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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
1. briefing	Soviet MIG-25 in Japan	2 pages 9/29/76 9/29/76	A
2. briefing	Soviet MIG-25 in Japan	2 pages	A
3. briefing	Prospects for MBFR	1 page	A
4. briefing	FMS Notifications	2 pages	A

FILE LOCATION

Special Files, Ford-Carter Debate Files

Second Debate--Defense Department Briefing Book (I) (Box 2) plc 3/29/84

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THE SECRETARY OF DEFENSE

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THE PRESIDENT HAS SEEN

CURRENT ISSUES

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This form marks the file location of item number 1,2
as listed on the pink form (GSA Form 7122, Withdrawal Sheet)
at the front of the folder.

September 29, 1976

SUBJECT: Swedish Payments

QUESTION: Do you have any comment on press reports concerning cash payments made by the Government of Sweden to an Air Force general?

ANSWER: The Swedish Government has made it clear (in a September 14 press conference by General Stig Synnergren, Military Commander-in-Chief) that the payments were made for electronics equipment used for intelligence purposes. Further, the payments were made bank-to-bank in a businesslike transaction.

The Secretary of the Air Force has asked his General Counsel to review the matter to assure the funds transactions were proper.

As to the allegations regarding General Triantafellu, they are not true. He has never received nor handled funds either on a cash or personal transaction basis.

BACKGROUND: Press interest arises from an article in a Swedish magazine that the cash payments were for services or information and had been done secretly to make the money impossible to trace. DAO Stockholm reports that in his September 14 press conference, General Synnergren made a factual and apparently persuasive statement. He adds that press coverage of the conference produced no sensational new questions and speculations. The review of the fund transactions by the Air Force General Counsel continues.

SOURCE: Major General Keegan, Air Force Intelligence, Air Force Office of Information

COORDINATION: DepSecDef Ellsworth; ASD(PA) Woods; Air Force General Counsel; Air Force Intelligence, Major General Keegan.



September 29, 1976

SUBJECT: Executive Dining Room

QUESTION: What can you tell us about the new management initiatives concerning the Executive Dining Rooms in the Pentagon?

ANSWER: The specifics of these new management initiatives have been announced at a Pentagon Press Conference.

These initiatives were instituted to insure that no individual who dines in an Executive Dining Room could be considered to be subsidized. This does not suggest, of course, that the Executive Dining Rooms are totally self-sufficient. There are numerous examples of Pentagon activities which are subsidized -- building security, janitorial services, parking lots, even press parking and the Pentagon Press Room.

These management initiatives were designed to help offset operating costs in the Executive Dining Rooms as much as possible.

BACKGROUND: Certain members of the Pentagon Press Corps have been critical of the Executive Dining Rooms and have charged that the food prices amount to subsidies for senior Defense Department officials. At the September 14 Press Briefing, ASD/PA announced that all menu items in the Executive Dining Rooms are now priced 5-10¢ higher than comparable items in ARA operating Dining Rooms, and that there is a minimum \$1.50 charge in Executive Dining Rooms. Further, eligibility for membership in the Executive Dining Rooms has been increased to achieve a higher utilization rate.

SOURCE: DoD Press Conference, Tuesday, September 14.

COORDINATION: ASD(PA) Woods.

September 29, 1976

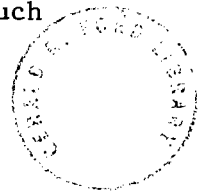
SUBJECT: Congressional Action on the XM-1 Tank

QUESTION: What is your reaction to the House Armed Services Committee action on the XM-1 tank?

ANSWER: The Congress has passed a law (P.L. 94-361, July 14, 1976) which directs the Secretary of Defense "...to the maximum feasible extent, initiate and carry out procurement procedures that provide for the acquisition of equipment which is standardized or interoperable with equipment of other members of the North Atlantic Treaty Organization whenever such equipment is to be used by personnel of the Armed Forces of the United States stationed in Europe under terms of the North Atlantic Treaty. Such procedures shall also take into consideration the cost, functions, quality and availability of equipment to be procured." Our actions on the XM-1 tank seek to maximize commonality and interoperability and are intended to support this law.

The recommendation of the House Armed Services Committee does not have the impact of a Public Law. We will of course be mindful of the Committee's recommendation as we proceed in the development of a new tank for the Army.

BACKGROUND: The Committee has stated that "...it fully supports the underlying goal of standardization which prompted the addendum to the Memorandum of Understanding with the FRG, (but) regards the decision-making time-table prescribed in the addendum as premature and potentially in conflict with the overriding objective of the XM-1 program which is to field the most cost effective main battle tank at the earliest possible date." The Committee also stated "...that overriding objective of the XM-1 program must take precedence over secondary objectives such as standardization and interchangeability of components."



SUBJECT: Congressional Action on the XM-1 Tank (cont'd)

SOURCE: ASD(PA) Woods

COORDINATION: ASD(PA) Woods



October 1, 1976

SUBJECT: Unionization of the Military

QUESTION: What is the DoD position on possible unionization of the military?

ANSWER: The requirement for effective responsiveness to lawful authority is well recognized as an integral part of the framework of the military structure. If the collective bargaining process were applied in this military environment, command authority could suffer erosion, which in turn could lead to a decline in our national capability to perform the basic defense mission of protecting the national security. Existing laws establish well defined requirements relating to obedience of lawful orders from duly constituted authority, and prohibit various actions undertaken to impair loyalty, morale or discipline of the Armed Services. Commanders are not authorized to recognize or bargain with servicemen's unions or unions representing or seeking to represent servicemen.

BACKGROUND: We will continue to monitor developments.

SOURCE: OASD(M&RA), Capt. Boywid

COORDINATION: Mr. Alan Woods, ASD(PA)
Adm. Finneran, DASD(M&RA)



October 1, 1976

SUBJECT: Shipbuilding Claims: Electric Boat Division, General Dynamics Corporation

QUESTION: Has any progress been made in resolving this issue?

ANSWER: This claim was resolved by negotiated settlement on 7 April 1976. While P.L. 85-804 action was ongoing, the SSN claim, \$231.5 million (ceiling price), was settled at \$97 million (ceiling price).

QUESTION: Where do we stand now?

ANSWER: There are no outstanding claim actions on Electric Boat Division. However, Navy anticipates another claim from E.B. Division on or about 1 December 1976 at an estimated amount of \$300 million.

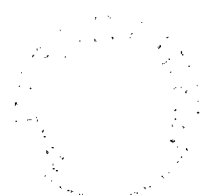
QUESTION: What are the prospects for settlement?

ANSWER: It is premature to speculate particularly since formal claims have not yet been submitted but are known to be in preparation.

BACKGROUND: On 14 February 1975, Electric Boat Division of General Dynamics Corporation submitted to Navy a claim in the amount of \$252.2 million (ceiling price). This was later revised to \$231.5 million (ceiling price). Through the cooperative efforts of the contractor in furnishing required data and efforts of the Claim Team, this claim, the largest settled by the Navy to date, was received, analyzed, and resolved in 14 months.

SOURCE: Capt Sullivan, OASD(I&L)

COORDINATION: ASD(I&L) Shrontz



October 1, 1976

SUBJECT: Shipbuilding Claims: National Steel & Shipbuilding Company

QUESTION: Has any progress been made in resolving this issue?

ANSWER: National Steel and Shipbuilding Company's request for equitable adjustment is currently being processed under the terms of the contract. The contractor has been very cooperative in providing data, thus enabling the Navy to proceed promptly with its analysis.

QUESTION: Where do we stand now?

ANSWER: It is anticipated that settlement negotiations will begin in late October.

QUESTION: What are the prospects for settlement?

ANSWER: Since negotiations have not commenced, the prospects of settlement are unknown.

BACKGROUND: National Steel and Shipbuilding submitted a claim on 17 November 1975 in the amount of \$20.7 million. In December, the claim was returned to the contractor requesting additional supporting data. This claim was included in the unsuccessful P.L. 85-804 action. Since then the contractor has elected to seek resolution through regular contract changes procedures.

SOURCE: Capt Sullivan, OASD(I&L)

COORDINATION: ASD(I&L) Shrontz



October 1, 1976

SUBJECT: Shipbuilding Claims: Ingalls Shipbuilding Division, Litton Systems, Inc.

QUESTION: Has any progress been made in resolving this issue?

ANSWER: Evaluation of the Litton claim has continued since January 1976. To date claims packages totaling \$100 million have been received by the Navy Claims Team and are being evaluated by the Navy.

QUESTION: Where do we stand now?

ANSWER: The Navy has requested Litton to submit by 15 October 1976 the first part of their \$600 million Delay and Disruption package so that Navy evaluation may commence. Litton and Navy are currently discussing plans for orderly submission of data from Litton and review by Navy.

QUESTION: What are the prospects for settlement?

ANSWER: It will not be known to the Navy if there is a chance for settlement until the full claim is disclosed to the Navy Claims Team and evaluation of the claim is completed. If the Delay and Disruption claim is presented to the Navy by 15 October 1976, the Navy Claims Team expects to have a Government position on the claim by May 30, 1977. Negotiations could commence soon after.

(continued)



SUBJECT: Shipbuilding Claims: Ingalls Shipbuilding Division, Litton Systems, Inc. (Cont'd)

BACKGROUND: In July 1973 Litton/Ingalls filed an appeal of a Contracting Officer's decision before the Armed Services Board of Contract Appeals (ASBCA). In October 1974 the Government Trial Counsel filed a motion which resulted in an ASBCA order for Litton to submit a clearer and more complete definition of his appeal along with a dollar value of the claim. Litton submitted this information in April 1975 and the value of the claim was placed at \$504 million. In June 1976 Litton notified the Navy that the claim was being increased to \$701 million. The claim was placed on suspended status by the ASBCA in January 1976 by mutual agreement of the Navy and Litton so that an evaluation and negotiation effort could be made by both parties.

SOURCE: -----
Capt Sullivan, OASD(I&L)

COORDINATION: -----
ASD(I&L) Shrontz

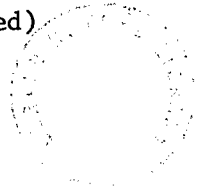
October 1, 1976

SUBJECT: Shipbuilding Claims: Newport News Shipbuilding & Drydock Co.

QUESTION: What can you tell us about the settlement of the shipbuilding claims at Newport News?

ANSWER: As you know, we have a serious situation facing us in the area of shipbuilding. On March 30, Deputy Secretary Clements appointed a Shipbuilding Executive Committee to examine the problem and assist him in reaching a solution. Then, on April 30, he notified Congress that the Department intended to invoke Public Law 85-804 in an attempt to achieve resolution of the problem. However, despite intensive efforts on the part of the Government negotiators and the shipbuilders' representatives, we were unable to reach agreement with all four shipbuilders concerned. Consequently on 9 June 1976, Deputy Secretary Clements withdrew his formal notification of the two Armed Services Committees of his intent to invoke P.L. 85-804. The Navy was directed to process expeditiously the shipbuilders' claims on hand, and to this end they proposed and Deputy Secretary Clements approved the formation of a special three man claims settlement board for purposes of processing the nearly one billion dollars of claims submitted by Newport News Shipbuilding and Drydock Co. This special board has been delegated the authority for making the Defense Department's determinations on these claims, subject to the contractor's appellate rights to the Armed Services Board of Contract Appeals. Due to the combination of critical national security

(continued)



SUBJECT: Shipbuilding Claims: Newport News Shipbuilding & Drydock Co.
(Cont'd)

considerations, substantial long-standing contractual disputes, and intense interest at high Government levels, Mr. Clements is continuing to give this very important area his close personal attention.

QUESTION: Where do we stand now?

ANSWER: Analysis of these claims is continuing.

QUESTION: What are the prospects for settlement?

ANSWER: It would be premature to speculate prior to completion of the analysis.

BACKGROUND: Ships affected include five cruisers, seven nuclear submarines and two nuclear carriers with claims presently totaling \$892 million.

SOURCE: _____
Capt Sullivan, OASD(I&L)

COORDINATION: _____
ASD(I&L) Shrontz



October 1, 1976


SUBJECT: Litton Shipbuilding Lawsuits

QUESTION: What can you tell us about the status of the suit which Litton brought against the government on shipbuilding?

ANSWER: In July Litton filed suit in Los Angeles seeking to stop work, as of August 1, 1976, on their contract with the Navy to build LHAs.

After careful consideration of all aspects of this situation, the government has taken two separate actions relating to this general matter. First, the government filed its own action in the U.S. District Court in Jackson, Mississippi, against the Ingalls Shipbuilding Division of Litton Systems, the contractor, and Litton Industries, which guaranteed performance by Ingalls, to obtain an equitable order to compel the continued performance of the contract without interruption. On August 3, the District Court issued a preliminary injunction which ordered the contractor through April 1977 to continue work under the contract subject to the government advancing funds during such period for certain costs incurred subsequent to the date of the Court's order. Second, a motion was filed by the government in the Litton-initiated action in Los Angeles, asking that court to dismiss Litton's suit because of lack of jurisdiction or, alternatively, asking the court to transfer the case to the U.S. Court in Jackson, Mississippi. This suit has subsequently been dismissed.

