

land, West Virginia and the District of Columbia, will insure public enjoyment of the outstanding recreational, natural and historic resources of the canal. Authorized to be appropriated for land acquisition was \$20,400,000.

[Public Law 91-665, 84 Stat. 1981, H.R. 19928]

SUPPLEMENTAL APPROPRIATIONS, 1971

LEGISLATIVE HISTORY

House Reports: No. 91-1688 (Committee on Appropriations) and No. 91-1704 (Committee on Conference).
 Senate Report: No. 91-1430 (Committee on Appropriations).
 Congressional Record, volume 116 (1970): December 10, 22, considered and passed House; December 14, 28, considered and passed Senate.
 Approved: January 8, 1971.

DESCRIPTION

Included in this supplemental appropriations act were funds for several departments and agencies concerned with environmental affairs.

[Public Law 91-667, 84 Stat. 2001, H.R. 18515]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS, 1971

LEGISLATIVE HISTORY

House Reports: No. 91-1310 (Committee on Appropriations) and No. 91-1730 (Committee on Conference).
 Senate Report: No. 91-1335 (Committee on Appropriations).
 Congressional Record, volume 116 (1970): July 21-22, considered and passed House; November 18-20, considered and passed Senate, amended; December 15, House agreed to conference report, concurred in certain Senate amendments with amendments; December 30, Senate agreed to conference report, concurred in House amendments.
 Approved: January 11, 1971.

DESCRIPTION

Title II of this measure appropriates funds for fiscal 1971 to the Department of Health, Education, and Welfare. To carry out purposes of the Clean Air Act, \$107,758,000 was appropriated. To carry out certain sections of the Public Health Service Act (e.g., community environmental sanitation, water quality control and control of radiation hazards) \$58,720,000 was appropriated.

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[H.A.S.C. No. 93-40]

FULL COMMITTEE CONSIDERATION OF H.R. 12565, TO AUTHORIZE APPROPRIATIONS DURING THE FISCAL YEAR 1974 FOR PROCUREMENT OF AIRCRAFT, MISSILES, NAVAL VESSELS, TRACKED COMBAT VEHICLES, AND OTHER WEAPONS AND RESEARCH, DEVELOPMENT, TEST AND EVALUATION FOR THE ARMED FORCES, AND TO AUTHORIZE CONSTRUCTION AT CERTAIN INSTALLATIONS, AND FOR OTHER PURPOSES; BRIEFING ON DIEGO GARCIA

HOUSE OF REPRESENTATIVES,
 COMMITTEE ON ARMED SERVICES,
 Washington, D.C., Monday, March 18, 1974.

The committee met, pursuant to recess, at 10 a.m., in room 2118, Rayburn House Office Building, the Honorable F. Edward Hébert [chairman] presiding.

The CHAIRMAN. The committee will be in order, please.

Members of the committee, before we hear from the Secretary or the Admiral, I want to announce the formation of a Special Subcommittee on Defense Communications. It will be composed of Mr. Mollohan as chairman, Mr. Hunt from the minority and Mr. Jones from the majority.

Now, members of the committee, we begin hearings today on H.R. 12565, a bill recommended by the Department of Defense which, approved by the Congress, will provide a supplemental authorization for Department of Defense appropriations for fiscal year 1974.

The new authorization proposed in this bill is \$1,257,455,000, distributed as follows:

Title I (Procurement)	\$1,007,100,000
Title II (R.D.T. & E.)	217,489,000
Title III (Construction)	32,866,000
Total	1,257,455,000

Identification of the various items in the respective titles are reflected in the confidential committee print, which has been placed before each member. Justification in support of the individual items requested will be provided by witnesses from the department.

The statement to be presented by Secretary Clements advised that the Department of Defense urgently requires a total supplemental to its fiscal year 1974 budget of \$6,233 million. Of this amount, \$1.257 million requires new authorization before appropriations can be made—that authorization is contained in this bill—H.R. 12565.

In the interest of providing the members with a better understanding of the departmental request, set out below is a brief summary of Title I (Procurement), broken down into various categories:

(1)

JLE
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TITLE I—PROCUREMENT

	(In millions of dollars)
Middle East payback	140.3
Augmented Force Readiness	327.2
Increased airlift capability	167.4
Accelerated modernization	347.4
Strategic program changes	24.8
Total	1,007.1

A further detailed breakdown of these categories is reflected in the right-hand column on page 3 of the committee print.

MIDDLE EAST PAYBACK—\$140.3 MILLION

The category "Middle East Payback" funds the incremental costs of replacement of equipment provided to Israel. The sale of equipment under the Military Assistance Program (MAP) did not generate sufficient dollars to replace this equipment in U.S. inventories at today's higher prices.

The committee will wish to be told what statutory provision precluded the MAP program from absorbing this incremental cost of \$140.3 million.

