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DoD News Briefing with Secretary of Defense William J. Perry

DOD News Briefing Secretary of Defense William J. Perry Subject: Ballistic Missile Defense program Friday, February 16, 1996 -2:30 p.m.

[The subject of this media activity is the Ballistic Missile Defense program. Secretary Perry is joined by: Dr. Paul G. Kaminski, Under Secretary of Defense (Acquisition and Technology); General Thomas S. Moorman, Jr., USAF, Vice Chief of Staff; Lt. Gen. Malcolm R. O'Neill, USA, Director, Ballistic Missile Defense Organization; Dr. Ashton Carter, Assistant Secretary of Defense (International Security Policy); and Jan M. Lodal, Principal Deputy Under Secretary of Defense (Policy)]

Mr. Bacon: Welcome to our briefing on ballistic missile defenses. We have, as you can see, a stalwart team to take your questions, but we'll only be answering questions on this particular topic, the ballistic missile defense program. Dr. Perry will start off, and he'll be supported by Dr. Kaminski, we have General Moorman, the Vice Chief of Staff of the Air Force here talking for the Joint Chiefs of Staff, General O'Neill of the Ballistic Missile Defense Office. We have Ash Carter, Assistant Secretary for International Security Policy, and Jan Lodal, who is the Principal Deputy Under Secretary for Policy. Dr. Perry?

Dr. Perry: All of our adult lives we have lived with a dark cloud having over our head, threatening the extinction of all mankind with a nuclear holocaust. Now with the end of the Cold War that cloud is drifting away. The whole world breathes easier. But that cloud is not yet gone. Nuclear powers still hold thousands of nuclear weapons, along with many hundreds of missiles to deliver them. And many nuclear wanna-be countries, some of them rogue nations to which the calculus of deterrence does not apply in the same way, many of these have obtained ballistic missiles -- short range ballistic missiles -- and are trying to get longer range ballistic missiles.

Considering the situation, it is still true today what Andre Sakharov said during the Cold War, namely that "reducing the risk of annihilating humanity in a nuclear war carries an absolute priority over all other considerations."

That will be the subject of this briefing today -- what we can do to reduce the risk of nuclear conflict. We're going to talk specifically about one component of that, what we do to meet the ballistic missile threat. I have described this now in terms of the threat to the theater and to the United States. The theater from short range ballistic missiles which pose a threat to our allies and to our troops deployed in the theater, and then the longer range missiles which are a threat to the United States.

Our strategy for dealing with this has three different components: preventing and reducing the threat; deterring the threat; or defending against the threat. We'll be talking today about defending against the threat, but I wanted to put this into context, because when we think about this problem we do not think just of defense; we think of this whole complex strategy.

For example, preventing or reducing the threat in the theater, we have the Non-Proliferation Treaty, the Framework Agreement with North Korea, the INF Treaty, MTCR, export controls, all of these work together as ways of preventing or reducing the threat. The threat to the United States, reduced through the START treaty, through the START II treaty if it becomes ratified in Russia, and we've had an extensive program on actually dismantling the warheads and the missiles that have been directed against us in a so-called cooperative threat

reduction program which is supported by the Nunn/Lugar funds. So this is our first line of defense against ballistic missiles -- preventing and reducing that threat.

The second line of defense is deterrence. In the case of the strategic missiles, threats to the United States, our strategic nuclear forces have been a bulwark of deterrence for now three decades. That will continue. We have smaller nuclear forces now than we did a decade ago, but they are still very powerful and quite capable of carrying out this deterrence mission.

In the case of the theater forces, we have theater nuclear forces to serve as deterrents, and we also have a counter-proliferation function in that we can have some level of deterrence of limited nuclear attacks by the very power of our conventional forces.

Now finally, if these two lines of defense do not work, we have to be prepared to defend directly against a threat. In the case of the strategic threat to the United States, the national missile defense program, which we will talk about today; and the theater missile defense lower tier and upper tier program. We'll be discussing these programs today.

The first aspect then is defending against the threat, what is the nature of that threat? The theater threat, short range missiles, that threat is here and now. We saw it demonstrated in the Gulf War. Besides the Iraqi missiles, we know there are many missiles in many countries. More than a thousand, many thousands of missile are out there and deployed today in these short range ballistic missiles, and as many as 30 different countries -- some of these quite hostile to the United States. But we consider this threat, this threat is here and now, widely disbursed, and it has to be taken very seriously.

In addition to that, we see a medium range threat emerging. Some rogue nations are developing their own medium range missiles, in particular North Korea developing the No Dong missile. Some other rogue nations are buying these missiles or trying to buy them. Iran is a case in point there.

Besides the missiles with the conventional warheads, we have a threat today from chemical and biological warheads. We now know what we suspected during DESERT STORM, that Iraq already at that time had chemical warheads that could have been put on the SCUD missiles. It's an interesting consideration as to why they did not use them during that war, whether our counter-proliferation worked, namely the very great conventional forces we had simply overwhelmed them, or whether they feared a response from nuclear weapons. Whatever the reason, they were deterred from using it, but we do know that that chemical threat existed.