(continued)



SUBJECT: Litton Shipbuilding Lawsuits (Cont'd)

An action was recently brought in the U.S. District Court in the District of Columbia by Litton's outside counsel, as an individual under the Freedom of Information Act (FOIA), seeking certain Navy records. The U.S. District Court for D.C. has ordered the FOIA suit transferred to the U.S. District in Jackson, Mississippi, in order to bring the FOIA suit under the judicial control of that court. The Navy is presently compiling and releasing to Litton's counsel all documents determined to be producible in connection with the FOIA suit. For any further details, I refer you to the Justice Department, Mr. John Russell, at 739-2017.

BACKGROUND: None.

SOURCE: John Russell, Justice Department PA

COORDINATION: Mr. Wiley, General Counsel



October 1, 1976

SUBJECT: Conflict of Interest

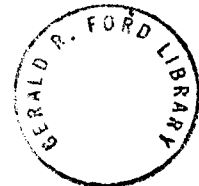
QUESTION: What is the current status of DoD conflict of interest investigations? Are more disciplinary actions to be taken? When will these probes be concluded and findings announced?

ANSWER: Several standards of conduct investigations are ongoing within the Department of Defense at this time. Determinations continue to be made in regard to individual cases. In some cases individuals accused of violating the Standards of Conduct have been exonerated while in other cases individuals have been found guilty and subjected to appropriate disciplinary action. OASD(Public Affairs) will release within several weeks an up-to-date listing of disciplinary actions taken or exonerations which have been made to date. As cases continue to be investigated and decisions made as to whether the regulations have been violated, such determinations will be announced.

BACKGROUND: None.

SOURCE: Chris Griner, OGC

COORDINATION: Robert Gilliat, Assistant General Counsel (MP and HA)
Richard Wiley, GC



22 September 1976

SUBJECT: Officer/Enlisted Ratio

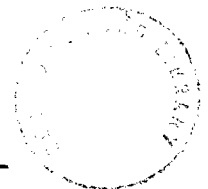
QUESTION: It has been charged that millions could be saved if the officer/enlisted ratio were brought into better balance.

ANSWER: I believe the officer/enlisted ratio is in balance today. (13.5% of active duty personnel are officers as of May 31, 1976.) We continuously monitor the number of officers and the percentage of the force they represent. We strive to eliminate or downgrade officer positions whenever that can be accomplished without hurting our mission capability. Since 1973, we have reduced officer strength by 13%, while reducing enlisted strength by only 6%.

BACKGROUND: The attached graph shows active duty officer strength as a percentage of total military strength for each year since 1932. Two phenomena are responsible for most of the deviation.

1. War/Peace Cycle. When we mobilize, proportionately larger numbers of enlisted people are added rapidly to the force. This drives down the officer percentage of the total strength. As the war progresses, the percentage of officers increases as qualified personnel become available to meet the expanded requirements. When the war ends, a proportionately larger percentage of enlisted people are released, causing an increase in the officer percentage. After World War II and Vietnam, subsequent actions were taken to reduce the percentage of officers.

Continued -



2. Long Term Trend. Since the early 1930s, there has been a gradual increase in the percentage of officers in the force. This phenomenon is largely attributable to the technological increase and the growth of aviation, which is relatively officer intensive.

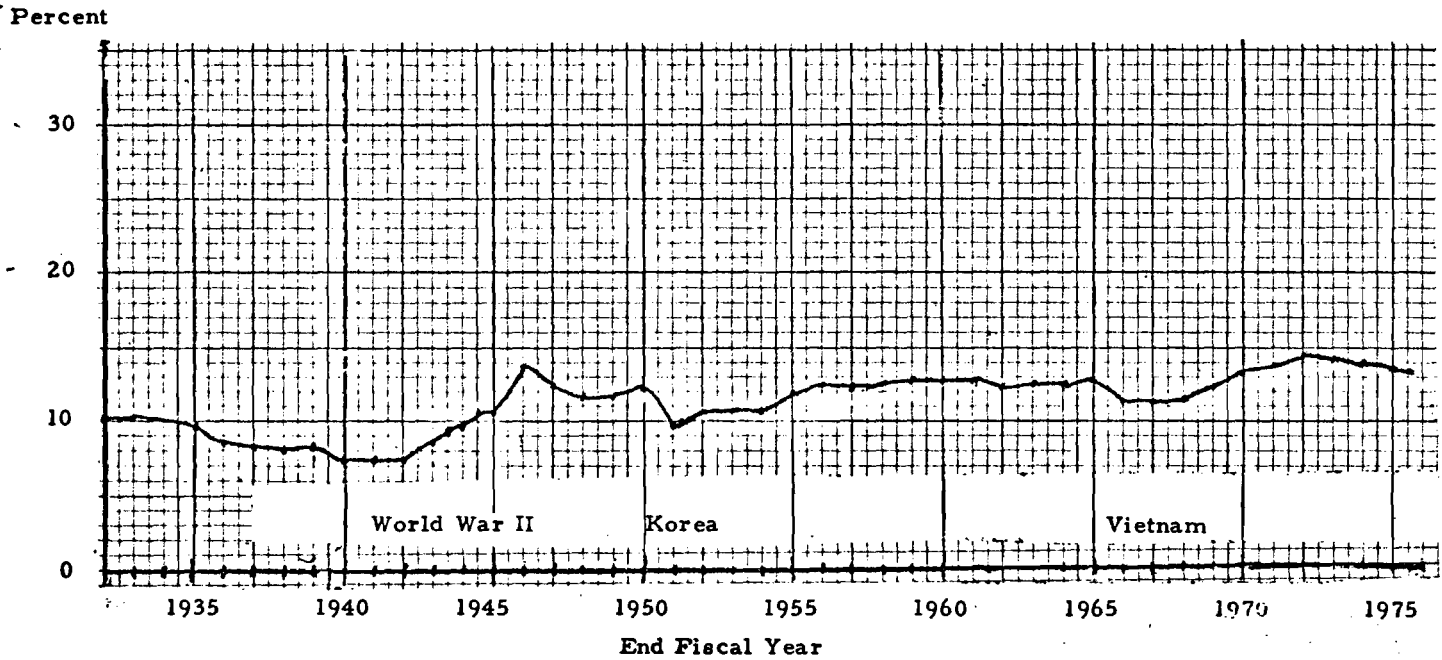
We could, and often do, shift some junior officer positions to the senior enlisted ranks, but this does not result in significant savings, as the attached comparison of an O-2 with an E-8 demonstrates.

SOURCE: OASD(M&RA) and Selected Manpower Statistics,
June 1976.

COORDINATION: ASD(M&RA)



ACTIVE DUTY OFFICER PERSONNEL
AS A PERCENTAGE OF TOTAL ACTIVE PERSONNEL
BY YEAR



	Monthly Pay and Allowance	
	O-2 with 3 years of Service	E-8 with 18 years of Service
Base Pay	\$1006.80	\$ 971.70
BAQ w/Dependents	194.70	190.80
FICA	58.90	56.84
<u>BAS</u>	<u>53.05</u>	<u>85.50</u>
TOTAL	\$1313.45*	\$1304.84*

* If future retirement costs are considered, the senior enlisted man is significantly more costly than the junior officer, because he is twice as likely to receive retired pay.



October 1, 1976

SUBJECT: Civil Defense Study

QUESTION: The Washington Star reports the U.S. is concerned about the extensive Soviet civil defense program and the lack of a similar U.S. effort. Is this true? What is being done? Does the Defense Department consider the U.S. vulnerable to Soviet attack without a civil defense program?

ANSWER: Recent publications including translations of USSR civil defense manuals and the monograph by Professor Leon Goure, "War Survival in Soviet Strategy--USSR Civil Defense" indicate the broad scope of what could be an extensive civil defense program in the USSR. The effectiveness of implementation of the USSR civil defense plans cannot, of course, be validated before the fact. For a number of years, the Soviets have devoted considerable resources to their civil defense effort, which emphasizes the extensive evacuation of urban populations prior to the outbreak of hostilities, the construction of shelters in outlying areas, and compulsory training in civil defense for well over half the Soviet population. The importance the Soviets attach to this program at present is indicated not only by the resources they have been willing to incur in its support, but also by the appointment of a Deputy Minister of Defense to head this effort.

Civil defense in the United States is a part of our Strategic Defense posture. To the extent that an asymmetry has developed, this can bear on our strategic relationship with the Soviets and on the

(continued)

SUBJECT: Civil Defense Study (Cont'd)

credibility of our deterrent posture. You may be sure that this is under current review.

A study on civil defense is being prepared. As in all such studies the direction and scope are classified in part to protect national security information and in part to prevent speculation as to the study conclusions, hence I cannot provide you with any specific information.

If the Soviets executed a surprise nuclear attack against U.S. population centers there would be large casualties. I believe our strategic posture deters this type of attack now and for the foreseeable future. The consequences of any possible asymmetry growing in our mutual postures is being examined.

BACKGROUND: Excellent background summary of Soviet civil defense is contained in the Foreword by Ambassador Foy Kohler to Leon Goure's book, War Survival in Soviet Strategy--USSR Civil Defense. Ambassador Kohler concludes that:

1. Civil defense and other war-survival measures have a central place in Moscow's strategic thinking and constitute a major element in its military preparedness effort.
2. The Soviet Union has stepped up in very substantial ways its war-survival program since the advent of the detente (peaceful coexistence) relationship with the U.S. in May 1972 and is today steadily increasing its attention and resource allocations to the program.

(continued)

SUBJECT: Civil Defense Study (Cont'd)

3. The Soviet leadership recognizes and evidently attaches great importance to the USSR's superior position as against the U.S. in war-survival capabilities from the standpoint of both scope and effectiveness of civil defense and related programs and of degree of concentration of population centers and vital economic resources and activities.
4. The Soviet leadership believes that these asymmetries between Soviet and U.S. capabilities can so degrade the U.S. threat of "assured destruction" as to give the USSR a distinct advantage with respect to risk-taking in the nuclear age and improve its chances of not only surviving but winning a nuclear war should it come.

For your information: As a matter of policy, NSC does not comment publically about the subjects under study in the National Security Study Memorandum process, therefore, no reference to the National Security Study Memorandum is included in the answer.

SOURCE: Assistant to the Secretary of Defense (Atomic Energy)

COORDINATION: DCPA
ISA



October 1, 1976



SUBJECT: Hollingsworth Report

QUESTION: Some time ago, LTG Hollingsworth was sent to Europe to study U.S. Army operational capability. What are the findings of this study? What are your views on those findings? Have any actions been taken on the findings?

ANSWER: In March, General Weyand, former Chief of Staff of the Army, asked LTG Hollingsworth to go to Europe to conduct a study of U.S. Army operational capability there. He reported back to General Weyand in July with a number of recommendations to improve that capability. These were offered in light of the recent advances made by the Warsaw Pact forces and their ability to wage a sudden and violent attack on Western Europe. I have read the report and found it to be very useful. Since most of the recommendations deal with Army issues, the Army is examining the report in detail, and the broader issues are being looked at by the Joint Chiefs of Staff. Action has already been initiated on a number of the findings, and others, because of their impact, are still being evaluated.

BACKGROUND: The Hollingsworth Report was briefed to the SECDEF, DEPSECDEF, and JCS on July 13. Each has a copy of the report. A copy of the report is in the hands of the Senate & House Armed Services and the House Appropriation Committees. LTG Hollingsworth is now retired and working as a consultant (4-5 days per month) to the Senate Armed Services Committee. Senator Nunn, very familiar with the Hollingsworth Report, gave a recent speech to the New York Militia Association in which he referred to the need for NATO to consider:

- Planning for an intense war lasting two to three weeks with perhaps only a few days' warning (while at the same time retaining sufficient hedges in our force structure to deal with a war of extended duration) as opposed to current posturing for warning of up to 23 days and a war of one to six months' duration.

- Developing strategy aimed at defeating Warsaw Pact forces in the vicinity of the West German border rather than containing them in the interior of Germany, then driving them back to the east.

(continued)

SUBJECT: Hollingsworth Report

2

- Substantially increasing the firepower available to NATO ground forces including artillery, anti-tank and air defense systems and ammunition stockpiles.

- Redeploying US and other NATO forces to the north and east to be better positioned for a quick, intensive invasion across the German plain.

- Shifting more US Army personnel in Europe from support to combat missions.

- Standardizing all arms and equipment used by the various armies beneath the NATO umbrella.

SOURCE: Hollingsworth Report, NY Times and Congressional Record

COORDINATION: Secretary of the Army Hoffmann



October 1, 1976

SUBJECT: Senate Report on Military Sales to Iran

QUESTION: What is the Department of Defense response to a Senate Report concerning problems with military sales to Iran?

ANSWER: The staff report on U.S. arms sales to Iran released by Senator Humphrey's Subcommittee on August 1, 1976, contains no information that is new to the Defense Department. All programs have problems; the program in Iran has its share.

