

Archive
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"THE DEFENSE ASPECTS OF NATIONAL SECURITY POLICY"

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(OJCS/J-5)

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I HAVE BEEN ASKED TO COMMENT ON THE NATIONAL SECURITY ROLE OF MILITARY FORCES WITHIN THE OVERALL CONTEXT OF THE CONFERENCE TOPIC ON THE DEFENSE POLICIES OF THE NEW ADMINISTRATION.

IT SEEMS UNIQUELY APPROPRIATE THAT I BE SCHEDULED TO ADDRESS THIS TOPIC IMMEDIATELY FOLLOWING GEN STILWELL'S PRESENTATION. FOR WE ON THE JOINT STAFF AND IN PARTICULARLY J-5 HAVE BEEN PARTICIPATING WITH HIM THESE LAST SEVERAL WEEKS, AS THE ACTING UNDER SECRETARY FOR POLICY, IN ASSISTING IN THE PREPARATION OF DEFENSE GUIDANCE FOR FISCAL YEAR 1983-1987.

THIS STATEMENT ALONE SAYS MUCH ABOUT THE NEW ADMINISTRATION'S APPROACH TO DEVELOPING DEFENSE POLICY TO MEET OUR NATIONAL SECURITY NEEDS - WITH THE JOINT STAFF AS AN ACTIVE PARTICIPANT. AS A CASE IN POINT THIS YEAR THE JCS WILL NOT ONLY COMMENT ON THE SERVICE PROGRAMS WITH THE JOINT PROGRAM ASSESSMENT MEMORANDUM BUT WILL ALSO PARTICIPATE IN THE KICK-OFF OF THE ISSUE PAPER CYCLE BY PROVIDING A MAJOR

INPUT TO A NEW USD/P ISSUE PAPER ON POLICY AND RISK ASSESSMENT ISSUES.

AN ADDITIONAL MANAGEMENT INITIATIVE IN THE DEFENSE AREA IS A POSITIVE THRUST TOWARDS DECENTRALIZED MANAGEMENT. THIS NEW EMPHASIS ON PARTICIPATION IS CHARACTERIZED BY SINCERE EFFORTS TO REDUCE THE DETAIL OF DEFENSE MANDATORY GUIDANCE AND THE AMOUNT OF PROGRAM INFORMATION REQUIRED. ALSO, THE MILITARY DEPARTMENT SECRETARIES HAVE BEEN INCLUDED ON AN ENLARGED DEFENSE RESOURCES BOARD, SO THAT THE SERVICES WILL HAVE AN ACTIVE ROLE IN DEFENSE RESOURCE DECISION MAKING.

OF COURSE THESE ARE ALL COMMENTS ON THE PROCESS RATHER THAN THE POLICY AND ITS IMPLEMENTATION, BUT THAT IS IN FACT WHERE MUCH OF THE FOCUS HAS BEEN THE LAST FEW MONTHS. NOT UNTIL THE POMs ARE SUBMITTED IN MID-JUNE AND THE PROGRAM REVIEW PROCESS IS ALLOWED TO PROCEED WILL WE REALLY HAVE AN IN-DEPTH APPRECIATION OF WHAT MILITARY CAPABILITY CHANGES FROM THE FYDP WILL BE PROGRAMMED TO BETTER MEET OUR NATIONAL SECURITY OBJECTIVES.

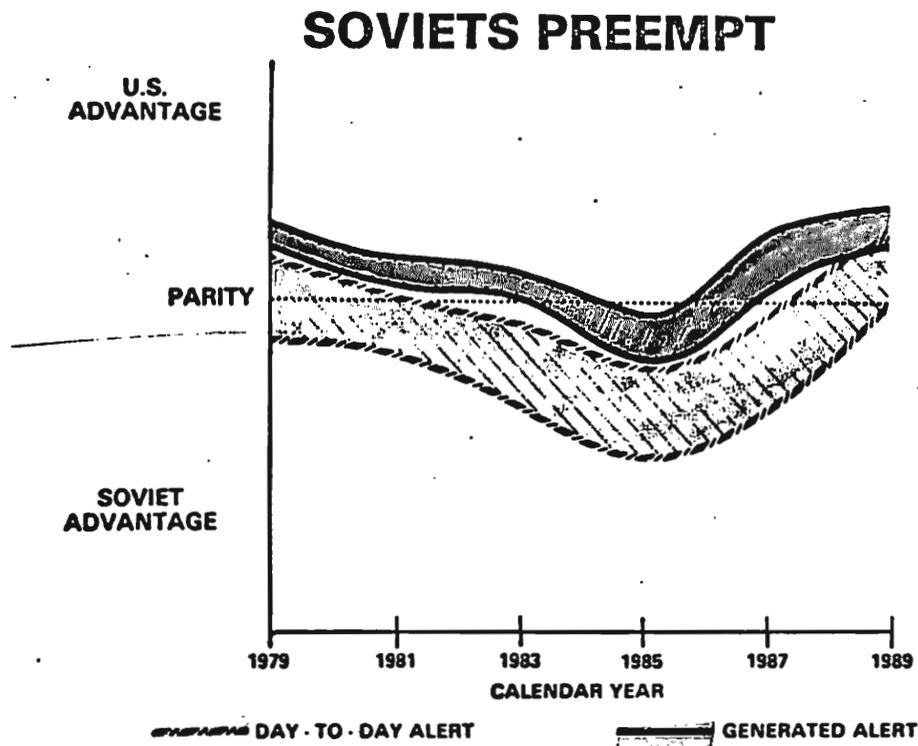
HOWEVER, WE DO HAVE A BENCH MARK TO GUIDE AN EARLY ASSESSMENT OF THE PROBABLE DIRECTIONS OUR FORCE STRUCTURE

IS LIKELY TO TAKE. THAT IS THE FY81 SUPPLEMENTAL AND THE FY82 AMENDMENT SUBMITTED TO THE CONGRESS IN MARCH, ALONG WITH THE COMPANION OUTYEAR PROJECTION.