We believe that Iran, North Korea, and Libya all have extensive chemical weapon programs.

In addition to that, we anticipate a nuclear threat being possible in the future. We know in retrospect that Iraq was very close to a nuclear weapon at the time they started the Gulf War -- fortunately, not all the way there. We know that North Korea was close last year. That program in North Korea is now stopped by the Framework Agreement. And we know that Iran is working to achieve a nuclear weapon program, but we believe they are many years away. So we will keep a very close eye on the nuclear possibility. It is not now a threat that we are facing from the, in the case of the theater missiles, with these so-called rogue nations.

We go to the strategic missiles. All of the declared nuclear powers have a significant capability for delivering these weapons with strategic weapon delivery systems -- both missiles and long range aircraft. None of them do we see as a threat to the United States in the foreseeable future. That is, we do not see an intent that goes with the capability. All of them would face a significant U.S. deterrent should that situation change.

We do not see a near term threat from the so-called rogue nations, but we cannot be complacent about that. Such a threat, the threat of long range missiles from these rogue nations, could emerge in the future. It has been estimated that that threat would take 15 years to develop, but that could be accelerated if these nations were capable or were able to succeed in their programs to try to get an outside acquisition of this capability. Therefore, our counter-proliferation and our anti-proliferation programs are very important.

Let me now briefly discuss what we do to defend against these threats. If we ever have to defend against them, these are the defense systems that we are considering. We've got a large number of programs. We spend billions of dollars a year on these programs.

First of all, we have programs already deployed. The Patriot system and the standard missile which is on Aegis are capable of defending against some classes of ballistic missiles -- particularly the short range ballistic missiles. Their capability is limited in terms of what we call the footprint, which is the area they can cover. They are very good at defending themselves and a small area around them, but they do not have much wide area capability.

Therefore, we are developing a new generation of systems to deal with that problem. In the case of the theater defense, the Patriot III, so-called PAC-III and the Navy Area Defense, are the two immediate systems to deal with the immediate threat. They have a substantially increased area coverage over the Patriot and over the standard missile. But as we'll develop in the briefing, not as much as this so-called upper tier. These upper tier systems.

Our emphasis will be on these two programs, our timing emphasis, because that is where the threat is here and now and immediate. This is where we have to get the rubber on the road, to expand the capability we now have in the very limited Patriot and the very limited standard missile.

The upper tier systems, as Dr. Kaminski will describe to you, give us a much wider area of coverage, and therefore are capable of not only protecting a wider area, but defending against missiles of longer range as they become developed.

So in the sequence of developments, these will come out first, and the upper tier will come out later.

In the case of defense of U.S. territory, we are emerging now from a technology readiness program to a deployment readiness program. Dr. Kaminski will describe that to you. We are moving in this program, we're changing the national missile defense program to ready ourselves for a deployment decision in three years, and he will brief you on the details of what we're going to do to achieve that.

In addition to all these programs, we will sustain a robust technology based program that is capable of preparing ourselves for future threats as they emerge.

This is a complex and expensive set of programs. In the last year, these programs have been criticized from two different directions. On the one hand, the Congress has criticized them, some members of Congress, because we were spending too much money on them, some because we were not spending enough money. Some because we were moving the programs too quickly. Some because we're not moving them quickly enough.

The JROC, Joint Requirements Council, criticized them from two different points of view. One, they said we have too many programs and we're spending too much money on them. And secondly, we were not focused sharply enough in dealing with the here and now threat.

With all of this criticism, some of it quite [appropriate], we decided that we needed to look intensively into this whole set of programs and look for a program restructuring.

Winston Churchill once said about Americans, "The bigger the idea, the more wholeheartedly and obstinately do they throw themselves into making it a success." It is an admirable characteristic, provided the idea is good. That was the issue we were looking at, which we asked Dr. Kaminski to look at in this study. We were throwing ourselves wholeheartedly and obstinately into our ballistic missile defense program. We want to be sure that the idea is good -- not just in general, but in specifics -- so that as we throw ourselves into making it a success, we are making a success of something whose ideas we have complete confidence in.

I'm going to ask Dr. Kaminski to come up to the podium now and describe to you the results of his study and the restructuring of the programs that are going to result from that study.

Dr. Kaminski: I've been involved now over the past several months in the review that Secretary Perry described. As he said, one of the reasons for this review was the belief expressed by the Chairman of the Joint Requirements Oversight Council that our BMD program was funded at a higher level than were other higher priority pressing modernization or recapitalization needs. When I finish my presentation, I'm going to ask General Moorman, who is representing the JROC in Admiral Owens' absence today, to give you a little proscriptive look back at how where we've ended up seems to fit in that overall scheme of priorities.