Last year the Defense Department took action to improve the management of this increasingly complex program. It selected and sent out to Tehran in the autumn of 1975 a Special Defense Representative, Mr. Erich F. von Marbod. The Senate staff report applauds the Defense Department's initiative in sending a Special Defense Representative to Iran.

Mr. von Marbod, who is a member of the staff of the American Ambassador in Tehran, returns to Washington periodically for a thorough review of progress being accomplished in the U.S./Iranian Assistance Program. These periodic consultations will continue; the most recent having just occurred last month. Mr. von Marbod, working with Ambassador Helms, has the full backing of the entire Department of Defense and the Services in devising solutions to any problems that may exist and to those that may arise.

Iran is an independent sovereign nation state. The Government of Iran, must in the first instance, determine the country's present and

September 30, 1976



SUBJECT: F-14 Missing Parts

QUESTION: What can you tell me about the F-14 parts theft in Virginia Beach?

ANSWER: On September 7, 1976, during a routine inspection at the Oceana Naval Air Station in Virginia Beach, VA, electronic components from an F-14 Tomcat fighter aircraft were discovered missing. An investigation was launched. Four of the five missing components are part of an integrated F-14 avionics system. The separate components are unclassified but are a part of a system which does have a classified capability. They could not be combined to reproduce a weapon system. The fifth missing component is a part of the CNI equipment (Communication, Navigation, Identification) used in all Navy tactical aircraft.

Parts of four of the missing five components were located on September 13 in a shallow lake in Virginia Beach by residents who notified the Virginia Beach Police. The components were damaged.

On September 21 Timothy M. Rice, 19, of Worcester, MA, a member of the squadron involved was charged in connection with the disappearance of the missing components. ATAN Rice is currently in Navy custody; an Article 32 investigation (routine preliminary investigation) has been ordered.

The fifth missing component has not been found; the Naval Investigative Service has the matter under investigation.

BACKGROUND: The above material is based on previously released information.

SOURCE: CINCLANTFLT/COMAIRLANT

COORDINATION: CNO



October 1, 1976

SUBJECT: Honor System Investigation

QUESTION: What comment can you give us on the honor violations at West Point?

ANSWER: I am concerned about the recent honor violations at the United States Military Academy. The administration of the Service Academy Honor Systems is the responsibility of the respective services. Because of the current situation, the cheating incident, the Secretary of the Army has appointed a special Commission to conduct an indepth assessment of the current incident and its underlying causes and to make an assessment of the effectiveness of the Honor Code and System. The Commission, headed by Colonel Frank Borman, is currently meeting.

Secretary Hoffmann charged the Commission to assess the problems at West Point "objectively, impartially, broadly and in-depth." I am confident it will do so.

BACKGROUND: On 2 September 1976, a Commission chaired by Mr. Frank Borman was announced. The Special Commission on the United States Military Academy began its first meeting at West Point on September 28th. This meeting will continue until October 8th. The second meeting will run from the 26th through the 29th of October, and the third will be held from the 9th through the 12th of November. A portion of each of the three meetings of the Borman Panel will be open to the public. The only open session of the first meeting was held on September 28. The times of the open sessions of the second and third meetings will be announced in the Federal Register at least 15 days before the meetings.

Specific questions to be addressed are:

(continued)

SUBJECT: Honor System Investigation (Cont'd)

1. What were the causative and contributing factors underlying the recent Electrical Engineering 304 cheating incident?
2. Does the Honor Code and System impose a realistic and reasonable set of standards?
3. Is the Honor Code accepted by cadets as a way of life or do cadets adhere to it merely because of the consequences of a violation?
4. Are high standards of moral and ethical conduct emphasized in all aspects of cadet life?
5. Are the pressures on cadets generated by the academic, athletic and military training at the Academy realistic and do they contribute effectively to the mission of the Academy?
6. Is an ethical base adequately provided for cadets to develop a strong sense of integrity, exclusive of the Honor Code and System?
7. Does the institution in its structure, its policies and doctrine and in its operation appropriately support the Cadet Honor Code and System?
8. Is there sufficient emphasis and effectiveness in formal instruction on Honor matters at the Academy?

The commission is to report by early December.

SOURCE: DCSPER, MG Trefry

COORDINATION: Secretary of the Army Hoffmann



September 30, 1976

SUBJECT: F-14 Missing Parts

QUESTION: What is the Navy doing to prevent a recurrence of the theft of F-14 components?

ANSWER: Security in the area of the hangars and on the approaches to these hangers has been increased.

BACKGROUND: The number of watchstanders in the hangar, on the flight line, and the approaches to the hangar area have been increased. In addition, random checks of the watchstanders have been increased. The Squadron Commanding Officer, Squadron Executive Officer, Squadron Duty Officer, Wing Security Officer, Wing Duty Chief and other wing senior personnel randomly check the various watchstanders to insure alertness, correct watchstanding procedures and correct admission-to-area procedures, are being observed. All watchstanders are receiving more detailed briefing with greater emphasis being placed on the importance of proper watchstanding.

SOURCE: CINCLANTFLT

COORDINATION: CNO



October 1, 1976



SUBJECT: Americans Lost in Southeast Asia

QUESTION: How do you respond to complaints that the U.S. Government has not done all it can to obtain an accounting of all Americans lost in Southeast Asia?

ANSWER: I know the heartbreak for any human being who has a loved one missing in action. I have friends, very close friends, who've been missing over a period of time and there are few things that can be more heart-breaking. I also know President Ford's deep personal feelings about the heartbreak involved and the extensive time and effort he has devoted to get the North Vietnamese government to provide information on Americans lost in Southeast Asia.

This is a humanitarian issue in its most fundamental sense. The North Vietnamese have an obligation to provide this accounting.

The State Department has been working through international humanitarian organizations and third countries in an effort to obtain information from the North Vietnamese. Recently, after the North Vietnamese released information on 12 U.S. servicemen, the President instructed the American Embassy in Paris to inform the North Vietnamese that we expect a full accounting without delay. They had provided information on a handful of men, and we know they have information on hundreds more. The President further emphasized there can be no normalization of relations with North Vietnam until this accounting is complete.

(continued)

SUBJECT: Americans Lost in Southeast Asia

BACKGROUND: As of 30 June 1976, there were 795 U.S. servicemen listed as missing in action in Southeast Asia. In addition, there are 1,710 servicemen who were killed there whose bodies were never recovered.

SOURCE: Statement, President of the United States, September 7, 1976; Press Conference, Secretary of Defense, Jacksonville NAS, Florida, September 28, 1976.

COORDINATION: ASD(PA) Woods



September 24, 1976

SUBJECT: Cut in the Defense Budget Through Better Management

QUESTION: It has been charged that billions of dollars can be saved in the Defense Department through better management. Please comment.

ANSWER: We need the Defense budget proposed in order to maintain rough equivalence with the Soviet Union and to reverse the trends of the past ten years which have seen Soviet military expenditures steadily increase while U.S. military expenditures have steadily decreased.

In real terms, U.S. defense spending has been going down; Soviet defense spending has been steadily increasing. As a result, constant dollars, real purchasing power, with the effect of inflation removed -- the defense budget of the United States has dropped significantly. It is today some 30% lower than in the early 1960's. We are spending a smaller percentage of our Gross National Product, a smaller percentage of our labor force, a smaller percentage of our federal budget, a smaller percentage of our net public spending than at any time before the Korean War or before Pearl Harbor, depending on which statistic you use.

Conversely, the Soviet Union has increased defense spending steadily, by approximately 3% a year, year after year, by the most conservative estimates. In constant 1977 dollars -- real purchasing power -- Soviet resources allocated to national defense have grown

(continued)

SUBJECT: Cut in the Defense Budget Through Better Management (Cont'd)

32% over the last ten years. These trends are unfavorable to our national security interests. They must be reversed.

Over the past 10-15 years the United States has gone from a position of clear superiority over the Soviet Union to one of rough equivalence. In order to maintain this position we need real increases in the amount of money we spend for our national security.

The proposed Defense budget has within it restraints that would allow the savings of millions of dollars and better management of our defense resources. In order to achieve these savings the Congress needs to act positively.

Meanwhile we are putting forth maximum efforts to better manage our defense resources. Changing technology, a changing world situation, and changing force structures require constant attention to improved management. We have done a number of things to improve the management of defense positions:

1. We have adjusted and realigned our force structure;
2. We have adjusted and realigned our base structure;
3. We have improved the student/teacher ratio;
4. We have cut and our continuing to cut the number of generals and to reduce the rank within our force structure;
5. We have increased the combat/support troop ratio; and
6. We have improved the Defense Procurement System.

(continued)

SUBJECT: Cut in the Defense Budget Through Better Management (Cont'd)

A cut in our defense budget would be unwise in the face of increased efforts by the Soviet Union.

BACKGROUND: None

SOURCE: ASD/PA Woods

COORDINATION: ASD/PA Woods



September 24, 1976

SUBJECT: B-1

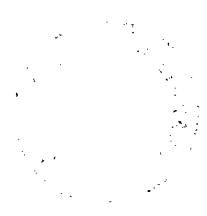
QUESTION: Do we really need a bomber as expensive as the B-1?

ANSWER: I think most people agree that the strategic nuclear balance is a critical balance; that is to say, that we have sufficient capability to survive a first strike and have sufficient survivable systems to deliver a retaliatory strike, that would impose sufficient damage on the Soviet Union that they would be dissuaded from using those weapons.

We've arranged our strategic nuclear capability in three areas, the so-called nuclear TRIAD -- the manned bomber force, the B-52s; the land-based missiles, the Minuteman; and the submarine-based missiles, in the Polaris, Trident submarines. The reason for having them dispersed in the three areas is about as simple as the reason people with any money tend to buy more than one investment if they can. The idea of diversification is if there's a failure in one, it's better to have something else and not have all of your eggs in one basket. When one looks at technological advances in the military area there's no question but that anti-submarine warfare advances and communication jamming arrangements could in fact interfere with our ability to use our very survivable submarine systems.

When one looks at our ICBM capacity, the United States has achieved some very significant breakthroughs in accuracies of missiles. We know about how it's done; we know about how it progresses

(continued)



SUBJECT: B-1

through that process of development and we know that the Soviet Union has been working very hard on it and we anticipate that about 1980, the Soviet Union is going to be achieving advances in accuracy. This puts in jeopardy the survivability of our land-based ICBM Minuteman Force. We have to recalculate as the Soviet Union's accuracy goes up, how many of our land-based systems will survive in the event of attack.


When one looks at our manned bomber force, we know that a manned bomber is survivable against an incoming attack in that it can get airborne prior to being hit by incoming missiles.

We know that today the manned bomber force provides about 50% of the reentry vehicles in that strategic nuclear capability and about 40% of the total megatonnage of the United States strategic nuclear capability.

We know that a manned bomber with certain characteristics can penetrate Soviet air defense systems and accurately deliver its payload and return.

Now, what comprises our manned bomber force -- the B-52. How old is it? It is somewhere between 15, 20, and 25 years old. Is it going to last forever? No. Should we expect it to? No. Can we be expected to replace the B-52? Yes. What's the logical thing that seems to be coming along the path as a follow-on to the B-52?

(continued)



SUBJECT: B-1

The B-1. Has anyone come up with a better idea? No. Have we looked? You bet your life, for 10 years, looked in every direction for some alternative option -- cheaper, better, faster, more survivable, greater penetrating capability, cost -- everything taken into account, we've looked hard. Four Secretaries of Defense have looked. Has anyone come up with a better idea? No. Do I think it's very likely that the B-1 is going to end up being that system that's going to succeed the B-52 as the major element of the United States of America's manned bomber force? Yes.

BACKGROUND: None

SOURCE: SECDEF News Conference, September 11, 1976

COORDINATION: None

September 22, 1976

SUBJECT: Defense Procurement and Foreign Policy Objectives

QUESTION: How is defense procurement coordinated with foreign policy objectives?

ANSWER: Foreign policy and Defense policy are coordinated by the President. The President is Chairman of the National Security Council which evaluates potential threats and provides guidance in formulating our defense posture.

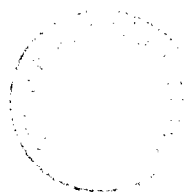
Foreign policy objectives of peace, mutual security and international stability are all involved in our assessment of defense procurement and weapons acquisition.

Serious consideration is given to the weapons inventory mix necessary for us to meet our needs and our weapons acquisition planning considers the worldwide threat and how we and our allies will be able to meet this threat.

For example, it has become increasingly clear that procurement of standard weapons and equipment with our NATO allies is important to achievement of our foreign defense policy objectives in Europe.

BACKGROUND: The Arms Export Control Act has established guidelines to make the Foreign Military Sales (FMS) aspects of our defense procurement more closely tied to U.S. foreign policy objectives. The recent Nunn and Culver-Nunn amendments on NATO Standardization are giving recognition to the link between defense procurement and our objective to strengthen the conventional defensive capability of Europe. In the Arms Control and Disarmament area the groundwork is being laid for future coordination of defense procurement with policy objectives.