I RECOGNIZE THAT THESE BUDGET INITIATIVES HAVE BEEN ANALYZED AND COMMENTED ON FROM NEARLY EVERY CONCEIVABLE DIRECTION - BUT FOR NOW THEY ARE ALL WE HAVE, AND FOR THE PURPOSE OF TODAY'S DISCUSSION I WOULD LIKE TO GIVE MY IMPRESSION OF HOW THIS \$33 BILLION PLUS-UP APPEARS TO IMPACT ON THE VITAL MISSION AREAS OF MAINTAINING OUR NATIONAL SECURITY.

FOR MORE THAN 30 YEARS THE UNITED STATES HAS CONDUCTED FOREIGN POLICY IN THE SHADOW OF NUCLEAR ARMS. HOWEVER, TOWARD THE END OF THE LAST DECADE, THE GROWTH IN THE SOVIET NUCLEAR ARSENALS, PARTICULARLY IN THE FIELDING OF INTERCONTINENTAL BALLISTIC MISSILES EQUIPPED WITH MORE NUMEROUS AND MORE ACCURATE MULTIPLE, INDEPENDENTLY TARGETABLE, RE-ENTRY VEHICLES, AND THE PROLIFERATION OF SUBMARINE-LAUNCHED BALLISTIC MISSILES, HAS SWUNG THE OVERALL BALANCE IN FAVOR

OF THE SOVIET UNION, THAT CHANGED RELATIONSHIP WILL NOT BE REDRESSED UNTIL LATE IN THE COMING DECADE, AS THE NEW MANNED BOMBER IS DEPLOYED AND AS OUR NEW INTERCONTINENTAL MISSILE, AND SUBMARINE-LAUNCHED BALLISTIC MISSILE PROGRAMS MATURE. AD INTERIM, WE FACE A VERY DANGEROUS PERIOD. OUR RISK IS THAT THE MILITARY PLANNERS OF THE SOVIET UNION, WHO BELIEVE THAT NUCLEAR WAR IS POSSIBLE, AND WHO HAVE DEVISED STRATEGIES WHICH THEY CALCULATE WILL ASSURE SOVIET VICTORY IN SUCH A WAR, MAY SERIOUSLY BE TEMPTED TO CAPITALIZE UPON THEIR ADVANTAGE PORTRAYED HERE. (CHART¹ ON)



THIS IS A DIAGRAM FROM THE ANNUAL POSTURE STATEMENT OF THE CHAIRMAN OF THE JOINT CHIEFS OF STAFF, SHOWING THE RESULTS OF OUR WAR GAMES OF A NUCLEAR EXCHANGE. WITHOUT ELABORATING, I ASK THAT YOU ACCEPT IT, AS DO WE, AS A GRAPHIC DEPICTION OF THE ALTERED STRATEGIC BALANCE BETWEEN THE UNITED STATES AND THE SOVIET UNION. FRANKLY, IT IS DIFFICULT FOR US TO ASSESS HOW THEY WILL REGARD THE BALANCE. BUT SUFFICE TO SAY, THEY WHO NOW RULE IN THE KREMLIN, AND THEY WHO NOW SERVE ON THE STAVKA, ARE THE FIRST RUSSIAN LEADERS SINCE 1917 WHO CAN LOOK OUTWARD FROM MOTHER RUSSIA WITH A CLEAR SENSE OF STRATEGIC SUPERIORITY OVER POTENTIAL ENEMIES. AMERICAN STRATEGISTS MUST PONDER WHETHER OUR EXISTING WEAPONRY WILL CONTINUE TO DETER THE SOVIETS FROM SEEKING TO EXPLOIT THIS HISTORIC CHANGE IN THE STRATEGIC BALANCE, AS THIS CHART SHOWS (NEXT CHART ON)

PROGRAM 1-STRATEGIC FORCES

\$B

	<u>FY81S/FY82A</u>
● LONG-RANGE COMBAT AIRCRAFT	+2.4
● KC-135 REENGINEING	+ .2
● +8KC-10 AIRCRAFT	+ .5
● MX INITIATIVES	+ .1
● SYSTEM SAVINGS	- .2
TOTAL	+3.0B