During the past several months, we have identified what I believe is a more balanced program, one that is more affordable, and one which is more easily executed. It is also better matched to the missile threats that we'll be facing.

This new plan makes use of all of the funds in FY96 that were appropriated for missile defense -- both the funds that were requested by the President, as well as the funds that were added by the Congress.

If I might have the first chart, please.

This review reaffirmed these fundamental priorities in our missile defense program. The first priority being to defend against theater ballistic missiles and cruise missiles. Of this first priority, the first underlying priority is to field systems to defend against the existing short to medium range missiles that are deployed in the theater. This is our so-called TMD lower tier systems that I'll talk about more in the future.

The next priority was to proceed at a prudent pace to add wide area defenses and defenses against the longer range theater missiles as that threat emerges. This is the so-called TMD upper tier program.

Second in priority was to develop a capability to defend against ICBMs and cruise missiles which may threaten the United States in the future, the so-called national missile defense program.

Finally, developing a robust technology base to underlie these two programs --- both the TMD program and the NMD program -- to be able to advance our capability over time as the threat systems may become advanced.

What I'd like to do now is illustrate these systems and how they fit.

This first chart describes the situation in the theater today. We have two systems that are fielded. We have the Hawk which is fielded by the Marine Corps; and the PAC-II, Gem System. The areas covered on this chart give you some sense for the sort of area covered or protected by the system. The Hawk capability is very limited, very thin. The PAC-II capability is the capability that was used in DESERT STORM. The Gem capability, in fact, is an enhancement over that basic PAC-II capability which we have now incorporated and fielded. It gives the system a more robust capability than that which we have fielded in DESERT STORM, but still not a sufficiently robust capability, in our opinion, to deal with a deployed threat.

So our first priority in this whole program is to enhance this capability of our lower tier systems beyond the capability that we now have deployed, and that's shown on the second chart.

These are the two systems that we have in development now for our lower tier capability, and I've drawn, again, these protection umbrellas to the same scale I had done in the previous chart, to give you some feel for the enhanced area covered by these two systems.

The first system is the PAC-III, the system fielded by the Army, which is a much more capable derivative of the PAC-II system. It, in fact, involves a different kill mechanism. Rather than an exploding warhead, this is a hit-to-kill system. I can't really illustrate suitable on this diagram the enhanced lethality that goes with it. I can only illustrate the enhanced area coverage, but the enhanced lethality is equally important.

Also shown on the chart is the Navy area system, previously referred to as the Navy lower tier system. This is a capability possessed by the SM-2, Block 4A missile when it completes its development, that would be carried on Aegis ships. This capability has the advantage of being mobile, that is being able to be deployed on ship to a theater.

Neither of these programs involve a significant technical risk at this point. What's ahead here is a matter of execution of the programs to complete development and to field these two programs, and what we intend to do, as I'll describe to you in our execution program, is to ensure that we have a robust program to proceed with both of these to field this capability and to do so as early as possible.

Our next priority here are the upper tier systems. The first one that I've illustrated, again to scale with this diagram, is the THAAD system, the Theater High Altitude Defense system.

What you see here is a substantially extended area of coverage. This coverage is suitable to provide coverage for a greater diversity or dispersion of forces. Also provides a capability to protect population centers.

The principal addition provided by this capability is the ability to deal with our longer range theater missile threats as they begin to evolve and emerge over time. This also provides us with what I would call a shoot-look-shoot capability. That is the ability to engage multiple times to be able to reduce leakage down to the ground.

We have made a significant adjustment to this program, keeping on track our early deployment of the system, but we are making some out-year adjustments that I'll describe in a subsequent slide.

The system added here is the Navy theater-wide system. This adds the same generic kind of capability that I illustrated earlier in the upper tier THAAD system, again providing longer range of coverage and a wider area protected. This offers some different capabilities or complimentary capabilities as well, in that it would be envisioned to have some ascent phase intercept capability, and also the capability to be deployed on an Aegis ship to the theater -- not depending up on a system in place.

This is the least mature of all of our systems, not only of the upper tier, but all the systems taken together. We were proposing funding this program in our '96 and '97 budgets at a very low level for technology demonstration work, on the order of about $30 million per year.

Let me describe now where we've come out in our lower tier approach. Our intent here is to build on existing infrastructure and prior investments in the programs that we will build on. As I said, given that this is our first priority, our interest is to deploy as soon as possible.

As we reviewed the Patriot capability, the PAC-III system, what we found is that this program was not whole. There were some fact of life slips in the schedule of the program and the program was not funded at a level commensurate with what I just described as our priority to get the system fielded and to have a robust program. So we ended up adding about $300 million to this program through the FYDP to make the program whole and executable.

As we had some facts of life slips at the beginning of the program, we adjusted the end point of the BMD program in concert with that so that we didn't take on a higher risk program.

