet offensive capacity, while presenting the danger of lulling us into a false sense of security.

This Administration remains committed to equitable and verifiable arms control. But, our experience over the last two decades has demonstrated that we are not going to be able to limit the growth in Soviet strategic weapons unless we ourselves are fully prepared to compete.

We are not abandoning hope for arms control, but we are abandoning unwarranted illusions. We must work hard now to design a realistic approach to the limitation of armaments, an approach that will help preserve the peace. We intend to consult our Allies shortly to design such a realistic approach.

Now let us proceed to the question of military capability and the defense budget.

Mr. Chairman, we are asking for a supplemental appropriation of \$6.8 billion in Total Obligational Authority (TOA) for FY 1981 and a \$25.8 billion amendment to the FY 1982 budget request for TOA. These represent increases of 4 percent and 13 percent, respectively, over the budget and the program we inherited. In terms of real growth, our 1982 budget request is nearly 15 percent over the revised 1981 level. Included in these totals are \$2.3 billion for FY 1981 and \$.9 billion for FY 1982 that we estimate are necessary just to fund the programs in the Carter budget.

These increases will be directed to the following broad categories.

First, readiness. Our forces now are consuming themselves. Before even considering the necessity for improved strategic and conventional force requirements, we have been left with insufficient funds for operation and maintenance of existing equipment. This forces us to cannibalize some equipment to keep other equipment operational. At the same time, equipment lost in training is frequently not replaced, and training in general is inadequate due to the need to conserve fuel, ammunition, and other expendables. We do not have adequate reserve stocks to meet our own resupply requirements, much less for pre-positioning or for foreign assistance.

We propose to make significant increases to enhance the readiness of our forces. Specifically, we seek \$2.8 billion more in FY 1981 and \$8.7 billion more in FY 1982 for additions rejected or not considered by Mr. Carter. These funds will not only augment or accelerate on-going programs, but will give current forces capabilities not affordable in the Carter budget, in areas such as prepositioning, sealift and replenishment, communications, and electronic warfare.

Our priorities are to remove known peacetime deficiencies first, and then to enhance the war-fighting capabilities of our forces, including some type of forces that can be rapidly deployed. We must be able not only to maintain our present peacetime training levels, but also to improve these levels without drawing down our limited war reserve stocks, as we have done in the past.

For the Air Force, we plan increased flying hours, additional war reserve spares procurement, more training, and reduced depot maintenance backlogs. For the Army, we are proposing additional POMCUS and combat engineer support equipment, additional war reserve ammunition and tactical and support vehicles, increased O&M for new equipment, and reduced depot maintenance backlogs. For the Navy Department, we propose to increase the strategic mobility, sustainability, firepower, and logistics readiness of the Marines; to procure additional missiles, torpedoes, aviation and ship spares, and ammunition; and to reduce the backlog of depot maintenance.

Second, personnel. The most serious single readiness problem we have today is the shortage of experienced personnel, in particular in the senior enlisted ranks and in certain critical job skills both for officers and for enlisted personnel. The compensation initiatives enacted by the last Congress have put us back on the right track. The latest recruiting and retention figures are very encouraging. This Administration is committed to restoring the pay of military personnel to the level of pay comparability with their civilian counterparts that existed when we started manning our forces entirely with volunteers in 1973. We believe that a return to pay comparability is essential to retaining our most experienced personnel. The Reagan budget asks for an additional \$400 million in FY 1981 and \$1.8 billion in FY 1982 to cover a 5.3 percent military pay raise to start in July of 1981; this is over and above the 11.7 percent pay raise already in effect for this fiscal year. We will

review military pay in the summer months to determine the exact amount needed for FY 1982 in order to maintain comparability. Our recommendations should finally secure decent incomes for our uniformed services.