SOURCE: 4 MAR 1981 OASD/PA NEWS RELEASE,
FY81 & 82 DOD BUDGET

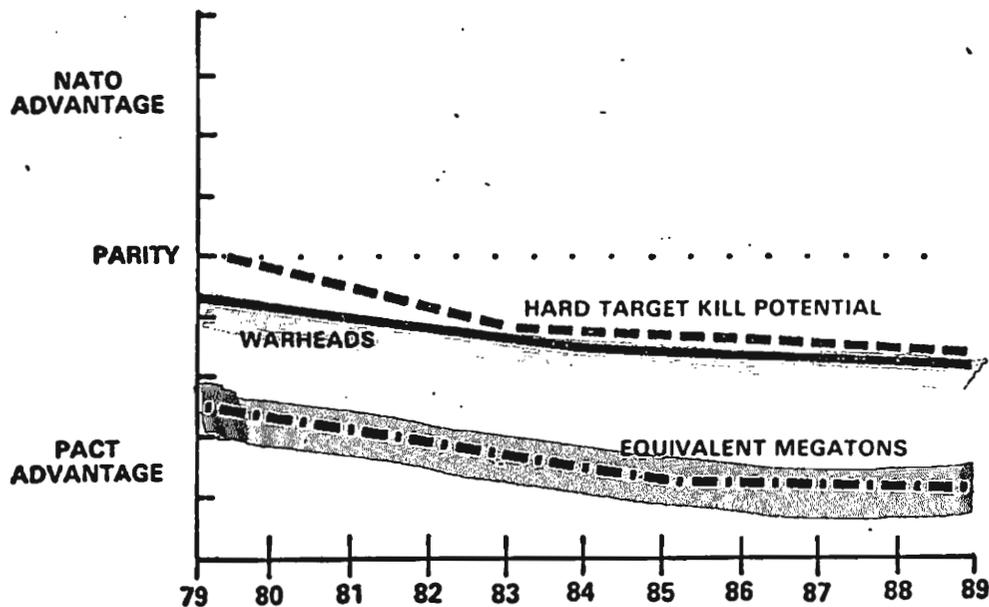
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THE NEW ADMINISTRATION HAS TAKEN SOME IMMEDIATE CORRECTIVE ACTION IN THE STRATEGIC FORCES AREA. TWO AND A HALF BILLION HAS BEEN REQUESTED TO GET STARTED ON A FOLLOW-ON AIRCRAFT TO THE AGING B-52. ALSO ADDITIONAL FUNDING AUTHORITY IS REQUESTED TO ENHANCE OUR REFUELING CAPABILITY AND TO EXPLORE AND DEVELOP VARIOUS MX INITIATIVES.

ON THIS FIRST CHART I HAVE ALSO SHOWN A SAVINGS LINE, A MANAGEMENT APPROACH WHICH PERMEATES THE REAGAN DEFENSE SUBMISSION. IN TOTAL IT IS PLANNED THROUGH IMPROVED MANAGEMENT TO SAVE \$5.5 BILLION IN THE DEFENSE APPROPRIATIONS IN FY81/82. (CHART OFF)

IN RECENT YEARS, TRENDS IN LONG-RANGE THEATER

NUCLEAR WEAPONS HAVE ALSO SHIFTED IN FAVOR OF THE SOVIET UNION. (CHART ³ ON)



THE SOVIET SS-20 MOBILE INTERMEDIATE RANGE BALLISTIC MISSILE PROGRAM, WHICH COMMENCED IN THE MID-1970s, CAN ONLY BE REGARDED BY KNOWLEDGABLE WESTERN ANALYSTS WITH AWE. ALL ACROSS THE FROZEN WASTES OF SIBERIA, IN THE WILDERNESS OF THE URALS, AND IN THE MOST PRIMITIVE PARTS OF THE SLAVIC HOMELAND, CONSTRUCTION CREWS HAVE BEEN LABORING TO DEPLOY THESE WEAPON SYSTEMS OF DEVASTATING POWER AND ACCURACY, WHICH ARE EXTREMELY DIFFICULT TO TARGET. ADDED TO EXISTING

SS-4 AND SS-5 MISSILES, THE SOVIETS CAN NOW THREATEN WESTERN EUROPE, SOUTHWEST ASIA, AND EAST ASIA AS THOSE REGIONS HAVE NEVER BEEN THREATENED BEFORE.

WHETHER MEASURED IN TERMS OF SHEER EXPLOSIVE POWER (THE ORANGE LINE), NUMBERS OF WARHEADS (THE GREEN LINE), OR HIGHLY ACCURATE WEAPONS FOR HITTING HARD TARGETS LIKE C3I FACILITIES (THE YELLOW LINE), WE ARE MOVING INTO A PERIOD OF SUBSTANTIAL LRNF DISADVANTAGE. NATO'S LONG-RANGE THEATER NUCLEAR FORCE MODERNIZATION PROGRAM WILL, TO SOME DEGREE, OFFSET OR COUNTER-BALANCE THE SOVIET WEAPONRY. BUT SINCE THE NATO WEAPONS WILL NOT BE IN PLACE UNTIL THE MID OR LATE 80s, THEY DO NO MORE THAN ARREST THE PLUNGE INTO FURTHER DISADVANTAGE. IT IS CLEAR THAT THE LANDS AND PEOPLES GEOGRAPHICALLY PROXIMATE TO THE SOVIET UNION WILL HAVE TO FACE THIS THREAT THROUGHOUT THE COMING DECADE. AS A RESULT, NATO'S DEPLOYMENT OF THE GROUND-LAUNCHED CRUISE MISSILE--THE GLCM--AND THE LONGER RANGE PERSHING II IRBM, CREATES NEW URGENCIES FOR ACCURATE AND TIMELY TARGETING, AS WELL AS RELIABLE, SWIFT COMMUNICATIONS.