We also looked at fielding the system. We'd originally planned to field nine battalions of the system. We decided, instead, to plan on fielding six battalions, and to hold in reserve the three additional. Those would be held in reserve for a program called MEADS which I will describe to you in a little bit. It's a program that's just beginning at this point.

We also made a decision to improve the electronics and the performance of this system somewhat over what was in the baseline system.

The second of the lower tier programs, the Navy area defense programs, we found some of the same problems, although to a lesser degree. We ended up adding $150 million to this program through the FYDP, again, to make the program fully executable on a moderate risk profile that's consistent with our priority in wanting to deploy the system. This will maintain our base development and procurement schedules for the program. So I would summarize by saying these two programs are whole, and they're consistent with our emphasis on robust and early deployment.

In our upper tier systems, the most mature of these systems is the THAAD program. We were funding this program on the order of about $700 million per year going into this review.

As we conducted this review, our assessment was that it was important to keep in place this UOES concept and schedule. UOES stands for user operational evaluation system. This provides us the capability to provide a very limited deployment, but early on where it's needed. This would be a deployment of about 40 missiles and two radars, which could be maintained early in the theater.

We made a conscious decision to keep that program on track but we restructured the subsequent program, taking about $2 billion out of what was a $5 billion program through the FYDP.

What we will be doing here is two things. One, is delaying the production ramp-up and the full unit equipage, delaying that by a little over two years. The second thing we will be doing, we really had two major configurations of the system. We had the UOES configuration, the early deployed configuration, and then we had an objective system. The objective system had many enhancements incorporated in it. We applied our cost as an independent variable approach here to look at those enhancements, what they cost and what they bought us. What we ended up with, which was an approach that went about halfway towards the original objective system, it included things such as seeker and radar improvements, but it did not incorporate all the improvements that we would have had in the objective system that was the baseline.

So what we have ended up with I describe as UOES-Plus. That is, it's an enhanced system over what would be deployed initially, but not enhanced to the level that was in the baseline objective system.

In the Navy theater wide program, what we have committed to do here is to begin concept definition studies and technology demonstrations to be able to pick the best solution. This is a program in which there was a substantial add by the Congress in FY96. We had funded this program at $30 million in FY96, and had planned to fund it at $30 million in FY97. The congressional add in FY96 was $170 million. We have elected to spend that money over two years and not begin a full commitment to this program at that rate, but to proceed with a more gentle ramp-up that will allow us to proceed to a system level intercept flight using a combination of the Aegis platform, the standard missile launch and propulsion vehicle, and the leap configuration of an intercept vehicle. But as I said in the first bullet, in parallel we will be doing some concept definition studies to find out what we think is the best configuration to proceed with on this program.

We have made a substantial add to this program, starting out at a slow pace, as I indicated, but through the FYDP, about a $600 million add has been made to this program for it to ramp up to a significant annual investment. The average is about $130 million per year.

The last of the lower tier related system is the MEADS, the Medium Extended Air Defense System. I show this system last because it really is a different character than the other systems. For example, the PAC-III system is oriented in a particular threat direction. This is a system that provides 360 degrees of coverage. This is a highly mobile unit to be deployed with our forward and maneuvering forces. The system which provides capability against TBMs and cruise missiles and other air-breathing threats as well. This is a program that we are proceeding with in cooperation with Germany, France, and Italy. We are soon to sign an MOU beginning this program. We've signed a statement of intent to begin it. We've added funds to this program. It's at the rate of about $30 million per year, to take us through a program definition/validation phase that completes in '99.

This is a program that would replace Hawk that I showed on the first slide, and also would ultimately replace Patriot. As I indicated, we're holding three of those Patriot battalions in reserve which would be filled with this MEADS system when developed and deployed.

Let me now switch to the second major priority, national missile defense.

Here our intended program is to position the U.S. to respond to a strategic missile threat as it emerges. We are not making a commitment to deploy the system today. What we are doing, though, is shifting our emphasis from a technology to a deployment readiness. Secretary Perry in his testimony last year described this so-called three plus three program that we were considering.

What we've done here is made a commitment to the first three of the three plus three that Secretary Perry described. So within these three years of development, what we would do is develop and begin testing of the elements of an initial national missile defense system. If after three years we saw a threat situation that warranted a deployment, in another three years that system could be deployed. So from where we stand today, deployment would be six years away. If a decision were made to deploy after the first three years, that IOC could be achieved in 2003.

What we will be doing here is taking the $370 million that was added by the Congress in FY96 and spending these funds over two years to make a more reasonable startup of a program that can be sustained. We will be spending more early in the FYDP and less later. We expect to increase our investment by $100 million a year in both '97 and '98, and once this development base is built up, to reduce our funding by a commensurate amount in the out years so the net change to the FYDP ends up being about zero.