We also are requesting about \$245 million in FY 1981 and \$.9 billion in FY 1982 beyond the direct pay increase to improve the quality of life of our service members. The costs of attracting and retaining the necessary manpower in the All-Volunteer Force are not insignificant. But President Reagan made clear his pledge to recognize the sacrifices our men and women in uniform make for all of us. Under the Reagan Administration, our military personnel will become first-class citizens once again.

Educational benefits for military personnel are extremely important factors in retention. We now offer educational assistance of up to \$14,100 to some recruits, and (as part of a Congressionally-mandated experiment) we are testing programs in FY 1981 that are worth up to \$20,100. The purpose of the test is to find out which programs will work best to recruit and retain the people we need. We will report on the test and on the basis of the results, recommend a permanent program in time for next year's authorization hearings. To do so before those test results are known would be premature and frustrate the study mandated by the Congress. What we do not want and need is legislation that hinders rather than helps the total All-Volunteer Force.

Third, modernization. While we must be ready to go to war today if necessary, we must also be prepared to fight tomorrow's battles against tomorrow's adversary. To do this, we must invest far more heavily than we have in future military capability. We must begin to offset the more than \$300 billion investment gap between the Soviets and us, which President Reagan underscored in his address to the joint session on February 18.

We must exploit two of America's greatest potential resources--our technological genius and our industrial prowess. Nowhere is the interdependence of our economic vitality and our defense capability more evident than here. The greater aggregate resources we are asking you to provide will enable us to produce more of the best weapon systems on line now and to forge ahead in designing even better weapon systems for the future. Therefore, the largest increases we are seeking are for modernization--\$2.0 billion in FY 1981 and \$13.7 billion in FY 1982. This intensified modernization effort is the Defense Department's contribution to the revitalization of our industrial base.

These funds for modernization will begin to correct deficiencies in the quantity and quality of equipment in the hands of the Services--resulting in more tanks, helicopters, infantry fighting vehicles, air-defense and anti-tank capability for the Army; more tactical aircraft, conventionally-armed sea-launched cruise and other missiles, torpedoes, assault weapons, and anti-submarine warfare weapons for the Navy and Marine Corps; and more tactical aircraft and electronic warfare capability for the Air Force.

Fourth, and finally, shipbuilding. We are, in a very real sense, an island nation. American commerce and industry, access to vital resources, and the sinews of the Western Alliance depend on our ability to control the seas. We must be able to defeat any military adversary who threatens such access. This is not an area in which the terms equivalence or parity or other such formulations have any meaning. We must have naval superiority. Control of the seas is as essential to our security as control of their land borders is to the Soviet Union. Almost any crisis or war would require us to project larger forces across vast distances from the United States. This is not a conclusion that permits temporizing or equivocating. We have permitted our naval capability to deteriorate, and now we have to restore it.

To that end, we propose to add \$367 million to the FY 1981 budget and \$3.8 billion in FY 1982 to the amounts requested for shipbuilding by the last Administration. These additional resources will go towards the reactivation of the battleships New Jersey and Iowa and of the carrier Oriskany, while adding another CG-47 and SSN-688, two additional frigates, added strategic sealift, and starting us on the long path to a new aircraft carrier and additional amphibious ships. These ships will make an impressive addition to the fleet's war-fighting capability.

Just as we are committed to increasing defense capability, we are also resolved to improve the efficiency of defense operations. As President Reagan said, there will be "no exemption" from the

requirement on all of us to streamline government operations. One of my high priorities as Secretary of Defense will be to make our defense operations as efficient and as effective as I can. There is, as I have testified, no doubt that we must significantly enhance our defense capabilities, and to do so we must significantly increase defense spending.

At the same time, I am mindful of President Reagan's unwavering commitment to get our nation's economy back on its feet again. This means reducing federal expenditures wherever we can--including defense. I am still a fiscal Puritan on these matters, and I am determined to give the taxpayers the maximum return possible for the money we spend at DoD.

Both by some old-fashioned belt-tightening and by the application of innovative managerial techniques, we can, I am convinced, effect significant savings in our defense program. The recent report by the Comptroller General is very useful in this regard. We take this report very seriously. We do not take issue with it. And, in the near future we will be back to the Congress with our specific proposals for follow-through.