THE REAGAN TNF BUDGET ADD-ONS ARE SHOWN ON THIS SLIDE
(NEXT CHART ⁺⁴ ON).
^

THEATER NUCLEAR FORCES

\$B

FY81S/FY82A

- SEA LAUNCHED CRUISE MISSILE PROGRAM
(TOMAHAWK) (INCLUDES + 40 MISSILES)
- GROUND LAUNCHED CRUISE MISSILE PROGRAM
- IMPROVED TNF C³

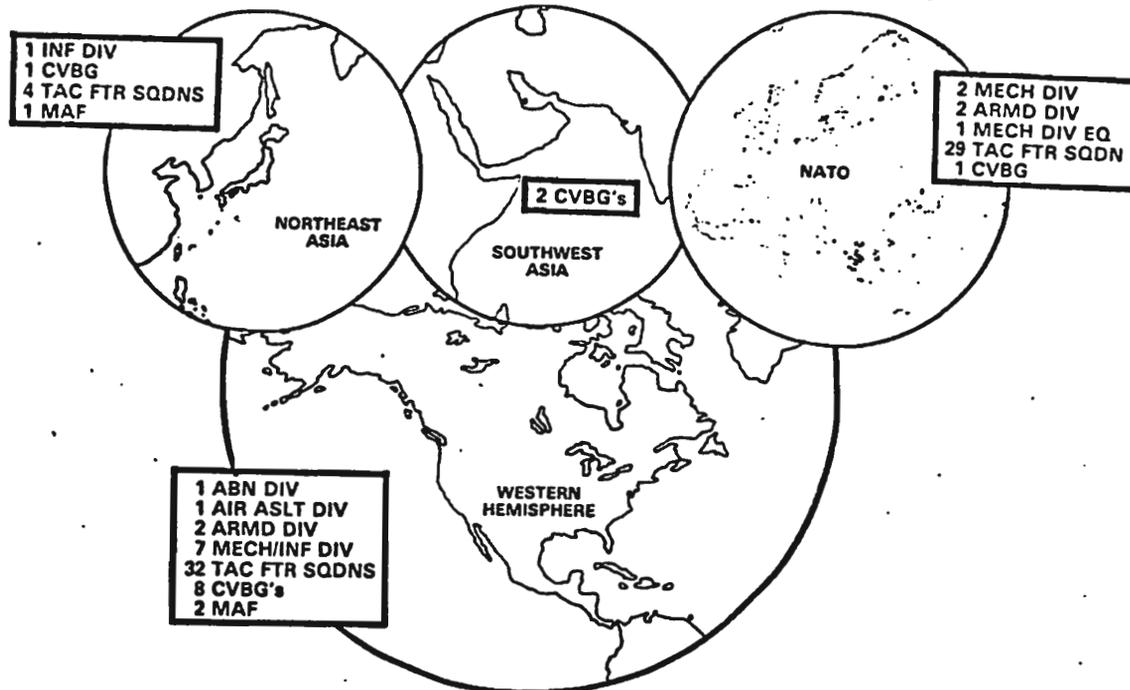
} +.5 B

SOURCE: 4 MAR 1981 OASD/PA NEWS RELEASE,
FY81 & 82 DOD BUDGET

THIS ADDED SUPPORT WILL MAINTAIN THE TOMAHAWK DEVELOPMENT PROGRAM AND PROVIDE FOR THE ACQUISITION OF 40 ADDITIONAL MISSILES FOR A TOTAL FY82 BUY OF 88 WEAPONS. IT WILL ALSO FUND APPROXIMATELY \$150 MILLION COST GROWTH IN THE GLCM PROGRAM. (CHART OFF)

OVER THE PAST 20 YEARS, THE UNITED STATES' GENERAL PURPOSE FORCE STRUCTURE WAS ONCE SAID TO BE SIZED FOR TWO AND A HALF WARS, AND MORE RECENTLY FOR ONE AND A HALF WARS. I HAVE NEVER FOUND THOSE MATHEMATICAL APHORISMS VERY SATISFACTORY, BUT IT IS CLEAR THAT WITH THE COLLAPSE OF IRANIAN MILITARY POWER IN 1979, A VERY DIFFERENT FORMULATION IS REQUIRED. (CHART #5 ON)

PROSPECTIVE THEATERS OF WAR



THE UNITED STATES MUST BE TODAY PREPARED TO EMPLOY ITS GENERAL PURPOSE FORCES IN AT LEAST THREE PROSPECTIVE THEATERS OF WAR. THE FIRST IS WESTERN EUROPE, WHERE SINCE 1947 THE UNITED STATES HAS BEEN PLEDGED TO DEFEND THOSE LANDS AND PEOPLES SO CLOSELY IDENTIFIED WITH OUR OWN CULTURE AND ECONOMY. THE SECOND IS NORTHEAST ASIA, WHERE SINCE 1950 AMERICAN FORCES HAVE SAFEGUARDED THE REPUBLIC OF KOREA AND JAPAN. NOW, OF COURSE, WE HAVE TO ANTICIPATE OPERATIONS IN A THIRD THEATER.

IN REVIEWING THE HISTORY OF OUR STRATEGY AND MILITARY POLICY SINCE 1947 IT IS READILY EVIDENT THAT TODAY THE OLD SOLUTIONS NOW APPLY ONLY IN PART AND THAT MANY OF THE FACTORS ONCE PART OF THE SOLUTION ARE NOW PART OF THE PROBLEM.

AT THE TIME WE EMBARKED ON OUR STEADILY INCREASING UNITED STATES COMMITMENT WITH THE TRUMAN DOCTRINE, THE VANDENBURG RESOLUTION AND THE MARSHALL PLAN, WE DID NOT HAVE THE MILITARY FORCES TO EXECUTE THE POLICY.

SIMILARLY, YOU WILL RECALL, THAT IN 1950 WHEN PRESIDENT TRUMAN ABRUPTLY REDIRECTED OUR FAR EAST MILITARY POLICY AND STRATEGY AND SENT UNITED STATES TROOP INTO THE REPUBLIC OF KOREA, WE DID NOT HAVE FORCES AT THE READY TO SUPPORT THAT POLICY.