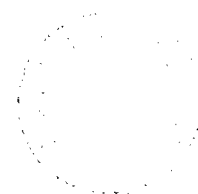
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SUBJECT: Defense Procurement and Foreign Policy Objectives (Cont'd)

SOURCE: ASD/I&L, Frank Shrontz

COORDINATION: DSAA, Lt. General Howard Fish



September 16, 1976

SUBJECT: Dr. Albert C. Hall

QUESTION: Given the fact that Dr. Hall's nomination was withdrawn from consideration as Assistant Secretary of the Air Force for Research and Development, how can you justify allowing Secretary Reed to create a job for him which pays only slightly less than the original position?

ANSWER: Dr. Hall withdrew himself from nomination (March 25, 1976) stating that for personal reasons that he would be unable to accept a long term appointment.

As you know, at that time an investigation was conducted by this Department into the various allegations which had been made relating to Dr. Hall's relationships with his previous employer, Martin-Marietta Corporation. That investigation resulted in the following conclusions: (1) that Dr. Hall did not violate any of the so-called "conflict of interest" studies; (2) that he had failed administratively to report certain financial interests in the Martin-Marietta Corporation, although he had reported others and that, therefore, his interests in Martin-Marietta were generally known; (3) that the appropriate required action, i.e., disqualification as to Martin-Marietta, had previously been taken as a result of the financial interests in Martin-Marietta which had in fact been disclosed; (4) that there was no evidence of any intent to deceive on Dr. Hall's part in not reporting, as and when required, the additional financial interests; and (5) that there was no information reflecting adversely upon Dr. Hall's faithful performance of his duties.

(continued)



SUBJECT: Dr. Albert C. Hall (Cont'd)

At that time we acknowledged that he would be retained as a consultant from time to time. Because of pressing needs to look at alternatives for modernizing the ICBM force and warning systems, the Secretary of the Air Force asked Dr. Hall to accept a temporary appointment for a limited period of time. (Effective: August 20, 1976; not to exceed one year; salary: \$37,800; title: Assistant to the Secretary for Strategic and Command and Control Systems.) Secretary Reed feels, and I agree, that Dr. Hall possesses unique qualifications to advise the Department of the Air Force on ballistic missile and warning systems.

QUESTION: When Dr. Hall withdrew his name from nomination, had the Department of Defense found any evidence of previous conflict of interest?

ANSWER: The Department of Defense looked into the matter and determined that there was no evidence of any conflict of interest on Dr. Hall's part. His record of government service has been one of hard work and valuable service.

BACKGROUND: Attached is a listing of Dr. Hall's government service.

SOURCE: None

COORDINATION: Sec/AF; SAFOI; Mr. Wiley, OSD Gen. Counsel; Mr. Woods, ASD/PA

(continued)

Dr. Albert C. Hall

Chronology of Government Service:

1963-1965 Deputy Director of Defense Research and Engineering for Space, Office of the Secretary Of Defense

Oct 1971 - Assistant Secretary of Defense, Intelligence
Mar 1976

Mar 1976 Nominated by the President to be Assistant Secretary of the Air Force for Research and Development

Mar 25, 1976 Dr. Hall requested that his nomination be withdrawn for personal reasons

Apr - Aug 1976 Consultant - Office of the Secretary of the Air Force

Aug 20, 1976 Appointed as Assistant to the Secretary of the Air Force for Strategic and Command and Control Systems - Office of the Secretary of the Air Force (for a period not to exceed one year).

Duties: To participate in developing a modernization program for the ICBM force. Analyze and evaluate objectives and priorities and recommend methods for funding the allocation of resources. Analyze and evaluate Air Force policies, plans, and objectives in areas of ballistic missiles and warning systems. Advise the Secretary of the status of technology and requirements and recommend actions. Advise the Secretary on the status of the current MINUTEMAN weapon systems, and recommend the best means of achieving an operational M-X and the necessary warning systems to protect against enemy attack. Additionally, contact key officials in the Office of the Secretary of Defense, other Service Departments, federal agencies, Congress, news media and private research and industrial organizations on various aspects of defense systems.

In addition to the above service, Dr. Hall has participated in the following government consulting activities:

- Member, Defense Intelligence Agency Scientific Advisory Committee, 1966
- Member, Defense Science Board Task Group on Electronic Warfare, 1966
- Member, Army Scientific Advisory Panel on Ballistic Missile Defense, 1967
- Member, DDR&E Summer Study on the advanced needs for tactical aircraft, 1968
- Member, DDR&E Summer Study on problems in Vietnam, 1967
- Member, several torpedo review groups, 1950-1965
- Member, first technical interchange with USSR (field of automation), 1955

September 15, 1976

SUBJECT: Defense Budget Level

QUESTION: The Defense Budget for this year is higher than the peak years of Vietnam. What does this say about the value of the current Administration approach to SALT?

ANSWER: SALT must be placed in perspective. It is not realistic to expect always to be able to correlate SALT agreements or the process of negotiations with reduced defense budgets. The foremost objective of SALT for the United States is to enhance our national security, and these negotiations should not be viewed primarily as a way to trim the defense budget. There could in fact be budget savings as a result of a new SALT agreement, but the defense budget is primarily a function of Soviet military capabilities. These capabilities have not stood still in recent years - on the contrary, they have been steadily growing.

BACKGROUND: None

SOURCE: DoD SALT Task Force

COORDINATION: Dr. Wade, Director, DoD SALT Task Force



September 16, 1976

SUBJECT: FMS - Advantages/Disadvantages

QUESTION: It has been charged that we should drastically cut our Foreign Military Sales Program. Would you please comment on the advantages and disadvantages of the FMS program?

ANSWER: First let me emphasize the importance of this program to the U.S. Throughout the free world the US has friends and allies who have valid requirements for military equipment and services. But because of the growing cost, as well as the increasing technological complexity, of a modern defense structure, they cannot economically produce the needed equipment themselves. They need the cooperation of the US in making this equipment available, by means of the Security Assistance Program.

The resultant defense cooperation is important to the US. With it, friendly foreign nations can act in concert with us to deter or defeat aggression, and preserve the peace and stability so essential to social, economic and political progress. The Congress has recognized these principles in our authorizing legislation, in particular in the new Arms Export Control Act, which governs our foreign military sales program. It is for these reasons also that the Executive Branch considers this program to be an essential element of US foreign policy.

In addition to making certain that the program supports US foreign policy, there are other essential limitations that we must recognize. We must be certain that the equipment we provide meets

(continued)

SUBJECT: FMS - Advantages/Disadvantages (Cont'd)

valid requirements, and is intended for use only in legitimate self defense, and not for aggression. We must determine that the countries which seek to purchase from us have sufficient financial resources to handle the purchase without undue burden to their economy which would hamper their social and economic development. We must assure ourselves that the purposes for which the equipment is intended are in consonance with the security objectives of the US, as well as with the purposes and principles of the United Nations and will not lead to arms races. In summary, this means that the program is one that requires careful management and control at all stages. This is something that both the Executive Branch and the Congress are very aware of.

Individual decisions on particular sales transactions are thus made in terms of their effect on US foreign policy. Domestic considerations are not a primary factor in these determinations. Nevertheless, there are secondary benefits to the US which one should note. Foreign military sales assist the US in maintaining existing base rights and in establishing new ones where they are required. FMS purchases permit larger and steadier production runs by US manufacturers, and help us to maintain an essential industrial mobilization base for our own use if needed. And finally, FMS purchases tend to lower unit costs of items produced for both the Department

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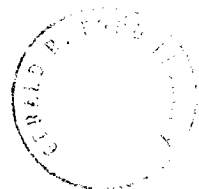


SUBJECT: FMS - Advantages/Disadvantages (Cont'd)

of Defense and the foreign purchaser, as well as provide a source of partial recoupment of our sunk investment in major defense systems.

One should recognize that less than half of the total value of the Foreign Military Sales program represents the supply of actual weapons and weapons systems. The balance of the program involves the supply of such items as communications equipment, airfields and port facilities construction, as well as follow-on support and training. All of these elements of the program have significant benefits to the civil infrastructure of the purchasing nations, contributing to their development and progress for years to come.

Finally, one should recognize that we are dealing with sovereign governments in this program. They come to us at their own initiative, and if we do not recognize their perceived needs, there are other nations who will. The Soviet Union has been pursuing an active role throughout the third world in promoting sales of military equipment and services, and has achieved significant influence in many areas as a result. Similarly, although on a smaller scale, France, the United Kingdom, Italy and Israel have all indicated their willingness to enter this area. While it is not true that the US sells only because "if we don't others will," it is true that unilateral control of conventional arms transfers is for the most part not a



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SUBJECT: FMS - Advantages/Disadvantages (Cont'd)

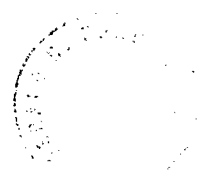
practical policy in the present world situation. We have international consultation and agreement before we can achieve truly effective control.

BACKGROUND: FMS has a significant impact on the US economy. A paper published on 23 July 1976 by the Congressional Budget Office shows that a complete ban on new sales under the FMS program imposed at the beginning of FY 1977 would, by FY 1981, cause a reduction of about \$20 billion in current dollar Gross National Product. The number of jobs would be reduced by about 350,000, resulting in a rise in the unemployment rate of about 0.3%. A ban would reduce net exports by approximately \$7.5 billion by 1981.

Favorable effects of FMS are longer and steadier production runs for manufacturers, maintenance of a production base, and lower unit costs of items produced. Foreign orders also help to defray research and development expenses. Another analysis conducted by the Congressional Budget Office, dated 24 May 1976, indicated that based on the current mix of weapons, services, and construction, an \$8 billion sales program would generate an average annual saving for the Defense Department of \$560 million.

SOURCE: Colonel ME Thomas, ISA/SA

COORDINATION: Mr. McAuliffe, ASD/ISA
LTG Fish, Director, DSAA
BG Thompson, Director, PP&NSC Affairs



August 26, 1976

SUBJECT: General/Flag Rank Officers

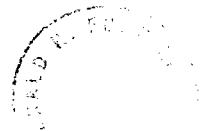
QUESTION: It has been charged that our present military structure is too top heavy, i.e., too many generals and admirals -- more flag officers now than at the end of World War II when our force level was much higher -- more captains on the CNO's staff than serving on ships. Would you please comment.

ANSWER: There are significantly fewer generals and admirals today than there were at the end of WW II. At that time we had 2,068 generals and admirals (all ranks) compared to 1,184 today. We project a reduction to at least 1,170 at the end of FY 1977 and a further reduction to 1,157 at end FY 1978:

<u>General/Flag Officers</u>					
<u>Actual (End Fiscal Year)</u>				<u>Planned</u>	
<u>1945</u>	<u>1968</u>	<u>1973</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
2,068	1,352	1,291	1,184	1,170	1,157

Although their number is reduced almost in half, their proportions compared to the total military force is higher today than the proportion was in WW II. The point to be understood here is that the number of senior military officers does not change in direct proportion to the personnel size of the Armed Forces, but depends more on basic organization and functional needs.

The significant organizational changes since WW II include: establishment of a separate Air Force, establishment of Unified Commands and International Headquarters, and strengthening the Office of the SecDef and OJCS. The significant changes in functional



(Continued)

requirements include: procurement and distribution of material and equipment is more technically demanding and requires a much higher degree of economic control, and command and control systems are more elaborate.

There are more captains (O-6) at sea than on CNO staff. Those at sea include commanding officers of ship, squadron, air group and afloat staff.

262 O-6's on CNO staff; 369 O-6's on sea duty;
310 O-6's in ships; and 59 O-6's in sea duty
category not embarked in ships (e.g., VP Staff).

I do not believe it is unreasonable to find this number of the most experienced and capable officers assisting the CNO to fulfill his statutory responsibilities to the Secretary of the Navy.

BACKGROUND: None

SOURCE: Col Sweet, Executive Assistant, ASD (M&RA)

COORDINATION: Mr. Taylor, ASD (M&RA)



August 26, 1976

SUBJECT: Support/Combat Troop Ratio

QUESTION: It has been charged that the military has too many support troops per combat troop and that millions of dollars could be saved if this ratio were reduced. Would you please comment.

ANSWER: We are concerned with the ratio of combat troops to support troops and have been trying to find the best balance. I think we've been making progress in that direction. We have to be careful in making statistical comparisons of the ratio from one war to another due to wide variations in forces and their methods of employment. However, using the Army as an example, I can give you rough approximations of the ratios in World War II, in 1964 (the last time we had 16 active divisions in the Army), and today:

	<u>Percent Distribution</u>		
	<u>1945</u>	<u>1964</u>	<u>1976</u>
Combat	33	48	54
Support	67	52	46

As you can see, the ratio of combat troops to support troops has steadily increased since WW II. Today we have the same number of combat divisions as in 1964, but much less support manpower. That does not mean necessarily that there is less need for support troops; it means that we have consciously structured our active force to include as much readily deployable combat power as possible, while recognizing that we would have to rely more heavily than ever before

(continued)



on the Reserve Components to provide the necessary support forces. We can't push that too far -- we'll always need some support in our active forces -- but I believe that we are already taking the sort of economies your question refers to.