We have been at it only a few weeks, but already we believe we have identified significant savings from efficiencies and reforms in current operations. The money saved in this way can then be applied to enhancing our military capability.

A major area for our efficiency campaign is the procurement process. We will have to strengthen and revitalize our industrial

base, and this will bring significant cost-savings. At my direction, Deputy Secretary Carlucci has launched a major internal DoD review of the entire acquisition process. We look forward to working with the Congress and with industry to make significant efficiencies and other improvements in this area.

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Mr. Chairman, this is a large agenda, but it is absolutely essential for the security of this nation.

For too long, the resources available for defense have been too limited. Given these inadequate resources, my predecessors, in designing their defense programs, and the Congress, in approving or amending them, continually had to rob Peter in order to pay Paul. As demands in one area increased, other areas suffered.

Now, we have an unprecedented opportunity to bring our military capabilities up to a level that is consistent with our military requirements. We can do this because the American people are prepared, for the first time in two decades, to make major increases in the aggregate resources available for defense.

The budget we are proposing makes a major start on meeting needs too long unmet. But we do not propose merely to accelerate or complete the programs of the past Administration. There are some new emphases in our program. The turbulent world of the 1980s dictates flexibility, and our budget reflects this imperative by greatly increasing the amounts we invest in these aspects of military capability.

In our proposed application of additional resources, there is a discernible trend, which may well be accelerated in the future as our studies and reviews reach fruition, towards greater U.S. capability in Southwest Asia, improved naval forces, and greater worldwide mobility. I am confident that our allies will help us in picking up more of this global burden, wherever our Alliance interests are threatened.

We look forward to working with you in the weeks and months ahead. We cannot, as I said earlier, do it all at once or alone. We must be responsible. But we must start now. As President Reagan said in his address to the joint session February 18, "The people are watching and waiting. They don't demand miracles, but they do expect us to act." And act we will.

I will be happy to take your questions now.

PROGRAM ADDENDUM

Mr. Chairman, we are asking for an additional supplemental appropriation of \$6.8 billion for FY 1981 and a \$25.8 billion amendment to the FY 1982 budget request, which represent increases of four percent and 13 percent, respectively, over the budget and the program we inherited. In terms of real growth, our revised FY 1982 budget will be nearly 15 percent larger than the FY 1981 budget. Included in these totals are \$2.3 billion for FY 81 and \$.9 billion for FY 82 that we estimate are necessary just to fund the programs in the Carter budget.

These are sizable increases. They are necessary increases. And they will be carefully applied. Without getting bogged down at this point in the details of specific programs, let me highlight a few of the areas in which we are asking for additional funds in the current fiscal year and the next one.

- Readiness. Our forces are now consuming themselves. Before even considering the necessity for improved strategic and conventional force requirements, we are faced with insufficient funds for operation and maintenance of existing equipment, which forces us to cannibalize some equipment to keep other equipment operational. At the same time, equipment lost in training is frequently not replaced, and training in general is inadequate because of the need to conserve fuel, ammunition, and other expendables. We do not have adequate reserve stocks to meet our own resupply requirements, much less for prepositioning or for foreign assistance.

We propose to make significant increases to enhance the readiness of our forces. Specifically, we seek \$2.8 billion more in FY 1981 and \$8.7 billion in FY 1982 for additions rejected or not considered by Mr. Carter. These funds will not only augment or accelerate on-going programs, but will give current forces capabilities not affordable in the Carter budget, in areas such as prepositioning, sealift and replenishment, communications, and electronic warfare.

Our priorities are to fund known peacetime deficiencies first, and then to enhance the war-fighting capabilities of our forces, including for RDF scenarios. We must be able not only to maintain our present peacetime training levels, but also to improve these levels without drawing down our limited war reserve stocks, as we have done in the past.