IN FACT OUR FOREIGN POLICY OF THAT ERA WAS FORMULATED AND EXECUTED DURING A PERIOD WHEN THE DEFENSE BUDGET WAS AT ITS POST WORLD-WAR II LOW. HOWEVER, ALONG WITH NUCLEAR SUPERIORITY WE ENJOYED THE STRENGTH OF A COALITION THAT HAD WON VICTORY IN WORLD WAR II. WE HAD A FORWARD PRESENCE WITH ALLIED SUPPORT. ALTHOUGH DISTANCES FROM THE UNITED STATES WERE GREAT, PROXIMITY TO HOT SPOTS WAS REALLY NOT A PROBLEM.

TODAY WE ARE FACED WITH ESSENTIALLY THE SAME READINESS, MODERNIZATION , AND MANNING PROBLEMS WE HAD IN THE 40's AND 50's BUT IN SOUTHWEST ASIA WE DO NOT HAVE THE ADVANTAGES OF AN ALLIED COALITION OR FORWARD BASES TO AMELIORATE THE BURDEN. THUS, TODAY'S PLANNER AND PROGRAMMER HAS A VERY DIFFICULT JOB IN ATTEMPTING TO STRUCTURE AND BUILD A MILITARY FORCE TO MEET THE REQUIREMENTS OF THESE THREE PRIMARY ZONES OF INTEREST - ESPECIALLY THOSE ON THE SOUTHWEST ASIAN SUB-CONTINENT.

AS THIS CHART SHOWS (NEXT CHART ON) #6

PROGRAM 2-GENERAL PURPOSE FORCES \$B

<u>FACT OF LIFE</u>	<u>FY81/FY82A</u>
• COST INCREASES, CIVILIAN PAY, UNPLANNED OPERATIONS	} +19 B
<u>READINESS</u>	
• FLYING HOURS, TRAINING, EQUIPMENT, MAINTENANCE	
<u>MODERNIZATION</u>	
• M1 TANKS, IFVs, F14s, AV8Bs, F15s, A10s	
<u>SHIP BUILDING</u>	
• REACTIVATION OF NEW JERSEY, ORISKANY, IOWA +1 CG-47, +2 FFG-7, +1 SSN (ALSO 6 SL-7 & TAK-X CONVERSION IN P4)	

SOURCE: 4 MAR 1981 OASD/PA NEWS RELEASE,
FY81 & 82 DOD BUDGET

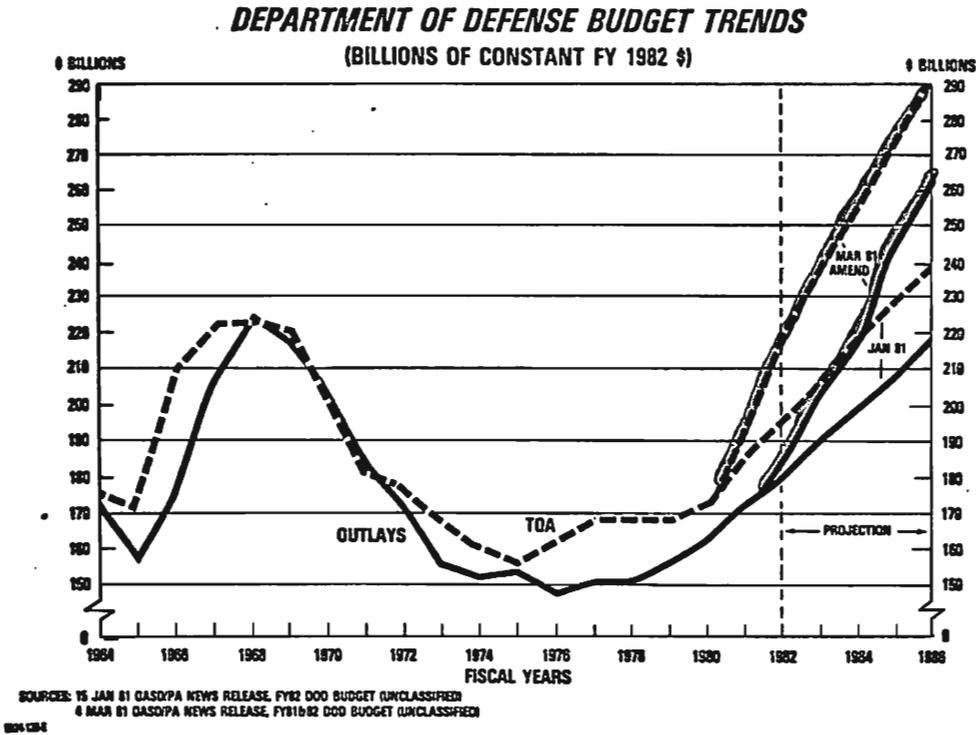
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THAT OUR NEW SOUTHWEST ASIAN ZONE OF INTEREST WILL BE A TOUGH NUT TO CRACK, BUT THAT WE HAVE NO CHOICE BUT TO PROCEED WITH DETERMINATION.