BACKGROUND: None

SOURCE: Directorate for Planning and Evaluation, Land Forces -
J. Finsterle X50881

COORDINATION: Director, P&E, E.C. Aldridge, Jr.



September 14, 1976

SUBJECT: Guard and Reserve Readiness

QUESTION: Do our Reserve and Guard forces suffer from a lack of readiness, lack of training, lack of coordination with regular units?

ANSWER: The readiness of our Guard and Reserve forces has definitely increased during the past several years. The Total Force Policy, which states that National Guard and Reserve Forces will be the primary source of expansion of the Armed Forces in the event of future war, and directs coordinated planning for all manpower and forces (Active, National Guard and Reserves), has resulted in increased reliance on the Reserve Components to perform front-line combat and combat support missions, as well as to provide the expansion of the supporting base to sustain a lengthy, war-fighting capability. To achieve the necessary levels of readiness, increased attention has and is being given to the manning, equipping and training of the Reserve Components, with particular emphasis on those required for early deployment. Army National Guard and Reserve forces are receiving increased quantities of new or modernized combat-capable tanks and anti-tank missile systems. Naval Reserve, Marine Corps Reserve, and Air Reserve Forces are upgrading their inventories of ASW Patrol Planes, Tactical Fighters and Airlift Aircraft. New missions in Strategic Aerial Refueling, Amphibious Shipping and Ocean Towing, and Anti-tank Warfare are being studied and assigned to the

(continued)

SUBJECT: Guard and Reserve Readiness (Cont'd)

Reserve forces as determined feasible. Closer integration between Active and Reserve forces is being achieved for both pre-mobilization readiness training and post-mobilization mission performance. Examples can be seen in the Army's Roundout and Affiliation Programs, the Gaining Command concepts in the Navy and Air Force, the Air Force Reserve Associate Squadron Program, the Marine Corps' "Host Unit" Program, and the Coast Guard's Augmentation Training. Some deficiencies which adversely affect readiness continue to exist. These problems are sufficiency of equipment and recent difficulties in recruiting in the volunteer environment. Programs to correct these problems are either already in process or in developmental stages. Substantial improvement in the status of tanks and other equipment was included in the FY 1976 defense program and are being continued throughout subsequent years. The need for additional resources for recruiting was recognized late in FY 1976 and appropriate program adjustments are being made. Programs to improve recruiting are being formulated. The Secretary of the Army has announced plans to give priority attention in the FY 1978 budget request to recruiting and retention incentives for Reserve Components.

The Guard and Reserve forces provide significant portions of our total combat capability and even more of the necessary sustaining support that would be required to enable the United States to successfully

(continued)

SUBJECT: Guard and Reserve Readiness (Cont'd)

prosecute a general war. Their readiness status receives continuing attention; and we are pleased with the progress that has been achieved, but recognize the need for continuing effort in this regard.

BACKGROUND: None

SOURCE: Col. Sweet, Executive Assistant, ASD(M&RA)

COORDINATION: Mr. Taylor, ASD(M&RA)



September 21, 1976

SUBJECT: U.S. Forces Overseas

QUESTION: It has been charged that the U.S. has too many troops and bases overseas and that millions of dollars could be saved if the overseas troops and bases were reduced. Would you please comment on the advantages and disadvantages of having the troops and bases in foreign lands.

ANSWER: Charges of this nature have been a recurrent feature of our domestic political debate for several years now. They have a certain surface appeal -- for calls to "bring the boys home" and "save the taxpayers' money" are always attractive in the United States political arena. The problems arise when one begins to assess the costs to our national security interests and our foreign policy objectives of seriously reducing our existing forward deployments and overseas basing facilities.

Our overseas deployments are concentrated in two areas, both of which are of central importance to US national security objectives: NATO Europe and Northeast Asia. In Western Europe, our deployments form part of the forces of the NATO Alliance, the treaty which has been the centerpiece of US foreign policy since World War II. Not only do these forces, both on land in the Central Region and seaborne in the Mediterranean, contribute vitally to the Alliance's deterrent posture, but they are regarded by our Allies as politically significant symbols of our continuing commitment to the support and defense of the Alliance. In the past two years, we have streamlined and modernized our forces in Europe, first, by converting some




(continued)

SUBJECT: U.S. Forces Overseas (Cont'd)

20,000 spaces from support to combat, and also by various deployments of our forces there to improve their capabilities. Significant reductions in the existing levels of these forces, however, would deal considerable damage not only to our military capabilities in Central Europe and the Mediterranean but to our political relationship with our Allies, who would inevitably interpret any such action on our part as a clear signal that our interest in Western Europe's security and our commitment to their support had been downgraded. It could also give rise to serious miscalculations on the part of the Soviets, were they to conclude the same thing, and thereby decide to seize the opportunity to exert pressure, either political or military, upon the NATO Allies to become more pliant towards Soviet objectives in Europe. The United States has too many vital interests at stake in Western Europe -- deep political and cultural ties, large investments, major national security interests -- to allow any such incitements to Soviet adventurism there.

We are the more concerned for the stability of the military balance in Central Europe because the Soviet Union has been increasing and modernizing its own forces deployed there as part of the Warsaw Pact. These improvements -- both quantitative and qualitative -- in our adversaries' capabilities make it the more imperative that we sustain and improve our own strength in that region. Currently

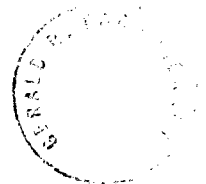
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SUBJECT: U.S. Forces Overseas (Cont'd)

in an effort to reduce the level of forces confronting each other on the Central Front, without impairing security on either side, the US and its NATO Allies are engaged in negotiations with the Warsaw Pact with the objective of arriving at an agreement on mutual and balanced force reductions in Central Europe. We and our NATO Allies have agreed to make no unilateral reductions in NATO deployments outside of the context of these MBFR negotiations. Any significant unilateral reductions in our forces in Europe could undermine the Soviets' incentive to reach a mutually satisfactory agreement in these important and delicate negotiations.

In Northeast Asia, the stakes are similarly high. Stability on the Korean peninsula is vital to the security of Japan, our major ally in Asia. It is equally important to prevent the outbreak of renewed hostilities in Korea that would force the Chinese and the Soviets, out of political rivalry and mutual mistrust, to vie in backing the North Koreans, for this would tend in turn to bring the United States into a face-to-face confrontation with either of these two powers. As in NATO Europe, therefore, the presence of US troops in South Korea serves a dual purpose: military and political. On the one hand, they are a necessary addition to South Korean military forces, ensuring that in the event of attack, the South Koreans will have the air support they



(continued)

SUBJECT: U.S. Forces Overseas (Cont'd)

themselves currently lack. On the other hand, they constitute the same sort of political "signal" to allies and possible adversaries alike that the US has defined stability in Northeast Asia as essential to our own national security and foreign policy objectives.

It is also worth noting that the total number of our troops overseas is currently at a 25-year low. Attached is a table that shows assigned US troop strength overseas from 1950 to 1976. The present number is half what it was in 1955, and approximately a third of what it was at the peak of the Vietnam War in 1967, or of the Korean War in 1953.

Finally, there is considerable question as to even whether the US would save very much money by significant withdrawals from overseas. If the forces withdrawn were kept in the force structure, we would need extensive expansion of our CONUS basing facilities to accommodate the homecoming forces. This would occasion a considerable one-time expense that would require some years to be amortized. Furthermore, to maintain our capability to return rapidly and in force to Central Europe or elsewhere in the event of hostilities, we would need to expand our existing airlift capability considerably -- another expensive endeavor. If on the other hand we chose to redefine our overseas interests in much narrower terms that hitherto since World War II, we might choose to demobilize the homecoming

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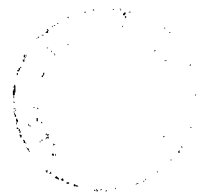
SUBJECT: U.S. Forces Overseas (Cont'd)

forces and remove them from the force structure entirely, thereby severely reducing our conventional capabilities and consequently lowering the nuclear threshold to a potentially dangerous degree. We would then very possibly find it necessary to invest more money in expanding and improving our strategic forces to make up for the conventional capability, forward deployed, we had sacrificed.

BACKGROUND: None

SOURCE: Dr. Forman, Assistant for Long-Range Strategy, ISA

COORDINATION: Eugene V. McAuliffe, ASD/ISA
James G. Poor, PDASD/ISA
James P. Wade, Jr., DASD/ISA
James M. Thompson, Dir, PP&NSACA (ISA)
Mr. McLaughlin, Eur/NATO (ISA)
Col. Houser, EA&PRA (ISA)
Mr. Morrison, MBFRTF (ISA)
Mr. Willbrandt, OASD(Comptroller)



U.S. Military Strength in World-wide
and Selected Areas Overseas
Ashore and Afloat

(000s)

	<u>West Europe & Related Areas Ashore & Afloat</u>	<u>South Korea Ashore</u>	<u>Total Overseas Incl. Territories & Poss. Ashore & Afloat</u>	<u>Total World- wide Ashore & Afloat</u>
As of June 30				
1950	123 ^{1/}	NA	325 ^{1/}	1,460
1951	NA	NA	NA	3,249
1952 (Sept data)	463	306	1,180	3,636
1953	415	327	1,217	3,555
1954 (Sept data)	420	273	1,031	3,302
1955	431	86	867	2,935
1956	428	75	813	2,806
1957	419	70	799	2,796
1958	413	52	734	2,601
1959	411	50	699	2,504
1960	394	56	698	2,476
1961	416	58	703	2,484
1962	463	57	770	2,808
1963	426	57	762	2,698
1964	403	63	755	2,685
1965	401	62	778	2,653
1966	360	52	1,013	3,092
1967	364	56	1,247	3,377
1968	319	67	1,241	3,547
1969	296	61	1,195	3,459
1970	304	54	1,071	3,066
1971	314	43	842	2,714
1972	298	41	628	2,322
1973	319	42	585	2,252
1974	297	38	519	2,162
1975	314	42	517	2,128
1976	297	40	464	2,082

^{1/} Excludes Afloat - not available

August 26, 1976

SUBJECT: Navy Ship Building

QUESTION: It has been charged that the Navy should concentrate on building a greater number of smaller and less vulnerable ships. Would you please comment.

ANSWER: The question suggests an altogether too simplistic solution to a most complex problem. We need a fleet with a greater number of ships, but we also need a fleet with a balanced suite of capabilities. We could probably obtain larger numbers by building smaller ships, but that would not necessarily ensure that we would have ships with the requisite fighting capabilities, including the proper combination of anti-submarine, anti-air and anti-ship sensor and weapon systems. Neither can one conclude that a smaller ship is necessarily less vulnerable than a large one. Indeed, because it can carry less in the way of weapons and sensors, a smaller ship may actually be more vulnerable than a commensurately equipped larger vessel. Our study of naval force requirements under the auspices of the National Security Council is almost complete, and it appears certain to reach the conclusion that we need a balanced fleet. Moreover, the Navy's ships are designed to operate and fight as part of a Task Group, and each Task Group needs to have a broad spectrum of offensive and defensive capabilities. There will be a need in our Task Groups for smaller, relatively less expensive vessels, such as our FFG-7 class frigates, with less complex armament systems. There will also be a need for larger ships with greater firepower, more sophisticated sensors, greater command and

(continued)

SUBJECT: Navy Ship Building

control facilities and a wider array of weapons. Similarly, we are convinced that our Navy will best be able to perform its mission with a fleet that includes both nuclear and conventionally powered ships. Each has its advantage and each has its place in the fleet. Therefore, a program that concentrates mainly on building a greater number of smaller ships would not be an adequate response to the maritime challenge we face today and in the years ahead.

BACKGROUND: None

SOURCE: Cdr Sutphen, Assistant for Force Planning and Analysis, ISA

COORDINATION: James G. Poor, Acting ASD/ISA
James M. Thompson, Dir, PP&NSCA (ISA)
Arthur Pennington, Naval Forces, DP&E
Capt R. McDaniel, OP-909F



August 30, 1976

SUBJECT: NATO Forces

QUESTION: Should our NATO allies assume more responsibility and should we begin gradual withdrawal of U.S. troops in Western Europe?



ANSWER: There is no single measure of whether individual nations are carrying their share of the common defense burden. We must look at many efforts to make such a determination, e.g., percentage of GNP devoted to defense, increases in total expenditure for defense in real terms (excluding inflation), investment in new equipment and R&D, and costs of and total manpower. When we analyze allied contributions in these terms the facts indicate that their contribution is significant and improving total defense spending for all European NATO nations combined has been rising in constant terms since 1970. The increase between 1970-1975 has averaged about 2% - 3% per year. This has resulted in moderate increases in defense spending for capital resource improvements, e.g., procurement of major new equipment and ammunition, R&D and construction. While detailed data is not available for 1976 and beyond, indications are that for all non-US NATO nations combined, the trend in real expenditures will continue to rise. Nonetheless, the allies are also suffering from many of the internal pressures that affect our ability to improve US forces. They are having to deal with increased manpower costs and pressures to shift limited national resources to satisfy growing domestic needs. This does not mean that we should not continue to urge the allies to make additional

(continued)

SUBJECT: NATO Forces

commitments to the common defense--because we are. But we must recognize that they are already contributing significantly and there is evidence that they will respond appropriately to increased Warsaw Pact military capabilities to assure an adequate and credible deterrence.