The development program that I'm describing, this three year program, will be a treaty compliant program. The system components that are being developed could either comply with existing treaty limits, or if the threat situation warranted -- and I underscore here that we're not making any commitment to a deployment. A deployment decision of any sort is conditioned on seeing a threat that we believe warrants the expenditure of deployment funds, but we would have the components available as well, if the threat situation demanded, to allow us to deploy and to make technical adjustments to the treaty should they be required by that specific threat situation.

We will preserve thereafter, the capability to deploy within three years, enhancing the base from which we would make that deployment departure over time, continuing in this process to advance the technology, to add elements as required, and possibly, to reduce deployment time lines as the situation warranted.

I think this program is best illustrated by this diagram. What we have committed to fund is this yellow line, so we'll be moving down here in a track in which after three years, '97, '98 and '99, we will have the option to make a deployment decision. If the threat warrants making that deployment decision, then we'll move off on this green arrow, and it will take us three years before that system is deployed, so the first deployment date will be 2003.

I want to emphasize that the green arrows here aren't funded. There's no money in the budget to fund the execution of that deployment. Those funds would have to be added at the time that we see the need to make that deployment decision.

Q: How much does that cost?

A: It depends on the option looked at. The lowest price options are probably in the range of about $5 billion, and they go up from there depending on how robust.

What we would intend to do in this baseline program is to continue to enhance our base, to have a more capable set of components and system capabilities, so that if we deployed some time later on, the capability would be enhanced. I've illustrated that schematically by the relative capability at the bottom. There is an error on this chart. This yellow here should be green. Everything green on this chart is unfunded. Everything yellow is funded in the program. So the idea is, if we move quickly in response to a threat that we saw in three years, the kind of capability that would be fielded in 2003 would be a very limited capability. It would be a very thin capability.

The scale is supposed to be the relative capability, the performance of the system, how robust it is against threats. What I'm trying to illustrate here is if the deployment were made in the near term it would be a fairly thin capability. As time goes on and we continue to enhance the base, the capability that would be achieved with the deployment would continue to enhance. The issue here is that what we want to do is to be in a posture to be three years away from deployment so that we can respond to any visible signs of the emergence of a threat. It doesn't make sense to us to make a deployment decision in advance of that because the capability that would be achieved would be lesser. What's sensible to do is to continue to enhance the capability so that the base you have to build on is an improved base, but you can exit from when it's needed. So that the capability, when it's deployed, is the best, most cost effective capability that's available at the time.

The last element of this program is the technology base. To continue to advance our capability to counter future and possibly more difficult threats. This program underpins both the TMD and the NMD program. Particular components that would be developed for each would be distinct and separate, and but the technology that's being developed has a role to enhance both. It will allow us to provide block upgrades to baseline systems that were developed, to perform tech demos so we can reduce risk and provide a path to more speedy technology insertion, and it also advances some of our basic underlying technologies to provide a hedge against surprises as we proceed.

We will continue technology projects that are underway today. concepts that we will be proceeding with are UAV airborne intercept boost phase capability -- this is a very low level funding tech demo kind of capability to the tune of about $10 million per year.

There are other programs that will be funded as well, although they're not funded as part of this program. A key example is the Air Force airborne laser system. We're also funding some sensor systems that will provide a key complimentary base that will be required for cruise missile defense, to be able to look beyond the horizon.

We will also maintain our space-based laser effort for possible far term boost phase intercept solution. This will be funded at the rate of about $30 million per year.

In summary, our BMD priorities end up remaining as they were in the past. The first priority, theater missile defense, to deal with the threat that exists today. Second, to national missile defense. And third to the supporting, underlying technology base.

The changes that I've described to you I believe respond to the threats, to the priorities expressed by the Joint Staff, and also to fact of life changes in the program status.

The TMD program that I described fully support deployment of initial systems for the high priority lower tier systems I described, and provides us the ability to deploy upper tier systems in response to the threat, and the availability of funding for those systems.

Our NMD system is taking on the focus, moving from a technology readiness posture to a deployment readiness posture -- putting us three years away from the deployment of an initial system, allowing that decision to mark downstream, as I showed you, in the yellow area, in the yellow arrow.

The last element is a technology base which will continue to advance the critical technologies to deal with future threats as they develop.

I would like to invite General Moorman up to the podium in the absence of Admiral Owens today. I'd like to give him some sense of the JROC's view of where these overall priorities have come out in the grand scheme of things.

General Moorman: Thank you, Dr. Kaminski. Good afternoon, ladies and gentlemen.

As Dr. Kaminski said, I'm Tom Moorman, I'm the Vice Chief of Staff of the Air Force, but today I'm not going to be speaking to you as the Vice Chief, but rather representing Admiral Bill Owens. I want to talk to you about the JROC perspective of theater missile defense because we went through an independent review in this area.

Perhaps it's appropriate to say a few words about the JROC beforehand, to put this council into context for you. The JROC grew out of Goldwater/Nichols. It brings together the service Vice Chiefs, and it is chaired by the Vice Chairman of the Joint Chiefs of Staff.