(CHART OFF)

#7

THIS CHART (NEXT CHART ON)



WHICH SHOWS A COMPARISON OF THE CARTER AND REAGAN OUTYEAR PROFILES IS INTENDED TO GRAPHICALLY SUMMARIZE THE INDIVIDUAL POINTS I HAVE BEEN STRESSING WITH REGARD TO OUR STRATEGIC,

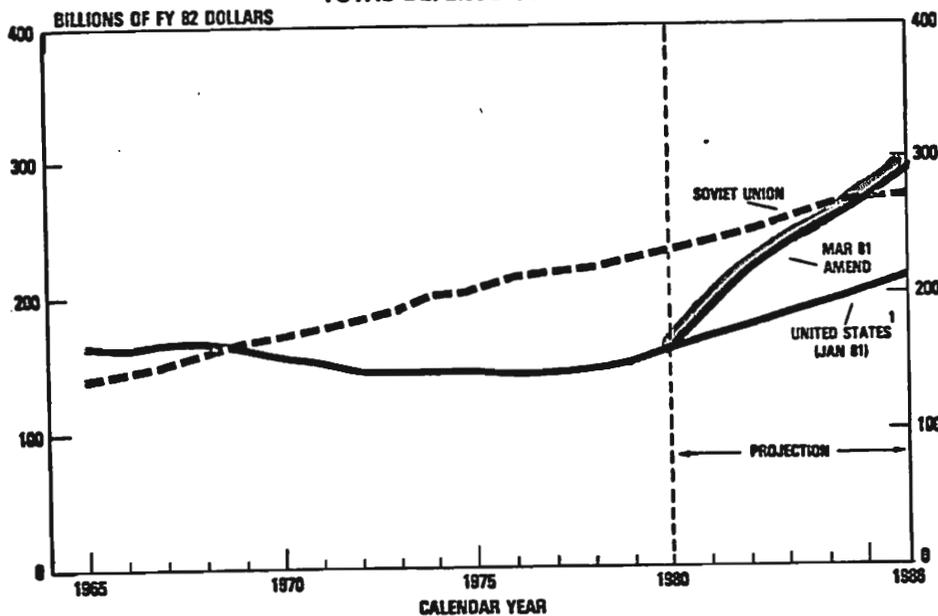
THE REAGAN FY 81/82 BUDGET MAKES A MAJOR EFFORT TO BEGIN A TURN-AROUND IN THE CONDITION OF OUR GENERAL PURPOSE FORCES. ALTHOUGH CONSTRAINED BY REAL LIFE LIMITATIONS OF WHAT IMPROVEMENTS CAN BE PURCHASED IN THE SHORT-TERM, THE NEW ADMINISTRATION'S APPROACH HAS BEEN TO FIRST RECOGNIZE AND PLAN TO FUND FACT-OF-LIFE COSTS NOT PREVIOUSLY COVERED IN THE CARTER BUDGET, THEN TO FINANCE QUALITY OF LIFE, READINESS AND MODERNIZATION ITEMS THAT CAN BE ACCOMPLISHED IN THE SHORT-TERM, AND FINALLY TO GET A START ON RE-EQUIPPING, AND IN THE CASE OF THE NAVY, EXPANDING THE FORCE.

INCLUDED IN THESE NEW BUDGET REQUESTS IS ABOUT TWO AND A HALF BILLION FOR RAPID DEPLOYMENT FORCE/SOUTHWEST ASIA ITEMS WHICH INCLUDES FUNDS FOR EXERCISES AND TRAINING, STRATEGIC MOBILITY - THE CARGO SHIPS SHOWN ON THE BOTTOM OF THE CHART - AND LIMITED MILITARY CONSTRUCTION. INHERENT IN THIS BUDGET REQUEST, I BELIEVE, IS THE FORMAL REALIZATION

THEATER NUCLEAR AND GENERAL PURPOSE FORCES. NOW I AM AWARE THAT THERE IS GROWING DISCUSSION THAT THE INCREASED SLOPE OF THE REAGAN PROJECTIONS IS DUE LARGELY TO OVER-OPTIMISTIC INFLATION ESTIMATES. HOWEVER, EVEN CRANKING IN AN ADJUSTMENT FOR THESE ESTIMATES, THE REAGAN FY 81/82 AMENDMENT IS STILL A SIGNIFICANT DEPARTURE FROM THE PREVIOUS DEFENSE BUDGET TREND LINE AND IF LOGICALLY EXTENDED INTO THE OUTYEARS CANNOT HELP BUT HAVE A POSITIVE IMPACT ON THE MILITARY ASPECT OF OUR NATIONAL SECURITY.

THIS COMPANION CHART
 #8
 (NEXT CHART ON)

**COMPARISON OF U.S. & SOVIET UNION
 TOTAL DEFENSE COSTS**



¹SOUTHEAST ASIA INCREMENT EXCLUDED (I.E., VIETNAM COSTS)