For the Air Force, we will increase funding for readiness initiatives by \$1.0 billion in FY 1981 and \$2.7 billion in FY 1982. Included in these totals are \$220 million for increased flying hours, \$358 million for procuring additional peacetime operating spares, \$420 million and \$394 million to procure war reserve spares for TACAIR and airlift forces respectively, \$355 million for training, \$508 million to procure war reserve munitions, and \$255 million for RDF-related support equipment. We are also seeking \$53 million to reduce depot maintenance backlogs and \$116 million to improve the level of the JCS Exercise Program.

The investment in peacetime operating spares and TACAIR war reserve spares will permit known deficits to be fully funded by FYs 1982 and 1983, respectively. This represents a one-year acceleration of the "get-well" program requested by the outgoing administration. The actual realization of enhanced readiness will not occur overnight; it is a function of at least two-year production lead-times. Therefore, the impact of this funding on better physical spares availability will not be realized until FYs 1984 and 1985.

The investment in accelerating the purchase of war reserve spares for our strategic airlift resources is the least expensive and quickest method of increasing our organic airlift capability. Our inability to meet projected wartime C-5/C-141 utilization rates has been allowed to persist for too long.

The investment in RDF-related support equipment is designed to decrease the burden on our airlift resources by prepositioning close to probable trouble spots key equipment required early in contingency deployments--materiel handling equipment, vehicular equipment, housekeeping needs of deployed personnel, and aviation ground support equipment.

For the Army, we are proposing readiness increases of \$1.2 billion in FY 1981 and \$3.1 billion in FY 1982. Included in these totals are \$457 million for additional tactical and support vehicles, \$396 million for war reserve ammunition, \$816 million for additional

POMCUS equipment, \$143 million for combat engineer support equipment, \$103 million for increased stock fund purchases, and \$202 million to increase training readiness. We are also requesting \$121 million to reduce depot maintenance backlogs, \$96 million for aircraft spares, \$104 million for missile modifications and spares, and \$232 million in operations and maintenance funds to support fielding of additional equipment. Some of these items are designed to improve our readiness for both an RDF scenario and a European conflict.

The acceleration of Army equipment and ammunition procurement programs will enable the Army to obtain the major items needed to fill shortfalls existing in its forces and to support its POMCUS/PWRMS program by FY 1984. Examples include 5- and 10-ton trucks, improved conventional munitions, spare parts, water support equipment, NBC protective gear, and critical items of organizational clothing and equipment. However unglamorous these items are, they are the nuts and bolts of readiness. Unless we increase spending for those items now, previous plans would make it impossible to realize any sizeable improvement in force readiness prior to FY 1986-1988.

The procurement of combat engineer support equipment will include state-of-the-art commercial construction equipment--graders, loaders, scrapers, and other earth moving equipment. This initiative will significantly enhance the capability of our combat engineers to conduct sustained combat operations.

For the Navy Department, we propose to increase funding for readiness initiatives by \$276 million in FY 1981 and \$2.6 billion in FY 1982 over that requested by the previous administration. Included in the totals are \$686 million to increase the sustainability of the Marines in terms of support equipment, spare parts, and ammunition; \$429 million to procure additional missiles and torpedoes; and \$381 million for aviation and ship spares; and \$230 million to procure additional ammunition. We are also seeing \$98 million to reduce the backlog of depot level maintenance and to improve the near-term readiness of our Naval forces.

While these funds are needed now, it is not possible to change the readiness of our Naval forces overnight. For example, the additional funds for aviation spares will not improve Navy aircraft mission capable rates significantly until FY 1984-1985. The increase in funds for missiles and ammunition will accelerate procurement and allow us to reach the same inventory position about two years earlier than the program contained in the initial budget request. Lasting readiness improvements will require a significant commitment of resources over an extended period of time. Nevertheless, I believe we can--and must--make improvements in this area.