It is an activity that the Vice Chiefs spend somewhere between 10 to 15 hours a week in meetings, reviewing joint capabilities. What I mean by that is programs like intelligence, surveillance, and reconnaissance; like

command and control; like strike; like global mobility to assess the capability of our forces to fight together jointly.

Another thing we do is we keep track of the formal requirements process. Our intent there is to make sure that we're vigilant, that we don't have requirements creep and we are in the front end identifying the kind of new programs we want to build.

In spending that much time on the weapon systems for the Defense Department, we see a lot of challenges ahead of us. They're challenges like duplication. They're challenges in trying to ensure jointness and interoperability.

But the biggest challenge, and the thing that drove the look at theater missile defense was a need to free up money for recapitalization. You may have heard General Shalikashvili mention the fact that it is our goal to have $60 billion worth of procurement dollars a year to recapitalize the force. That is a major challenge.

What we want to do is, in that recapitalization effort, fund the highest payoff, highest priority efforts.

So with that as a background and that in context, the JROC reviewed theater missile defense. Initially, it was an independent review, and I'll come back to the interaction that we had with the acquisition community and Dr. Kaminski's study. But as Dr. Perry said, the JROC had a view that theater missile defense needed a look. One of the reasons was that it was one of the highest threats and most difficult problem that grew out of the desert war, and we have not fielded anything since then, so we wanted to make sure the emphasis was continued to be placed on missile defense.

We also believed that the program, as Dr. Perry mentioned, we thought there may be perhaps too many programs, and that the emphasis should be on the near term threat.

Finally, and every bit as significantly as the other reasons, is we wanted to make sure we had harmonized the Army and the Navy programs, and I'll come back to that.

We met several times on this subject, and in addition to that, we enlisted the counsel of retired general officers from every service. We made some conclusions that I'd like to share with you. These conclusions were in the form of recommendations from the JROC committee to the Chairman and the Service Chiefs. I want to emphasize that these recommendations were very much threat driven.

One of the recommendations was to add dollars to the next generation Army system -- PAC-III, and the next generation Navy system, Navy lower tier. The reason for that was to ensure stability and viable insurance on those programs to ensure they would be delivered when we needed them.

We also harmonized the target sets. What I mean by that is, we considered both the Army and the Navy program together and the concept of sharing the mission. This allowed us to recommend a buy of fewer missiles, thus saving quite a bit of money.

We plussed up battle management command and control which we believed had not gotten sufficient emphasis, and we directed that there should be an integrated joint architecture for theater missile defense. We believe that there was prudent risk to slow down the THAAD program, the Army THAAD program as well as Navy theater wide program.

Thus, we had a recommendation in our slowing down was to move out THAAD from a 1998 system for first equipped unit, from 1998 to 2002. We also recommended adding money to Navy upper tier.

To manage the risk, however, we kept money and kept schedule on the User Operational Evaluation System, UOES, such that that system will be available, first unit equipped will be available in a prototype form in 1998 with one battery of about 40 missiles. One unit.

Part and parcel of these recommendations was the consequence that we now recommend that you reach a decision point for the upper tier system in approximately the 2002, 2003 time frame. At that point we'll come to

a decision point and should have the requisite technology having been developed to decide whether to go ahead and buy either a THAAD and an upper tier, or an Army THAAD and a marinized THAAD, or conduct dissimilar competition between the two.

As in Dr. Kaminski's study, we also looked at other capabilities in addition to these missile systems. One of the things we put a lot of emphasis on was sophisticated strike ops. The reason for that is that what you would like to do, if all things were equal, is kill the missile before it ever launches. So we decided to recommend putting money against strike systems and sensor systems for advanced strike ops.

As Dr. Kaminski mentioned, we also endorse the airborne laser program that the Air Force is running, but endorsed it as a technology demo that would be complete somewhere around the turn of the century. And at that point, we would judge the overall utility of an airborne laser system.

The timing there is very important, because as you know, it fits in with the upper tier and with another piece of that puzzle, but in this case it's a piece that deals with boost phase as opposed to terminal or mid-course.

The JROC, switching to NMD, endorsed adding money to the NMD program. That primarily was to prepare ourselves for that uncertainty and reduce some of the program risk and provide a hedge against threats that Dr. Kaminski described to you that are uncertain at this time.

Having done all this, this was documented in a letter from all the Service Chiefs and the Chairman to the Secretary of Defense. It provided an input to Dr. Kaminski's study, and over the course of the last several months, Bill Owens, representing the JROC, and Dr. Kaminski got together, and we were very close together, quite frankly, in our view of this program and the priorities.

Let me summarize where we are from my perspective. The JROC reviewed this program, put an awful lot of time reviewing this program. We reprioritized theater missile defense. In the near term we bought insurance by plussing up PAC-III and Navy upper tier. In the long term, we believed we made the program more consistent with the threat. And I think if I would characterize it in terms of a couple of nouns, it would be balance and proportionality. I think that's what we brought to it.