We must constantly remind ourselves that the US has stationed forces in Western Europe for its own interests. Neither the importance of NATO nor the significance of US participation in the Alliance has diminished with the passage of the years. The US force presence in Europe serves a number of purposes. First, these deployments help to deter a European war which would inevitably affect our security. Second, they strengthen our ties with our allies and enhance their confidence by providing them with tangible proof of our commitment to their security. Third, they provide a ready, in-place capability to meet aggression, should deterrence fail, and increase the likelihood that, if conflicts erupt, they can be limited and deterrence reestablished.

Financially, we must also understand that so long as we maintain our current commitment to the defense of Europe it costs less to keep the same level of forces in Europe than in the continental United States. The latter scenario would require additional monies for transport and prepositioned equipment to ensure a rapid and credible

(continued)

SUBJECT: NATO Forces

return of forces--the basis of any deterrent strategy.

BACKGROUND: None

SOURCE: Mr. Chapa, European and NATO Affairs, ISA

COORDINATION: None



September 15, 1976

SUBJECT: Land-based ICBMs

QUESTION: Why do we need a "new" land-based ICBM missile force?

ANSWER: A new ICBM is consistent with modernization of our other strategic forces and with our defense policy which continues to stress reliance on a TRIAD of strategic forces for nuclear deterrence. More specifically, a new ICBM is needed first, for increased force effectiveness against time sensitive targets which are both growing in number and becoming more resistant to attack; and second, to redress projected asymmetries in measures of the strategic balance (e.g., throw weight) which threaten to jeopardize the concept of rough equivalence.

While a new land-based missile would be the most cost effective way to satisfy these two needs, there is a third need, dictated by the projected threat, for enhanced ICBM survivability. It is for this reason that the development of alternate basing modes will be a major part of the MX ICBM development program.

BACKGROUND: None

SOURCE: ODP&E(SP) Strategic Forces Division

COORDINATION: DP&E

September 8, 1976

SUBJECT: Honor System Investigation

QUESTION: Have you directed any investigations of the honor system violations or honor system at USMA?

ANSWER: I am concerned about the recent honor violations at the United States Military Academy. The administration of the Service Academy Honor Systems is the responsibility of the respective services. Because of the current situation, the cheating incident, the Secretary of the Army has appointed a commission to conduct an indepth assessment of the current incident and its underlying causes and to make an assessment of the effectiveness of the Honor Code and System.

BACKGROUND: On 2 September 1976, a commission chaired by Mr. Frank Borman was announced. Members of the commission are General Harold K. Johnson, former Army Chief of Staff and now President, Financial General Bankshares, Inc., Washington, D.C.; Dean A. Kenneth Pye, Chancellor, Duke University and Dean of the Duke University Law School, Durham, North Carolina; Dr. Willis M. Tate, President Emeritus and former Chancellor, Southern Methodist University, Dallas, Texas; Bishop John T. Walker, Episcopal Diocese of Washington; and Mr. Howard S. Wilcox, President, Howard S. Wilcox, Inc., Indianapolis, Indiana, and Chairman, Board of Visitors, United States Military Academy. The commission is charged with examining "the Honor Code and System in its concept and operation, the structure and operation of the Military Academy together with other pertinent internal and external factors, with a view toward formulating recommendations for improvement."

Specific questions to be addressed are:

1. What were the causative and contributing factors underlying the recent Electrical Engineering 304 cheating incident?
2. Does the Honor Code and System impose a realistic and reasonable set of standards?

(continued)

SUBJECT: Honor System Investigation

3. Is the Honor Code accepted by cadets as a way of life or do cadets adhere to it merely because of the consequences of a violation?

4. Are high standards of moral and ethical conduct emphasized in all aspects of cadet life?

5. Are the pressures on cadets generated by the academic, athletic and military training at the Academy realistic and do they contribute effectively to the mission of the Academy?

6. Is an ethical base adequately provided for cadets to develop a strong sense of integrity, exclusive of the Honor Code and System?

7. Does the institution in its structure, its policies and doctrine and in its operation appropriately support the Cadet Honor Code and System?

8. Is there sufficient emphasis and effectiveness in formal instruction on Honor matters at the Academy?

The commission is to report by early December.

SOURCE: DCSPER, MG Trefry

COORDINATION: Secretary of the Army Hoffmann



September 15, 1976

SUBJECT: Honor Code

QUESTION: It has been charged that the honor code of the military academies should not be watered down for cadets and it should apply to public officials as well. Would you please comment.

ANSWER: There is a perception by the Corps of Cadets that the administration of the honor code is being taken away from them, that their honor committee proceedings don't account for as much as they used to, and they look at the number of cases in which the Superintendent or the Administration there has reversed a cadet honor board finding as an indication of this. I think, however, that there has been a communications gap between the Academy, that is the faculty, staff and technical officers on the one hand and the Corps and the honor committees on the other, about the necessary impact of the enlightened standards of due process that we've seen in government and in public life generally over the last 10 or 15 years. These have had a very basic impact upon the honor system, and I don't think they have been recognized as fully for what they are. The cadets at West Point regard that as an unwarranted intrusion upon what they have been taught to feel is exclusively their system. It is by no means a "watering down" of the system. The Blue Ribbon Panel may make recommendations that will require further address of either code procedures or contributing factors to it, to streamline the procedures, if that's required, and to address

(continued)

SUBJECT: Honor Code (Cont'd)

the question of the single sanction which is a somewhat controversial aspect of the code at West Point.

The honor system is based on the fundamental premise that has attended the officer corps of the Army since before the revolution, that an officer's word is his bond. That is of paramount importance, and it is that aspect of an officer's service and the qualifications of an officer that the honor system is designed to elicit. And it takes, for public officials, mutual reinforcement to their code of ethics, in order to keep our institutions on the high road. It takes all of us to assist each other to not only reinforce resistance to questionable conduct but to avoid the appearance as well. So that I think the two are not inconsistent, it's a question of implementation. But I think the same ethic would apply in both cases. Anyone in the institution has an interest, if he sees someone else in the institution who is putting himself in a compromising position, to go in and say the institution doesn't need that, please desist. And I think that's done.

BACKGROUND: None

SOURCE: Secretary of Army News Conference, September 10, 1976

COORDINATION: None

September 24, 1976

SUBJECT: Watering-Down of the Honor Code

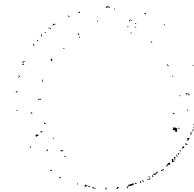
QUESTION: Has the honor code been softened or watered-down following the recent events at West Point?

ANSWER: The honor code at the various Service Academies is administered by the cadets. Regarding the recent problems at West Point, Secretary Hoffmann believes that the recent violations of the honor code disclosed a communications gap between the Academy staff, the Corps and the Honor Code Committees regarding the standards of due process. Secretary Hoffmann has taken actions to maintain the standards of due process and to review the administration of the honor code. The honor system is not being watered-down and I do not think it should be.

BACKGROUND: None

SOURCE: Secretary of the Army News Conference, September 10, 1976

COORDINATION: None



September 15, 1976

SUBJECT: Congressional Action -- B-1

QUESTION: What is your comment on Congressional action on the B-1?

ANSWER: The Congress has voted to delay the production decision on the B-1 until next February 1 by limiting the amount the Air Force can spend on the B-1 program to about \$87 million per month. The Defense Department intends to make a decision on production this fall after a thorough review of the B-1 test results. These temporary restrictions will not have a significant effect on the B-1 program. The program can proceed within the funding limits established by the Congress. However, by imposing an artificial restraint on the Department, the Congress has reduced the Air Force's ability to make the best possible decisions concerning the program. Even though the impact will not be significant on the B-1 program, restrictions such as these are not good management practice and do not allow the Department's program managers to take advantage of situations where programs can be moved forward at a more rapid pace.

What is significant to the American people is that a timely decision be made on the B-1.

The manned bomber is one of the three kinds of weapons that make up our TRIAD deterrent force. The TRIAD has worked and will continue to work because of the relationship between the ICBM, the manned bomber and the missile-carrying submarine. They do not simply back

(continued)

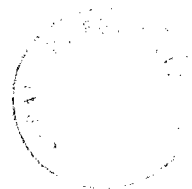
SUBJECT: Congressional Action -- B-1 (Cont'd)

each other up; rather they are like the three legs of a tripod that provide the bracing -- for deterrence. Deterrence rests solidly against the brace of the TRIAD -- because on alert together, the three legs make a successful disarming surprise attack literally an insurmountable challenge. A simultaneous surprise attack on all elements of the TRIAD is virtually impossible -- and a strike on one element gives warning to the others. It's important to remember that in some ways, the manned bomber is the most important leg of the tripod -- for it is singularly versatile and responsive -- controllable at all stages of operation. I think the American people will recognize that the B-1 is important in maintaining our deterrent posture.

BACKGROUND: None

SOURCE: ASD/LA and ASD/PA

COORDINATION: ASD/LA and ASD/PA



September 17, 1976

SUBJECT: Corps of Engineers Spending

QUESTION: It has been charged that the Corps of Engineers spends too much money on public works projects? Will you comment, please?

ANSWER: All of the studies, investigations, plans, construction and operations of the Corps of Engineers in civil works are authorized and funded by the Congress, generally as requested by the President in his annual budget message. Congress has appropriated almost 2 1/2 billion dollars (\$2,471,550,000) for the civil works functions of the Corps of Engineers for Fiscal Year 1977. All reports of the Corps of Engineers which recommend expenditure of federal funds for river and harbor projects are approved by the Office of Management and Budget before being transmitted to the Congress.

It should be noted that funds for the Civil Works Program of the Corps of Engineers are appropriated for specific projects by line item by the Congress and are not part of the Defense Department budget.

In other words, the amount of money spent by the Corps of Engineers for civil works projects depends on specific Congressional authorization and funding.

BACKGROUND: Since the General Survey Act of 1824, the Congress has assigned major responsibilities in river and harbor works to the Corps of Engineers. The Corps has developed and now maintains 25,000 miles of navigable waterways and all of our inland and coastal harbors. Since the Flood Control Act of 1936 when the Federal responsibility for flood control was assigned to the Corps of Engineers, additional legislation has assigned to the Corps of Engineers major responsibilities in water supply storage, hydropower production, water conservation and recreation. The nearly 400 man-made lakes built and operated by the Corps of Engineers at the direction of Congress prevent millions of dollars of flood damage annually, produce 22% of U.S. hydroelectric power, provide municipal and industrial water supply storage to more than 200 cities and towns and attract about 100 million more visitors annually than do all of our National Parks combined.

SUBJECT: Corps of Engineers Spending (Cont'd)

SOURCE: Chief of Engineers, D/A

COORDINATION: Chief of Engineers, D/A



September 13, 1976

SUBJECT: XM-1 Tank

QUESTION: Why delay the decision on the XM-1 Tank?

ANSWER: As the time for final source selection approached, it became apparent that we could obtain a better tank for our forces by substituting selected components into alternative configurations of U.S. tanks and at the same time placing greater emphasis on commonality with our NATO allies. The method we chose to obtain these goals, i.e., to request additional alternative proposals embodying these possibilities, adheres to sound management practice and should provide us with a better tank at minimum cost and minimum schedule increase.

If final source selection had been made as originally scheduled, we would have been placed in a position of having to negotiate these changes with a single contractor, a situation in which we are unlikely to obtain minimum cost and minimum schedule impact. We examined, and eventually selected, the alternative of delaying source selection and of asking for appropriate additional modifications to existing proposals, allowing us to negotiate the improvements in a competitive environment and thereby minimize both cost and schedule impact.

BACKGROUND: None

SOURCE: Testimony by DepSecDef Clements before SASC, August 27, 1976

COORDINATION: Same

September 14, 1976

SUBJECT: Defense Budget Level

QUESTION: The Defense budget for this year is higher than the peak years of Vietnam. What does this say about your foreign policy success in stabilizing the critical areas around the world?

ANSWER: On the contrary, in real terms, corrected for inflation, the Defense Budget has decreased by more than one-third from the 1968 wartime peak, and in real terms, it is 14 percent below the levels of the prewar, early 1960's. The steady rise in current dollar levels masks a serious erosion in the Defense Budget's purchasing power in those years. During that same period, moreover, the Soviet Union's military expenditures have been rising steadily, to the point where their advances in several areas threaten to destabilize the East-West balance of military power unless we take the steps needed to reverse the trends. Only in the current FY 77 Defense Budget has the long decline in defense purchasing power been modestly reversed to allow for a small amount of real growth over last year. But this one small increase is not sufficient to reverse satisfactorily the downward trend of many years. The United States is going to have to sustain this effort over the coming years, if we intend to maintain the military balance with the Soviet Union, a balance which is the foundation and underpinning of any of our hopes to build a more stable, peaceful world.