AUGMENTED FORCE READINESS—\$327.2 MILLION

This category—Augmented Force Readiness—involves items to improve force readiness worldwide that are not necessarily related to the Middle East war. Major programs include: additional spares and repair parts, new simulators, electronic countermeasure (ECM) equipment, additional missiles, aircraft modifications, and tactical drones.

INCREASED AIRLIFT CAPABILITY—\$167.4 MILLION

This category is comprised of three programs:

(1) C-5 and C-141 spares, \$108.9 million. The program will provide additional spares to permit a substantial increase in the utilization rate of these aircraft during an emergency.

(2) Engineering and drawings for stretched C-141, \$40 million. This program will lengthen the body of the C-141 aircraft to provide increased cargo stowage area.

(3) Design modification and tooling for widebody cargo convertible aircraft (CRAF), \$18.5 million.

These items were withheld at the time when we met, until discussed in the supplemental. If approved in the supplemental those amounts will be deducted from the authorization bill.

ACCELERATED MODERNIZATION—\$347.4 MILLION

This category generally includes increases to ongoing programs. The apparent intent is to increase the inventory of these items at a faster rate than was originally planned. The request includes increased procurement of: P-3C and KC-130 aircraft, the TOW missile, Army tracked combat vehicles, and aircraft modifications. (Details on page 3 of committee print).

STRATEGIC PROGRAM CHANGES—\$24.8 MILLION

This category is requested for procurement of long lead time material in support of construction of the second and third Trident submarines. The Navy has stated that failure to provide the \$24.8 million as a supplemental request will jeopardize current delivery schedules for the third Trident submarine.

TITLE II—RESEARCH, DEVELOPMENT, TEST AND EVALUATION

Fiscal year 1974 supplemental request for \$217,489,000 would increase the amount authorized and appropriated from \$8,091,005,000 to \$8,308,494,000.

The supplemental consists of two parts: \$108,908,000 for the October 1973 classified civilian pay raises and wage board increase not previously requested for fiscal year 1974 and \$108,581,000 for "Readiness."

TITLE III—MILITARY CONSTRUCTION

This title includes two items: A request for \$29 million for military construction projects to upgrade the capability of Diego Garcia to support Navy and air activities in the Indian Ocean; and \$3,866,000 in the military family housing account to provide for pay increases to both classified civilian employees and wage board employees.

TITLE IV—GENERAL PROVISIONS

The final section of the bill, title IV, proposes an increase in the military assistance service funded program (MASF) for Laos and South Vietnam for fiscal year 1974 from \$1,126 million to \$1,600 million, an increase of \$474 million.

This program caused considerable discussion last year and resulted in committee action which reduced the Department's final budget request from \$1.6 billion to the present \$1.126 billion figure.

CONCLUSION

These then are the principal provisions of the bill before us today. Since we are endeavoring to conduct the bulk of this hearing in open session, I caution the members and our witnesses to avoid making reference to classified information.

If there are no questions, we will hear from our witnesses from the Department of Defense.

We are honored to have here Deputy Secretary of Defense William Clements of Texas who is an old friend of ours, and certainly a real, real old friend and a greatly admired individual, perhaps one of the greatest in our Navy's history, Admiral Moorer.

STATEMENT OF HON. WILLIAM P. CLEMENTS, DEPUTY SECRETARY OF DEFENSE

Mr. Secretary, you will begin testimony.

Mr. CLEMENTS. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee: I am pleased to be with you today to explain the compelling reasons why we believe the

Additional funds we have requested for fiscal year 1974 are required. The chairman of the Joint Chiefs of Staff, Admiral Moorer, has accompanied me today; in addition, I have asked each of the services to provide whatever details you might require beyond what we discuss here.

Mr. Chairman, we need supplemental funds in fiscal year 1974 principally for these reasons: first, to meet the additional costs we are incurring as a result of pay and rate increases; and second, to overcome a number of expenses incurred during the October 1973, Middle East war, and to rectify a number of deficiencies in the readiness of our forces made apparent by the war. With these two categories in mind we have requested supplemental appropriations as follows:

	Millions of dollars
TOA and budget authority:	
Pay and rate changes	3,415
Force readiness	2,818
Total fiscal year 1974 supplemental request	6,233

Of this amount, new authorization legislation of \$1,007 million is required for procurement; \$217 million for research, development, test and evaluation; \$29 million for military construction; and \$4 million for family housing.