In dollars and cents, as Dr. Kaminski said, the ultimate result was saving a little over $2 billion in the FYDP. I believe it was an excellent example of not only the services working together in this unique body called the JROC, but also once we got a uniform view, and excellent example of the acquisition and requirements communities working together to handle a very vexing problem.

That's my statement, and I'd be pleased along with Dr. Kaminski to take some questions.

Q: Can you tell us what you're going to spend the $2 billion in savings on?

Dr. Kaminski: I cannot tell you specifically, no. Because that savings will be spread over a lot of different programs. But the premise that we had in doing that, or one of the things we recommended, that where you are saving money in service-specific programs, we would try to return money to the services.

Q: So the money goes back to the services for them to spend on recapitalization...

A: In the case where it is a service program. When it's General O'Neill's money, for example...

Q: I don't really understand what's going on with space based intercept. I thought that from the policy perspective that the threat of chemical and biological weapons was such a high priority that you considered it another top priority to destroy enemy missiles over their space and not ours. What has changed that's made you...

A: The priority hasn't changed. The availability of solutions is what's driving our investment. We think the Air Force investment in the technology demonstration program, in the ABL program, is a wise investment. Along with that, we're just making a small supplementary investment in a kinetic kill program, which is more advantageous, potentially, than other things we've looked at in terms of its ability to be forward deployed over a theater. But what we're dealing with here is an absence of good, other robust solutions.

I also want to come back to the comment General Moorman made about TAC operations. That is another way to address that problem.

Q: When you say kill vehicles, are you talking about the TAC operations of fixed wing aircraft solutions?

A: The technology program I was talking about was a UAV-carried kill vehicle. In attack operations we're talking about a variety of fixed wing, land-based, systems like ATACMs could play in that. Being able to attack with ground-based missile systems, air delivered munitions. The issue there has to do with more often the associated surveillance defined the threat systems.

Q: Do you think they're still going to fund a six wing attack option?

A: We're going to fund the $10 million a year demonstrative program that I described, the UAV program.

A: Let me comment quickly on that because I might have confused you. On ABL, that is funded in the Air Force, and you're quite right, we consider that extremely important, and your comment about being able to get it early, and that's the reason for that. We've got a lot of money leading towards that concept development, the tech demo after the turn of the century.

The sophisticated attack ops are generally funded within the airframes or the systems that would use them, for example. We're looking at sensors and weapons, for example.

A: Let me explain one more piece of the strategy. The ABL has some key demonstrations coming up. Within a year or so there's a key propagation demonstration associated with propagating a small beam of energy through an awful lot of atmosphere. We'll know a lot more about where that program is headed when we complete that demonstration in a year. What we wanted to have is a hedge. That looks like our most promising program. We're carrying this other technology demonstrator as a hedge, as an alternate means to address the problem.

Q: I wanted to ask about the Patriot. You're adding $300 to the PAC-III. Does that result in the system being available earlier than it otherwise be?

A: No.

Q: When is it going to be available?

A: The first unit equipage for the Patriot will be in FY99. This is not advancing the deployment date. This is really dealing with facts of life adjustments. The program was started late. It is behind schedule by about five or six months and there were some disconnects in the program. So what we wanted to do was make sure there was ample reserve and ample funding in the program to meet its milestones, to have it be a stable, executable program.

Q: So it's not going to be available any sooner, and fewer battalions are going to have it, and you're spending $300 million more. That doesn't add up.

A: The additional battalion savings that would come from those are coming in the out years. They're at the very end. What we're not doing is not buying systems at the end.

Q: In other words all nine are eventually going to get in?

A: All nine, only six of the nine are planned to be fielded with the PAC-III. We're holding three in reserve that could be fielded with the MEADS. But what I'm saying is the last three are coming at the very end, and I think actually fall out of the FYDP. You don't see them in the FYDP numbers. There will be a reduced missile buy in the out years that go beyond the FYDP.

Q: What year is that?

A: I don't know what year that last buy is in. We can get that, but it's out at the end of the FYDP.

Q: The FYDP?

A: The end of the Future Years Defense Plan. The plan goes for six years starting with the current budget year. The numbers I've been quoting to you are all Future Years Defense Plan Budget. I haven't tried to take all these to program completion. So when I've talked about adds or plusses, what I've done is summed the years in the Future Years Defense plan. This budget year out through 01.

Q: The current fiscal defense authorization bill which was signed into law last weekend identified four core programs, including the Navy upper tier and THAAD and it set specific deployment dates which appear to be much sooner than your program. How do you square your program with the current defense law?

A: Our program represents our best efforts and our best balancing of the expenditures. In some cases, those milestones would be difficult or impossible to achieve even with more funding, given the fact of life where the program is. In other cases, those milestones could be achieved with funding beyond what we have. It's certainly the Congress' option in our '97 program or out to add the funding to try to get to those milestones.