(continued)

September 15, 1976

SUBJECT: SALT TWO Agreement

QUESTION: Why can't you reach agreement with the USSR on a SALT TWO agreement?

ANSWER: The two sides have in fact reached agreement on a considerable range of issues in SALT TWO. We have not been able to finalize agreement, however, on two key issues, i.e., the Soviet Backfire Bomber and Cruise Missiles. While one should not be overly optimistic about resolving these two complex issues in the near future, neither should one be totally pessimistic about the prospects for a satisfactory resolution of both issues.

BACKGROUND: None

SOURCE: DoD SALT Task Force

COORDINATION: Dr. Wade, Director, DoD SALT Task Force



SUBJECT: Defense Budget Level (Cont'd)

BACKGROUND: None

SOURCE: ISA/PPNSCA, Dr. Forman

COORDINATION: ASD/ISA E. V. McAuliffe
DASD(PP&NSCA) J. P. Wade, Jr.



September 14, 1976

SUBJECT: Nuclear Explosions Ban

QUESTION: Why doesn't the U.S. seek to get the U.S.S.R. to agree to a prohibition of all nuclear explosions for a five-year period?

ANSWER: The U.S. supports the objective of a comprehensive test ban which would be adequately verifiable. Conclusion of the recent Threshold Test Ban Treaty and Treaty on Peaceful Nuclear Explosions were the result of months of complicated negotiations and we hope these treaties will receive early Senate approval.

BACKGROUND: None

SOURCE: OASD (ISA) Giles Harlow, Col, USAF

COORDINATION: ASD (ISA) E. V. McAuliffe
DASD (PP&NSCA) J. P. Wade, Jr.
State (PM) Mr. Phelps
OATSD (Atomic Energy) Mr. Cotter

September 14, 1976

SUBJECT: Nuclear Proliferation

QUESTION: What positive steps have you taken to minimize the most significant threat from nuclear proliferation?

ANSWER: The Department of Defense is an active participant in the USG program to implement its non-proliferation policy. What do you have in mind as "the most significant threat from nuclear proliferation."?

QUESTION: Why don't you do more?

ANSWER: At the direction of the President a study group headed by Dr. Robert Fri, Deputy Administrator of ERDA, has concluded a review of U.S. nuclear policy. Following the President's decision on this matter, the DoD and other agencies will take further steps to implement U.S. policy.

BACKGROUND: None

SOURCE: OASD (ISA) Giles Harlow, Col, USAF

COORDINATION: ASD (ISA) E. V. McAuliffe
DASD (PP&NSCA) J. P. Wade, Jr.
State (PM) Mr. Phelps
OATSD (Atomic Energy) Mr. Cotter

September 14, 1976

SUBJECT: Reduction of Nuclear Weapons

QUESTION: Why doesn't the U.S. adopt a goal of eliminating nuclear weapons for all nations? ("Reduce nuclear weapons to zero.")

ANSWER: The United States has always supported a goal of reduction of nuclear weapons for all, repeat all, nations. Under Article VI of the Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the United States and all other parties undertake "to pursue negotiations in good faith on effective measures relating to the cessation of the nuclear arms race at an early date and to nuclear disarmament...." When vital national security interests are involved, we must move deliberately and give careful consideration to the effect of each step on our national security and that of our allies.

BACKGROUND: (U) Over 100 nations are parties to the NPT but only the U.S., UK, and USSR among the nuclear powers have signed the treaty while the PRC and France have not. India has also detonated a nuclear device.

SOURCE: OASD/ISA Giles Harlow, Col., USAF

COORDINATION: ASD/ISA E. V. McAuliffe
DASD(PP&NSCA) J. P. Wade, Jr.
State (PM) Mr. Phelps
OATSD (Atomic Energy) Mr. Cotter



September 15, 1976

SUBJECT: Nuclear Planning

QUESTION: Do you not agree that developing the capability for employing nuclear weapons in less than an all-out nuclear war (i.e., LNOs and RNOs) increases rather than decreases, the likelihood of nuclear war?

ANSWER: The job of the Defense Department is to maintain peace. In order to maintain peace, we must be sure that our deterrent forces are adequate. With the passage of time and changes in the threat posed by the Soviet Union, adjustments in the composition and capabilities of our military forces are required. The USSR is dramatically improving its nuclear capabilities. Much of this improvement is clearly directed against our own deterrent forces. We need to continue to improve the flexibility of our own nuclear forces in order to maintain the deterrent. Basically, we are striving to maintain a rough equivalence with the USSR. We cannot allow asymmetries in military capability to develop if we are to preserve deterrence across the entire spectrum of possible conflict.

BACKGROUND: None

SOURCE: Col. P. R. Drennon, USAF, OASD/ISA

COORDINATION: ASD/ISA E. V. McAuliffe
DASD(PP&NSCA) J. P. Wade, Jr.
(PP&NSCA) H. H. Gaffney

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This form marks the file location of item number 3
as listed on the pink form (GSA Form 7122, Withdrawal Sheet)
at the front of the folder.

August 3, 1976

SUBJECT: Reserve Components

QUESTION: Is weaponry assigned to the Reserve Components "poor"?

ANSWER: Equipping for the Guard and Reserve is a real challenge. Ground-to-air and anti-tank weapons, tanks, communications equipment and certain other equipment needed for the General Purpose Forces of the Army Guard and Reserve are in short supply. Increased production of M-60 tanks and conversion of obsolete M-48 tanks to modern versions has improved the armor capability in the Army and Marine Reserve Forces.

Introduction of the KC-135, programmed replacement of F-100s with A7s and F-4s, assignment of C-130Es and the planned introduction of A-10s into the Air Guard and Reserve continues their modernization.

Programmed assignment of amphibious transports and amphibious cargo ships will modernize the Naval Reserve Fleet. Assignment of P-3 anti-submarine warfare aircraft, A-7s and F-4s and assignment of KC-130 tankers continues the modernization of the Naval and Marine Air Reserve.

BACKGROUND: Drawdowns on equipment resources to support the Mid-East, Vietnam and other requirements have diminished potential equipment resources for the Guard and Reserve. However, there is now a real emphasis on equipping the Reserve Forces.

SOURCE: COL Carl Acree, Asst Director, Force Modernization, Office of the DASD (Reserve Affairs)

COORDINATION: Mr. Raymond Webster, Special Asst to DASD (Reserve Affairs)
Mr. Will Hill Tankersley, DAS (Reserve Affairs)

September 10, 1976

SUBJECT: Personnel Turbulence

QUESTION: Why is it not feasible to save money by extending the period in which military personnel are rotated? There are some findings that indicate that extending a tour of duty by 2 months would result in annual savings of \$400 million. A six-month extension would save over a billion dollars.

ANSWER: The proposition that \$400 million could be saved annually by extending the average tour of duty by two months, or over one billion for six months, is an over-simplification of a complex issue. It is apparently based on the mathematical assumption that the combined FY 77 TDY/PCS costs of \$2.5 billion amount to \$200 million per month.

Extending the average tour length, i.e., extending the average length of time personnel actually serve on station, will result in savings. This is one of the goals of the current Department of Defense PCS/Turbulence reduction effort. However, of the total PCS costs, only operational and rotational travel would be significantly affected. Of the \$1.7 billion PCS costs, these two categories account for about two-thirds or about \$1.1 billion, with accession and loss moves accounting for most of the remainder. Extending the average tour length by two months would therefore more likely result in a theoretical maximum savings of only \$186 million instead of \$400 million.

(continued)

SUBJECT: Personnel Turbulence (Cont'd)

BACKGROUND: None

SOURCE: John F. Ahearne, Acting Assistant Secretary of Defense
(Manpower and Reserve Affairs)

COORDINATION: None



September 10, 1976

SUBJECT: Military and Civilian Grade Controls

QUESTION: What can be done to cope with grade creep in civilian and military ranks?

ANSWER: For the past two decades, there has been a trend toward military and civilian grade enrichment. There appear to be two primary causes: the growth in technology and management complexity; and the tendency to increase compensation through promotion, due to the lack of pay comparability with private industry. Much of the growth was in the top management structure.

Military -- The military rank structure is subject to statutory constraints which have limited disproportionate growth in the rank structure. In recent years our program efforts have been directed at refining our requirements and streamlining headquarters, thus reducing the number of senior people. Our current program calls for continuing reductions in the numbers of flag and general officers and captains and colonels. These processes have resulted in an overall reduction since 1973 of 13% in total officers, including an 8% reduction in the numbers of admirals and generals. Further reductions are anticipated in FY 77 and FY 78.

Civilian -- We have recognized tendencies toward disproportionate growth in the top layers of the civilian grade structure and have undertaken efforts to systematically reduce these consistent with our management requirements. Our current program is designed to result in approximately a 2% per year reduction in the civilian upper grade structure over the next few years.

(continued)

SUBJECT: Military and Civilian Grade Structure (Cont'd)

BACKGROUND: Testimony before Congress on the President's FY 1977 budget and manpower program emphasized the need to curb growing manpower costs. One factor of the cost growth is grade creep. In civilians, much of the grade creep was attributed to increases in GS-13 through 15.

Congress echoed the need to control grades in several committee reports.

On August 12, 1976, ASD(M&RA) with the Secretary's endorsement, issued specific two-year numerical reductions to each Service and the Agencies for military (O-6 and up) and civilian (GS-13 and up).

SOURCE: ASD/M&RA Statement before the SASC, Feb 6, 1976
ASD/M&RA Memos for the Service Secretaries and Agencies,
August 12, 1976

COORDINATION: None

September 10, 1976

SUBJECT: NATO Standardization

QUESTION: It has been said that standardization can save NATO up to \$17 billion. What are the domestic problems with standardization? What are the international problems? How can we achieve the optimum degree of standardization? What are the issues associated with domestic vs. foreign procurement?

ANSWER: I view improved NATO standardization and interoperability as a major opportunity and as a necessity for the Alliance. I say that because of the improved combat capability, military efficiency, and deterrence we can expect from better standardization. The obstacles to achieving these objectives are many. However, we are finding ways to deal with these problems.

The major domestic problem which has been put forth is that increased standardization will adversely affect U.S. employment. Today we enjoy a substantial trade advantage with our Allies in defense procurements. This has had a beneficial effect on U.S. employment. Increased standardization will not likely have a significant effect on U.S. employment -- whether this is brought about through increased purchases by nations from each other or through production of standardized systems on both sides of the Atlantic.

The sheer number of countries involved in NATO makes common decisions difficult. Views on military doctrines differ. Time schedules for establishing requirements and making decisions for development and production usually differ from one country to another. However, we are working to agree more often on what we need and when.

(continued)

The optimum degree of standardization falls far short of total standardization. Diversity of operating characteristics helps compound an aggressor's problems particularly in the areas of Electronic Warfare and Electronic Countermeasures. We have seen benefits on a national basis for a high/low mix -- for example, the F-15 and F-16. Also total standardization limits the possibilities for maintaining competitive pressures -- so key to cost efficient products.

Generally, the most satisfactory approach to contending with domestic problems associated with standardization is through licensed production of standard equipment in both North America and in Europe -- examples, are the ROLAND and F-16 programs.

Many of the benefits of standardization can be realized through ensuring interoperability of equipment -- for example, being able to service aircraft on each other's airfields, being able to communicate with each other, and being able to use common fuels and ammunition.

For the equipment needs of our Armed Forces, we must continue to select the most cost effective equipment available whether of U.S. or Allied origin. When an Ally system is superior, factors -- such as cost, availability, mobilization base requirements, quantities required, and statutory requirements -- will determine whether the item should be produced in the U.S. or procured from a foreign source.

BACKGROUND: None

SOURCE: Clark DeJonge, OAD(IP), ODDR&E X 74431

COORDINATION: DDR&E, Mr. Robert N. Parker, Principal Deputy X57178
ISA (by source) Col Larsen, ER/NATO Standardization



September 15, 1976

SUBJECT: DoD Student/Instructor Ratio

QUESTION: It has been charged that DoD maintains "less than two students per instructor in the military." Would you please comment on the DoD student/instructor ratio.

ANSWER: The statement is incorrect. The DoD program for FY 1977 provides for an average of 5.7 students per instructor. Through careful review of instructor requirements, use of advanced training technology and other management actions, this number has been raised from 5.4 in FY 1975.

This level of students per instructor is lower than that found in civilian education -- U.S. colleges and universities average about 14 instructors per student. However, military training is fundamentally different from civilian education. For example:

- Most military training is equipment-oriented and can only be taught effectively in small groups, using "hands-on" training and close instructor supervision. In many phases of flight training, for example, one instructor is required for each student. Civilian schools make much greater use of the lecture format, in which one instructor can teach as many students as the classroom will hold.

- Military training operates year-round and generally is a 40-hour week; civilian education usually provides 25 or fewer instructional hours per week, with lengthy vacation periods.