● Personnel. The most serious readiness problem we have is the shortage of experienced personnel, in particular in the senior enlisted ranks and in certain critical job skills both for officers and for enlisted personnel. The compensation initiatives

enacted by the last Congress have put us back on the right track. The latest recruiting and retention figures are very encouraging. This administration is committed to restoring the pay of military personnel to the level of comparability with their civilian counterparts that existed when we started manning our forces entirely with volunteers in 1973. We believe that a return to pay comparability is essential to retaining our most experienced personnel.

This Reagan budget includes an additional \$400 million for FY 1981 and \$1.8 billion in FY 1982 to cover a 5.3 percent military pay raise to start in July of 1981. This is over and above the 11.7 percent pay raise of last year. We will review military pay in the summer months to determine the exact amount needed for FY 1982 in order to maintain comparability. Our recommendations should finally secure decent incomes for our uniformed services.

We also are requesting an additional \$245 million in FY 1981 and \$893 million in FY 1982 beyond the direct pay increase, in order to improve the quality of life of our service members. We seek funds to help reduce the out-of-pocket costs they incur when forced to move because of transfer or reassignment. We also propose to improve the houses and barracks in which our military personnel live, the bases where they work, the schools their children attend overseas, and their facilities in remote areas like Turkey. In addition, we want to provide better community services to support them and their families.

The costs of attracting and retaining the necessary manpower in the All-Volunteer Force are not insignificant. But President Reagan made clear his pledge to give our men and women in uniform the compensation and lifestyle they and their families deserve in light of the sacrifices they make for all of us. Under the Reagan Administration, they will become first-class citizens once again.

Educational benefits for military personnel are extremely important factors in retention. We now offer educational assistance of up to \$14,100 to some recruits, and, as part of a Congressionally-mandated experiment, we are testing programs in FY 1981 that are worth up to \$20,100. The purpose of the test is to find out which programs will work best to recruit and retain the people we need. We will report on the test, and, on the basis of the results, we will recommend a permanent program in time for next year's authorization hearings. To do so before those test results are known would be risky. What we do not want and need is legislation that hinders rather than helps the total All-Volunteer Force.

● Modernization. While we must be ready to go to war today if necessary, we must also be prepared to fight tomorrow's battles against the enemy forces of tomorrow. To do this, we must invest far more heavily than we have in future military capability. We must begin to offset the more than \$300 billion investment gap between the Soviets and ourselves, which President Reagan underscored in his address to the joint session on February 18.

We must exploit two of America's greatest potential resources--our technological genius and our industrial prowess. Nowhere is the interdependence of our economic vitality and our defense capability more evident than here. The greater aggregate resources we are asking you to provide for defense will enable us to produce more of the best weapon systems on line now and to forge ahead in designing the weapon systems of the future. Therefore, the largest increments we are seeking are for modernization--\$2.0 billion in FY 1981 and \$13.7 billion in FY 1982, excluding shipbuilding, which I will treat separately.

These funds for modernization will begin to correct deficiencies in the quantity and quality of equipment in the hands of the Services.

The Army's ability to fight will be enhanced by the addition of weapons, modern air defense systems, and tactical mobility improvements. During this period, about \$1.6 billion will be used: to increase M-1 tank production to 90 per month in 1985, as well as to add more than 230 infantry fighting vehicles (about 5 battalions), 6 advanced attack helicopters, and 200 additional M-198 towed howitzers. To enhance the mobility of the force, we propose adding 18 Blackhawk utility helicopters, modernizing nine CH-47 helicopters, replacing 8,600 1 1/4-ton tactical wheeled vehicles, and adding 180 armored recovery vehicles at a cost of \$546 million. To improve our air defense capabilities, we propose a \$300 million increase for DIVAD gun procurement, restoration of the four-battalion Roland

program, a battery of Patriot, and restoration of the Stinger weapons program to its original level. We also will build an additional 120 ground laser locator designators, nearly 1,200 night vision sights for TOW and Dragon anti-tank missile systems, chemical agent alarms, and modern communication equipment to increase the capability of our land forces.