Q: General Shalikashvili yesterday expressed some frustration that five years after the Gulf War when the largest single group of casualties was caused by a missile, we don't have any fielded missile defense system, and as he mentioned, these programs have slipped. Why is that? Why hasn't there been a missile defense system fielded, and what caused the slippage?

A: There is a missile defense system fielded, the PAC-II system which is a thin system.

Q: It was originally designed as an anti-aircraft system and it's very limited.

A: Yes, it is very limited. The Gem system provides some enhancement to that. The system we're developing now... These systems take time. They've got to be tested...

Let me just indicate for you the sort or problems that you run into. When systems are reaching out a few hundred miles, imagine the complexities of finding ranges to do those tests, to work through the clearance issues. These are large and complicated programs, and it isn't simply a matter to field them in the air. We're moving out full bore on our PAC-III and our SM2-Block 4A programs. Those programs are not funding limited.

Q: It seems like you rearrange all the marbles in his air defense kit bag, but you didn't actually terminate any programs. So was that a consideration, actually terminate programs?

A: What we did here was delay the start of a major program. That is the kind of wrap-up that would have gone with a congressional add to the Navy theater wide system, would have made a commitment to a full blown start of a program. So it depends on whether you want to call it a cancellation -- in this case it was delay of a commitment to one of those core programs.

What we did on the other hand, was to ensure that the programs we had were fully funded and executable programs. Even in the THAAD program where we made an adjustment to the out years, we kept intact the critical core of that program to deliver the UOES capability. So what I did not want to do is what I will describe as a salami slice, of cutting something from each program without any expression of priorities. Instead, what we did was fully funded the programs we thought were important and deferred the start of the ramp-up on the NTW system.

Q: Which national defense option are you going to pursue in order to meet your three plus three?

A: We're not committed to a specific deployment option. We will be looking at many components and testing them. There will be some necking down that will constrain the options that are available to us. It's too soon for me to tell you where that would be constrained to at the moment.

Q: Do you expect the 40 THAADs to be available for South Korea to meet General Luck's request? If a decision hasn't been made, is there some idea that that is how you would meet General Luck's request?

A: That's certainly an option. I don't get to decide that. My job is to develop them and have them available and the CINCs' priority system will decide where they get distributed. That certainly looks like a place where they might be used.

Q: That is how they're set up then. They're not experimental and they have to stay at an experimental base. They could be sent to...

A: No. The idea would be that it would be available for operational employment. But understanding that it is a DEMVAL system or a prototype system. It wouldn't be fully supported with logistics, for example.

Q: But it definitely would be a factor in satisfying the CINC's requirement.

A: You're quite right.

Q: I'm not quite sure how you get the $2 billion savings. You take $2 billion out of THAAD, but you're plussing up a bunch of programs. When I do my math, it falls short of $2 billion. What are your total savings?

A: The total are... Actually it's about $2.5 billion when I count all the programs, I think.

Q: That's the money you save past the FYDP?

A: Through the FYDP. All the numbers that I'm giving you cut off at the FYDP.

A: One of the large expenditures was for an advanced capability that we put in starting in '98. There was $1.171 billion in that advance capability. If you look at the moneys that were put in the Navy theater wide and into MEADS, that adds up to about 600 and something. So out of that line alone there was about $500 million that could be called part of this $2 billion savings.

A: This advance capability was a wedge to be allocated to programs as we necked down. We hadn't done the necking down last year.

Q: Can you put a number on the BM-C3I plus-up? And will any of that go towards improving currently fielded systems? I know General Peay over at CENTCOM has in the past said that that capability isn't quite what it should be over in the Gulf.

A: I can't give you one number for the BM-C3I plus-up. Some of it is in communications, for example, in the development of procurement of systems like CEC, in JTIDS for better communications. There is some increase in both of those accounts.

Some work we're doing here is in improving our sensor base. For example, we're starting an early ACTD program to get a sensor system up in the air where it can see an extended horizon. This is an aerostat program that will be done. So there's several different initiatives. I have not collected them down to give you one number.

Q: How about currently fielded systems?

A: Ask the question again, I'm sorry.

Q: Is it included? Systems currently deployed?

A: Like PAC-II?

Q: Like PAC-II.

A: Yes. As a matter of fact, some of the work we're doing, for example, with CEC would enhance deployed Navy systems, and yes, there are some other enhancements for the intelligence support.

A: There are also funds outside (inaudible) that is going to help this problem. He mentioned CEC, but I also would say a major plus-up in JTIDS, in Link 16, to make us much more interoperable. That's one of those things that the JROC has pushed very hard on and that the Department has funded.

A: I think there's a little confusion here. The review I've been reporting on has to do with the funds in the BMDO account. So things are happening outside of these accounts in other enhancements we looked at, but I wasn't reporting those financial figures to you.

Press: Thank you.