SOURCE: 19 JAN 1981 SECDEF ANNUAL REPORT FY 1982 (UNCLASSIFIED)
 4 MAR 1981 OASD/PA NEWS RELEASE, FY 81 & 82 DOD BUDGET

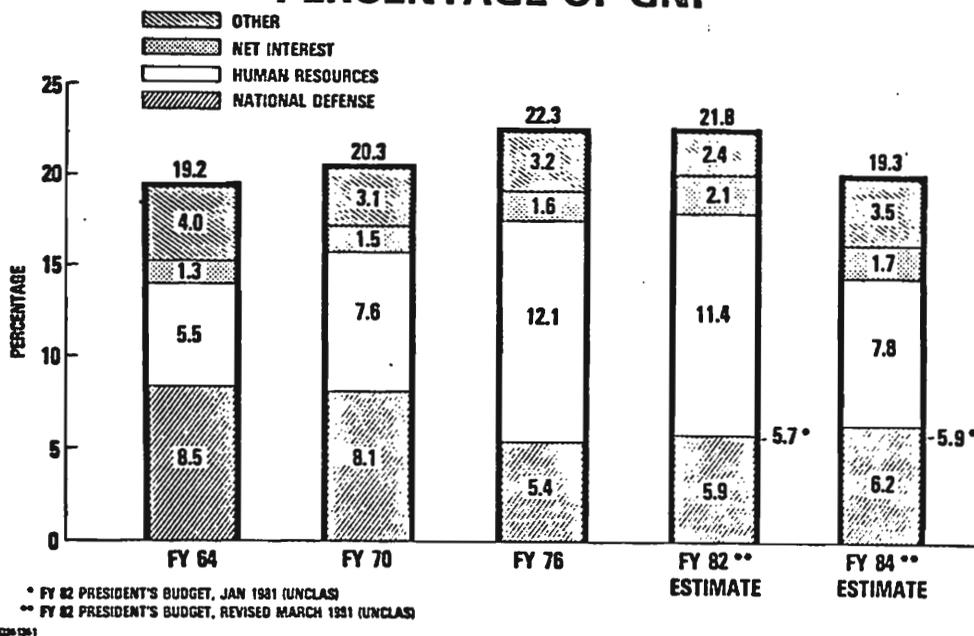
COMPARING UNITED STATES AND SOVIET DEFENSE SPENDING IS ANOTHER PORTRAYAL THAT CANNOT HELP BUT WARM THE HEARTS OF U.S. MILITARY PLANNERS. DURING THE LAST 10 YEARS OR SO THE SOVIET UNION'S DEFENSE SPENDING HAS BEEN ELEVEN TO FIFTEEN PERCENT OF ITS GROSS NATIONAL PRODUCT. IN THE SAME PERIOD OURS HAS BEEN HOVERING AT ABOUT FIVE PERCENT. THEY HAVE OUTSPENT US BY ABOUT \$500 BILLION, ABOUT HALF OF WHICH WENT TO THE INVESTMENT ACCOUNTS. NOW, WITH ABOUT SEVEN PERCENT REAL GROWTH BUILT INTO OUR OUTYEAR PROJECTION, WE CAN BEGIN THE TASK OF BUYING THE MILITARY FORCES REQUIRED TO SUPPORT OUR STRATEGY.

(CHART OFF)

THIS CHART IS FOR ANYONE WHO WOULD ARGUE THAT OUR ECONOMY CANNOT HANDLE THIS INCREASED DEFENSE GROWTH.

#9
(CHART ON)
^

BUDGET OUTLAYS AS A PERCENTAGE OF GNP



IT SHOWS TOTAL FEDERAL BUDGET OUTLAYS AS A PERCENT OF GNP FOR THREE SELECTED PRIOR YEARS AS WELL AS ESTIMATES FOR FISCAL YEARS 82 AND 84. THE CROSSHATCHED AREA ON THE BOTTOM OF EACH BAR REPRESENTS SPENDING FOR NATIONAL DEFENSE. THE FY 82 AND 84 BARS REFLECT THE NEW ADMINISTRATION ESTIMATES. THE TICS ON EACH OF THESE BARS SHOW A COMPARABLE DEFENSE ESTIMATE FROM THE CARTER BUDGET.

EVEN WITH THE REAGAN INCREASES, THE AVAILABLE DEFENSE OUTLAY PROJECTIONS ARE STILL WELL BELOW THE SEVEN PERCENT OF GNP ADVOCATED BY THE CHAIRMAN, JCS, OR THE EIGHT POINT FIVE PERCENT THAT EXISTED IN THE 60'S PRIOR TO THE VIETNAM BUILD-UP.

ALTHOUGH THE SHIFT IN THE TREND TO DEFENSE SPENDING IS IN THE RIGHT DIRECTION, THERE APPARENTLY WILL NOT SOON BE A

QUICK RETURN TO 1960's SPENDING LEVELS - WHAT WITH REDUCED
FEDERAL SPENDING AND THE CONTINUING FINANCIAL DEMANDS OF THE
HUMAN RESOURCES ACCOUNTS.

(CHART OFF)

BUT WE NEED TO REMEMBER THAT THE UNITED STATES IS NOT
ALONE IN THIS DECISION TO DETERMINE HOW MUCH OF THE NATIONAL
WEALTH SHOULD BE DEVOTED TO DEFENSE. AS THE SOVIET UNION
BEGINS ITS 11TH FIVE-YEAR PLAN, ECONOMIC PROSPECTS ARE
GLOOMIER AND POLICY CHOICES MORE DIFFICULT THAN AT ANY TIME
SINCE STALIN'S DEATH. SHORTFALLS IN INDUSTRIAL PRODUCTION
AND BACK-TO-BACK HARVEST FAILURES HAVE REDUCED THE GROWTH IN
GNP DURING THE PAST TWO YEARS TO ITS LOWEST RATE SINCE WORLD
WAR II AND HAVE LEFT THE LEADERSHIP LOOKING FOR WAYS TO
ALLEVIATE ECONOMIC PRESSURES AT HOME WITHOUT WEAKENING
POLITICAL CONTROL OR GENERATING UNREST IN EASTERN EUROPE.
AS THIS CHART SHOWS