We will also initiate critical research and development into new technology for laser weapons, ballistic missile defenses weapons, aircraft components, and a new light armored vehicle.

The levels of Navy modernization funding for tactical air are and have been totally inadequate. Aircraft production rates have been particularly low and inefficient for a number of years. Navy R&D programs have also been underfunded. In order to begin to address these problems, we have added \$410 million to the FY 1981 program and \$3.1 billion to the FY 1982 budget request. Included in the FY 1981 Supplemental are \$122 million to finance cost growth in several ongoing aircraft programs, \$119 million to increase the production rate of the F-18 from 53 to 60 aircraft, and \$84 million to cover cost growth in the TOMAHAWK, HARM, and other Marine Corps programs. Two important development programs--DDGX and MK-48 ADCAP--need \$31 million in FY 1981 to accelerate their IOC dates.

For FY 1982, the bulk of Navy modernization funding other than shipbuilding is earmarked for aircraft and missile procurement. We proposed adding \$903 million for accelerated production

of ongoing programs (+8 A-6Es, +4 EA-6Bs, +5 F-18s, +6 F-14). For FY 1982, the bulk of Navy modernization funding other than ship-building is earmarked for aircraft and missile procurement. We proposed adding \$1.1 billion for accelerated production of ongoing programs (+8 A-6Es, +4 EA-6Bs, +5 F-18s, +6 F-14s, +3 CH-53Es, and +6 P-3Cs). We are also proposing to add more than \$1.0 billion for initial production of other aircraft for the Navy and USMC (+10 SH-60Bs, +12 AV-8Bs, +18 SH-2Fs). Our request for FY 1981 includes \$374 million for additional procurement of HARM and TOMAHAWK missiles, and \$121 million in R&D funds to accelerate DDGX development to permit lead-ship procurement in FY 1985 rather than FY 1986. Our request for FY 1982 also adds \$140 million for several important R&D programs, such as the new shoulder-launched assault weapons for the Marine Corps, ASW standoff weapons, and torpedo developments that will allow technological opportunities to be exploited fully so we can meet the future threat.

In the past, the Air Force has also been forced to procure aircraft inefficiently. Therefore, we propose to accelerate several of the tactical aircraft programs and thus complete planned quantities earlier than previously scheduled. Of course, we will be reviewing our force structure needs over the coming year to determine what changes may be required in aircraft types and numbers to be procured over the longer term.

Air Force fighter/attack aircraft procurement requested for FY 1982 will be increased from 126 aircraft to 222. In FY 1982, F-15

air superiority fighter production will be increased from 30 to 42, and advance procurement is requested for 42 in FY 1983 rather than 18--at a total added cost of \$364 million. The previously planned 729 aircraft program will be increased to 765, the additional 36 aircraft to serve as peacetime attrition replacements in the tactical fighter force. These additional aircraft will extend the full-strength life of the 17-squadron F-15 tactical force by about three years. The F-16 production will be increased from the previously proposed 96 per year to 120 per year, costing \$334 million in FY 1982, and accelerating the transfer of older F-4s to the Reserve Components. We propose the addition of 60 anti-tank A-10s in FY 1982 for \$554 million, including 46 single-seat attack and 14 two-seat trainer variants. The added A-10s will serve as peacetime attrition replacements, sustaining the full-strength 23-squadron force through the late 1980s.

A variety of other Air Force tactical air force modernization measures are proposed, including procurement of two E-3A airborne radar surveillance aircraft (AWACS) in FY 1982 instead of FY 1983, accelerated acquisition of comparatively low-cost anti-jam communications equipment, electronic warfare and support equipment, additional munitions production, and other research and development. Together, these other activities would total about \$501 million in FY 1981 and about \$1.7 billion in FY 1982.

We also propose spending \$61 million in FY 1981 and \$826 million in FY 1982 to improve modernization of our mobility forces

to support either a NATO or an RDF contingency. We have included funds for eight additional KC-10 aerial tankers, for re-engining about one-half of our KC-135 tanker fleet, and for procurement of seven Boeing 707s and 18 modification kits for these aircraft.