- Military students are paid and supported; it is therefore economical for DoD to make courses as short as possible, even if

(continued)



SUBJECT: DoD Student/Instructor Ratio (Cont'd)

additional instructors are required, to reduce student (and total) costs. Civilian schools have no such incentive to reduce course lengths and usually operate on a fixed schedule -- four years of high school, four years of college.

If all military and civilian personnel conducting or supporting training are included -- manpower which operates and maintains training equipment and training bases and provides medical care and other support of students and military staff members -- the number of students per staff member is less than 2 to 1. The reasons for this level of staffing are the same as for the level of instructors, plus the obligation to provide full support to military students and the requirement to operate and maintain large training bases and a vast quantity of expensive training equipment. Despite this demanding mission, DoD plans, through careful management, to reduce total manpower in support of training by 14 percent from FY 1975 to FY 1977, although the number of students to be trained increases by two percent.

BACKGROUND: None

SOURCE: Col. Sweet, Executive Assistant, ASD/M&RA

COORDINATION: Mr. Taylor, ASD/M&RA

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This form marks the file location of item number 4
as listed on the pink form (GSA Form 7122, Withdrawal Sheet)
at the front of the folder.

September 9, 1976

SUBJECT: Problems Industry Faces in Dealing with the Government

QUESTION: What are the problems industry faces in dealing with the government? What can be done to cut the red tape? What can be done to improve government/industry relations?

ANSWER: There are two major problems concerning industry in dealing with the Government. Uncertainty of the market is the first and major problem. Red tape is the second and perhaps most aggravating problem. Uncertainty of the market includes a fear of program change in dollars, schedules, quantity, and specifications, and outright cancellations. Causes of this uncertainty include: (1) annual budget review and appropriations, (2) lack of advance procurement information that can be relied upon for marketing and capital investment, and (3) desire to incorporate technological advances in the system late in development or during production.

The Department of Defense and Industry need (1) authority to make multi-year buys with proper funding to cover all termination costs, (2) a systematic method to present to industry, for all services, long range procurement forecasts with assurance of stability so that military marketing is more predictable, and (3) a systematic procedure to control contract changes. Industry has complained that excessive red tape includes a requirement to enforce social legislation including small business, labor surplus, equal employment opportunity, economic adjustment, and similar goals through the power of procurement policy. These requirements do detract from the primary mission of the Department of Defense. Red

(continued)

SUBJECT: Problems Industry Faces in Dealing with the Government (Cont'd)

tape also includes an industry concern over excessive public reporting systems, complex management systems and complex contracting procedure. The DoD is aware of these problems. Reporting systems are currently being reviewed, and extensive modification of management systems affecting industry has taken place including a reduction by 50% of DoD Directives and Instructions by ASD(I&L).

BACKGROUND: (Included in answer).

SOURCE: ASD/I&L Frank Shrontz

COORDINATION: None

September 17, 1976

SUBJECT: Cost Overruns

QUESTION: What specific steps are you taking to avoid or lessen cost overruns?

ANSWER: Steps are being taken in three areas to avoid or lessen contract cost overruns. First, OMB Circular A-109 has been issued to require more emphasis on the planning and definition of alternatives during the early phases of the design and development of a new weapon system. Rather than contract on a fixed price basis for the entire design, development and production of a weapon system ("total package procurement"), new systems are being contracted for a step at a time. The Defense System Acquisition Review Council recommends to the Acquisition Executive (DepSecDef Clements) whether to continue the program into the next step of its development and acquisition process. Extensive test and evaluation of the elements of the system are conducted at each step. All of this means that the work to be done on each contract is better defined and less subject to the uncertainties which create overruns.

Second, source selection of contractors for the design and development of new systems is based upon the realism of the contractor's technical and cost proposals. Independent government cost estimates are required as a cross check of the contractor's proposed costs. If the source selection authority concludes that the contractor is "buying-in" by underestimating the costs or

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SUBJECT: Cost Overruns (Cont'd)

overstating the performance promised just to win the contract, another contractor whose estimates are more realistic will be selected.

Third, a better job of monitoring the contractor's progress during development and production is being done. Definite "design to" production unit cost and life cycle cost goals are being established as contractual requirements during development. The contractor's progress in meeting those goals is closely tracked and corrective action instituted when appropriate to make sure that the goal will be met. Contract incentives are being used to focus the contractor's attention upon reducing costs. Profit and investment policy have been established to encourage contractor investment in capital assets that reduce costs. Contractors who reduce cost through improved productivity from one contract to another will be able to earn more.

By contracting in steps, by emphasizing cost and technical realism in source selection, by retaining competition as long as economically feasible, by assigning definite cost and technical goals and evaluation progress against those goals, and by rewarding contractors who reduce cost, the propensity for contract cost overruns is being reduced.

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SUBJECT: Cost Overruns (Cont'd)

BACKGROUND: Recently, the Secretary of Defense has appointed an Acquisition Executive to be fully responsible for acquiring weapon systems and is revising DoD Dir. 5000.1, "Acquisition of Major Weapon Systems" in order to implement new Administration acquisition policy. An Acquisition Strategy will be required for all Major Weapon Systems. New systems will be selected based on the new concept of "Mission Requirement."

An improved contractor Source Selection procedure is being tested (DOD Dir. 4105.62) to avoid unnecessary technical leveling and unrealistically low pricing. Periodic evaluation of contractor conformance to scheduled contract requirements including cost, must still be improved.

SOURCE: ASD/I&L Frank Shrontz

COORDINATION: None

September 17, 1976

SUBJECT: Defense Procurement System

QUESTION: Could money be saved by reforming the Defense Procurement System?

ANSWER: Money is being saved in the Defense Procurement System. Major changes have been taking place in our procurement systems. Recently, the Secretary of Defense established a charter for an "Acquisition Executive" who will be responsible for the procurement of all major weapon systems in the Department of Defense. This will include 115 systems with an estimated total value, when completed, of \$238 billion.

This "Acquisition Executive" will be responsible for all organizations and functions relating to the acquisition of these systems. He will chair the Council consisting of appointed officials having responsibility for research, development, and production as well as the support of the system. He will work with the Secretaries of the Departments to insure that in the acquisition of weapon systems, the required performance is obtained at the least cost of development, production and operation and support.

For the moment, the Secretary of Defense has appointed the DepSecDef to be this "Acquisition Executive."

* In addition, the Department of Defense is currently revising its DoD Directives on the acquisition of major weapon systems to

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SUBJECT: Defense Procurement System (Cont'd)

insure that primary attention is given in all functional areas to the early planning of the program - so that there is better cost estimating, improved design for production, realistic performance requirements, realistic support concepts - all defined before a program goes into production.

* Defense has developed a new Profit Policy for Defense contractors which will place major emphasis on the contractors' investment in cost-reducing facilities.

* Investment by contractors in new equipment which increases productivity and reduces cost is being encouraged by reducing uncertainty in procurement. Multi-year buying is one means of reducing uncertainty in procurement for both the government and the contractors.

* Greater emphasis is being placed upon a program called Value Engineering whereby contractors can submit design changes that will reduce costs and share in the benefits with the U.S. Government.

* A new procedure for the selection of contractors is being tested on sixteen systems, a major objective of which is to avoid "buy-ins" and similar unrealistically low pricing. "Buy-ins" have traditionally caused difficulty for both Defense, the contractor, and the Congress, since invariably it means reprocessing, rejustifications, and changes in order to obtain the proper amount

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SUBJECT: Defense Procurement System (Cont'd)

of funds. Obviously, a "buy-in" destroys the decision-making process and prevents the selection of contractors more capable of developing and producing a system.

* Directives and instructions have been issued and others are in process implementing 24 of the Commission on Government Procurement recommendations which have been approved by the Executive Committee and directed by the Office of Federal Procurement. As other recommendations are approved, Defense will take appropriate action.

* An aggressive program is developing to improve the technology of manufacturing methods employed by contractors in the acquisition of weapon systems.

* Defense continues to take action to improve its procurement system.

BACKGROUND: None

SOURCE: ASD/I&L Frank Shrontz

COORDINATION: None

September 17, 1976

SUBJECT: Technical Leveling and Best and Final Offers

QUESTION: Present procurement procedures may promote "best and final" and "technical leveling" practices that lead to inequities and cost overruns. What can be done to reform these procedures?

ANSWER: The term "Best and Final" can be defined as the final offer submitted by a contractor to the government on a given proposed contractual action. This applies to both technical and costs submissions. The final offer is requested by the government after conclusion of discussions between the government and contractor and after a common cut-off date has been established for receipt of the offers. The term "Technical Leveling" may be described as that process whereby all contractor's proposals are made equal technically through the discussion of individual proposal deficiencies.

In an attempt to alleviate possible inequities in contractor source selection, the Department of Defense is testing a new technique to be applied to proposed contracts for advanced, engineering, and operational-systems development. This new technique incorporates four distinct steps: (1) receipt and limited discussion of contractor's technical proposals, (2) receipt and limited discussion of contractor's cost proposals, (3) evaluation of the contractor's total proposal (including both the technical

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SUBJECT: Technical Leveling and Best and Final Offers (Cont'd)

and cost submissions) and selection of the apparent winner, and (4) negotiation and award of the contract to the winner. This technique is currently being tested on sixteen DoD procurements. The test results will lead to a decision in late CY 1977 whether to adopt the technique on a permanent basis.

BACKGROUND: The problems of technical leveling and best and final offers occur when procedures are not properly followed. In an attempt to be fair to all competitors in negotiated procurements, we routinely point out the deficiencies in their proposals and give them an opportunity to correct them if they so desire. We use the call for a "best and final offer" as a means to establish a common cut-off date for the negotiations so that all have an equal chance. The problems arise when we go too far in telling individual competitors what's wrong with their proposal and how to correct it. It's not equitable to the contractor who submits an excellent proposal to permit another contractor to improve a poor proposal so that it matches the quality of the excellent proposal. If for some reason - such as a change in quantities, requirements, or funding levels - the contracting officer must ask for a second "best and final" offer, the opportunity for a "buy-in" is enhanced, particularly when the contractor feels that his competitors have submitted a lower price and that there is not really that much difference among the various technical proposals.

If the test of the four step source selection technique is successful, we believe that the proper balance between the technical and cost factors in source selection will be restored.

SOURCE: ASD/I&L Frank Shrontz

COORDINATION: None

September 21, 1976

SUBJECT: Reorganization of DOD

QUESTION: What kind of reorganization of DOD can best serve the national interest?

ANSWER: The organization of DOD must be constantly reviewed and modified to meet the constantly changing requirements for defense management and command/control of the forces. Since October 1973 an intensive, deliberate review has been underway to accomplish the following:

- Simplify and reduce staff operations in Washington and field headquarters to increase responsiveness, reduce layering, and improve command and control.

- Reduce support forces to the minimum level needed.

- Restructure and consolidate the world-wide base structure.

Results to date are as follows:

- Reductions in staff levels world-wide have resulted in the elimination of 25,600 headquarters positions since FY 1974.

- In August 1976 the Secretary of Defense announced further reductions in his immediate staff offices averaging 20 percent. The Chairman/Joint Chiefs of Staff has also accomplished significant reductions in the staff of the Organization of the Joint Chiefs of Staff in the last several months.

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- The ratio of combat forces to support forces has been altered dramatically. Over the last three years DOD has reduced support forces by 244,000, while improving combat strength by 29,000. Training overhead personnel have been reduced by 14 percent.

- The Military Services have announced plans to study 149 possible base realignment actions. Most of these studies and subsequent implementing actions are planned for completion during FY 1977. If approved, these actions will result in an anticipated savings of \$248 million annually.

BACKGROUND: None.

SOURCE: OASD(LA).

COORDINATION: Mr. Brehm, ASD(LA).

September 17, 1976

SUBJECT: Competition

QUESTION: It appears from statistics available that only about 20% of defense procurement is being done on open bidding. Can procedures be changed to permit more open bidding for procurement? Will this result in any savings?

ANSWER: Competitive procurement in the Department of Defense far exceeds the 20% alleged. During FY 76, 56.9% of the contract award dollars were based on competition. Of this, 30.1% of the dollar value of the contract awards were made based upon price competition; 12.5% were based upon competition which selected the best technical and design approach. In addition, 14.3% were follow-on contracts awarded to sources that had been competitively selected on prior contracts. The remainder of only 43.1% are contracts awarded on a sole source basis. Sole source awards are only used when the contractor is the only one with the background, technical knowledge or capability to provide the specific work called for in the contract. For example, there is only one commercial source available for large aircraft carriers.

The Department of Defense procurement procedures strongly emphasize the placement of contracts on a competitive basis. Legislation, such as the Armed Services Procurement Act, also emphasizes the need for the maximum competition practicable. OMB Circular A-109, "Acquisition of Major Systems" and DoD Directive 5000.1, "Acquisition of Major Defense Systems" also emphasize the use of competition.

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SUBJECT: Competition (Cont'd)

BACKGROUND: None

SOURCE: ASD/I&L Frank Shrontz

COORDINATION: None