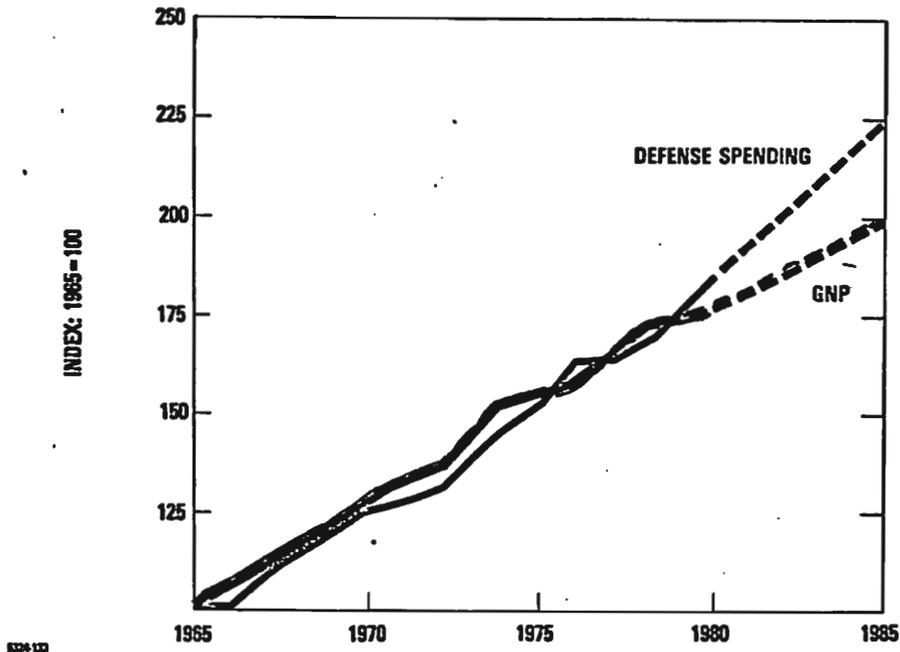
THAT IS THE GOOD NEWS MESSAGE THAT I BRING TODAY. WE
IN UNIFORM ARE PLEASED AT THE PROSPECTS OF BUILDING AND
IMPLEMENTING THE MILITARY PROGRAMS REPRESENTED BY THE DOLLAR
SIGNS ON THE PREVIOUS CHARTS. WE HAVE GENUINE REASON TO BE
UPBEAT AND OPTIMISTIC. HOWEVER, LEST I GET TOO CARRIED AWAY
WITH THESE PROSPECTS LET ME CLOSE ON A MORE SOBERING NOTE.

IT IS WELL TO REMEMBER THAT THE FY 81/82 AMENDMENT
HAS BREATHED NEW LIFE INTO A HOST OF PROJECTS AND PROGRAMS,
WHICH PREVIOUS PROGRAM CYCLES HAVE LEFT AT THE MARGIN OR ON
THE CUTTING ROOM FLOOR. IF THIS FISCAL FERTILIZER CANNOT BE
SUSTAINED WE MAY FIND WE HAVE ONLY DELAYED MAKING THE REALLY
HARD DECISIONS - WHICH WILL BE MUCH HARDER TO MAKE ONCE
ADDITIONAL RESOURCES HAVE BEEN EXPENDED. ADDITIONALLY WE
HAVE YET TO SEE A SOVIET RESPONSE.

ALSO, WE REALLY DON'T AT PRESENT HAVE THE MANPOWER PROGRAM
TO SUPPORT AN INCREASE IN STRUCTURE. ALTHOUGH THE REAGAN
BUDGET REQUEST CONTAINS A 5.3% PAY RAISE TO RETURN MILITARY
COMPENSATION TO LEVELS RELATIVELY COMPARABLE TO THE CIVIL

#10
(CHART ON)

GROWTH IN SOVIET DEFENSE SPENDING AND GNP



A DECISION TO CONTINUE THE MOMENTUM OF SOVIET DEFENSE SPENDING COULD WELL BEGIN A POTENTIALLY SERIOUS DIVERGENCE BETWEEN DEFENSE GROWTH AND GNP GROWTH WITH ALL KINDS OF ADVERSE IMPACT ON THE SOVIET ECONOMY.

ALTHOUGH WE MAKE MUCH OF OUR ALLOCATION OF NATIONAL RESOURCES TO THE DEFENSE SECTOR, IT IS WELL TO REMEMBER THAT THE SOVIETS HAVE PROBLEMS HERE TOO, AND THEIR RECORD IN ECONOMIC AND FISCAL MANAGEMENT HAS BEEN NONE TOO GOOD.

SECTOR, THE OVERALL IMPROVED ECONOMIC CONDITIONS THAT ARE SCHEDULED TO FINANCE INCREASED DEFENSE COSTS WILL LIKELY EXACERBATE RECRUITING AND RETENTION. IN MANNING THE FORCE, WE MAY FIND IT DIFFICULT TO GET THERE FROM HERE.

IN SUMMARY, THE CHALLENGES BEFORE UNITED STATES STRATEGISTS IN THE 1980s ARE ENORMOUS. BUILDING AND MAINTAINING A CREDIBLE FORCE STRUCTURE THAT CAN BE READILY DEPLOYED AND SUSTAINED WILL BE A TOUGH MISSION. ACCOMPLISHING THIS IN AN ERA OF MARGINAL NUCLEAR BALANCE AND WITHOUT THE HEDGE OF COALITION SUPPORT IN SOUTHWEST ASIA ADDS NEW ELEMENTS TO THE EQUATION THAT DO NOT FAVOR SUCCESS.

BUT THE NEW ADMINISTRATION'S INITIATIVES IN DEFENSE RESOURCE MANAGEMENT AND PROGRAM/BUDGET ALLOCATION ARE POSITIVE STEPS IN MEETING THE CHALLENGE. WE IN UNIFORM ARE PREPARED TO GET ON WITH THE TASK.