Our request includes modernization for our nuclear forces. To bolster our strategic nuclear forces, we are requesting an additional \$2.4 billion in 1982 for a new manned bomber. This sum will support development of any of the candidates now under consideration--including a B-1 type bomber, the FB 111B/C modification, or an advanced technology bomber that incorporates stealth technology. Because of the complexity and importance of the bomber issue, I intend to withhold decision until receiving the final information on performance, cost, and schedule. I expect to announce the decision on June 15. An interim report will be submitted to Congress on March 15. I continue to support the MX missile with its greater capability, and we are reviewing the question of the basing mode for this missile.

- Shipbuilding. We are, in a very real sense, an island nation. American commerce and industry, access to vital resources, and the sinews of the Western Alliance depend on our ability to control the seas. We must be able to defeat any military adversary who threatens such access. This is not an area in which the terms equivalence or parity or other such formulations have any meaning. We must have naval superiority. Control of the seas is as essential

to our security as control of their land borders is to the Soviet Union. Almost any crisis or war would require us to project larger forces across vast distances from the United States. This is not a conclusion that permits temporizing or equivocating. We have permitted our naval capacity to deteriorate, and now we have to restore it.

To that end, we propose to add \$367 million in FY 1981 and \$3.8 billion in FY 1982 to the amounts requested for shipbuilding by the last Administration.

-- Specifically, we request \$129 million of additional funding in FY 1981 for the previously authorized CG-47 class procurement, in order to cover cost growth in these ships. In FY 1982, we are requesting \$840 million for an additional CG-47 class anti-air warfare cruiser. As the Chief of Naval Operations has said, anti-air warfare remains a great problem to the Navy, so it is imperative that we get these ships, equipped with the Aegis anti-air warfare system, into the fleet in numbers as soon as possible. They are an impressive addition to the fleet's war-fighting capability.

-- We also request funds for the reactivation of three Navy ships to augment the firepower of the fleet. We are requesting \$91 million in FY 1981 to start reactivation

of the battleship New Jersey and \$160 million in FY 1982 to complete the job. We also wish to make a modest start on reactivation of the battleship Iowa with \$1 million in FY 1981, another \$90 million in FY 1982, and the balance of the funding in the subsequent year. Finally, we will request funds for reactivation of the aircraft carrier Oriskany, \$146 million in FY 1981, and \$372 million in FY 1982. These three ships, two battleships and one carrier, will add an impressive capability to our fleet in a relatively short time and at a relatively small cost. No other ship in any modern navy is as impressive or as survivable as the battleships of the Iowa class, and the Oriskany will enhance our ability to respond to crises wherever and whenever they may occur.

-- I am requesting \$491 million for two additional frigates of the FFG-7 class in FY 1982. It is vital that we have adequate local anti-submarine and anti-air warfare defense for our convoys, underway replenishment groups, and amphibious forces. These frigates, equipped with the towed array sonar, LAMPS MK III helicopters, and the Tartar surface-to-air missile, add an impressive capability for those purposes.

-- In order to avoid a serious shortfall in amphibious ships, I have included a request for \$34 million in long-lead

money for an LSD-41 class ship to be included in the FY 1983 shipbuilding plan. Without these ships, we face a shortage of amphibious capability starting in the late 1980s and early 1990s.

- The FY 1982 Amendment includes approximately \$452 million to expedite conversion of fast sealift ships (SL-7) from the current three-year schedule to one year. Acceleration will ensure early availability of this valuable strategic mobility resource to move Army equipment in support of either a NATO or an RDEP contingency.

- Finally, we are requesting \$658 million long-lead money for another nuclear aircraft carrier. I expect to ask for the remainder of the funds for this ship in the FY 1983 shipbuilding request. Carriers form the backbone of our Navy. While this particular ship will not enter the fleet for nearly ten years, we must start looking now to the future of the Navy.