PAY AND RATE CHANGES

The need for additional funds for pay and rate increases, while unwelcome, should not surprise anyone. I want to mention all these increases to your committee, Mr. Chairman, even though only a minor portion—in the R.D.T. & E. accounts—is subject to authorization action by your committee. In considerable measure these were anticipated long year ago, and were included in the original Defense budget presentation last year. Due to a change in procedures, it is now necessary to resubmit them to the appropriations committees. For several reasons, however, the actual costs we are incurring are higher than what we had anticipated in the original budget submission. For example, pay raises occurred in October 1973, rather than—as we earlier expected—in January 1974; the cost-of-living increases for retired people are three times what we had expected them to be; subsistence costs are 38 percent above our original estimates, while other costs have grown in the past year by an average of 7 percent rather than by the 3 percent we had originally forecast. The additional funds required are as follows:

	(Millions of dollars)
Pay and Rate Changes—TOA and Budget authority:	
Military and civilian pay increases	2,555
Military retired pay increases	469
Wage Board pay increases	238
Increased subsistence costs	107
Postal costs	41
Total, pay and rate changes	3,413

FORCE READINESS

The recent Middle East war affected the United States in a variety of ways. We learned a number of military lessons. The major lessons were that the Soviet Union is still willing to take risks—considerable risks—in the pursuit of its global interests, and that the Armed Forces

of the United States continue to be a vital element in assuring a necessary measure of peace and stability in the world. In this respect, we were reminded that it is essential to have not only forces of adequate size, but also forces that are adequately ready.

Readiness is a composite of many things. It includes, for example, training of people and units; maintenance of equipment, such as ships and aircraft; having adequate stocks of ammunition and other supplies; and having the ability to deploy men and equipment rapidly wherever needed.

The fate of these often unglamorous readiness items is that, except in time of war, they are the least visible and the least appreciated, and therefore the most easily deferred when there is a general budget squeeze or when a seemingly higher priority requirement appears.

But when a war occurs, we realize the value of readiness. The Middle East war brought home to us once again the importance of the readiness of our forces, and the need to begin to overcome the significant deficiencies in readiness made apparent in the course of the war. Moreover, we have increasingly begun to recognize the greater contribution of ready forces to deterrence in this era of approximate nuclear parity. If our forces have the capacity to deploy rapidly in a crisis situation, not only can we assure ourselves of a more stalwart defense and raise the nuclear threshold, but—if we use our warning time wisely and deploy our forces in advance of hostilities—the early deployment of ready forces might itself help to deter the initiation of hostilities.

The additional readiness requirements we have identified as being of high priority, and for which we strongly recommend funding in fiscal year 1974, are:

	Millions of dollars
Force readiness TOA and budget authority:	
Fuel price increase	480
Middle East payback	231
Augmented force readiness	1,397
Accelerated modernization	516
Increased airlift capability	169
Strategic program changes	25
Total, force readiness	2,818

FUEL PRICE INCREASE AND MIDDLE EAST PAYBACK

Two immediate consequences of the Middle East war were (1) the increase in the costs of fuel for U.S. forces, and (2) the increased tempo of U.S. operations and the drawdown in U.S. military stocks required to resupply Israel. Based on fuel costs as of February 1, 1974, we will require an additional \$480 million in this fiscal year for fuel alone.

During the Middle East crisis the pace of our operations increased significantly, well beyond the rate originally planned and budgeted for fiscal year 1974, leaving us short of operating funds for the remainder of the year. There were, for example, additional deployments and higher-than-planned activity rates for U.S. naval forces in the Mediterranean, the deployment of a carrier task force to the Indian Ocean, an airlift for United Nations peacekeeping forces, and a worldwide alert of U.S. forces when there loomed the possibility of Soviet military intervention.

There are also inevitable costs associated with the transfer of equipment to Israel. Additional funds are required to replace equipment taken from our units and sent to Israel during her time of urgent need. These additional funds are to cover the difference between the price Israel paid for the equipment and the price of replacement equipment on today's market.

Thus we require \$231 million to cover the higher operations costs incurred in fiscal year 1974, and to replace the tanks, planes, and ammunition sent to Israel.

AUGMENTED FORCE READINESS AND ACCELERATED MODERNIZATION

The recognized importance of ready forces and the practical experience of the Middle East war has led us to scrutinize carefully our forces and programs and, as a result, to propose in this supplemental request new or accelerated programs to enhance readiness in areas where significant deficiencies were discovered. These programs, together comprising \$1,913.5 million, concentrate on—

high priority items to counter the capabilities of Soviet weapon systems observed in the war,

reducing the substantial maintenance backlog, particularly in ships and aircraft,

improving our ammunition stock position,

accelerating the purchase of items important to overall readiness and which we now have in insufficient quantities,

time-sensitive G. & D. associated with the Middle East war,

a variety of other programs, some quite small, which will provide rapid improvements in our readiness posture.

Let me give you some examples:

As a result of the Middle East war, we now have a much better understanding of the effectiveness of the Soviet SA-6 SAM air defenses, and the sophistication, and intense and accurate fire, of the Soviet ZSU-23/4 self-propelled antiaircraft gun. Accordingly, we are recommending to the Congress a substantial investment in systems designed to protect our forces in this kind of air defense environment. We think it important, given this better understanding of the capabilities of the Soviet weapons, to go ahead with these systems now in fiscal year 1974, and not delay another year. We are therefore proposing additional ECM systems, accelerated procurement of air-to-ground missiles and bombs such as the Shrike and Rockeye, the purchase of more tactical drones, and certain improvements to aircraft now in inventory to help them to cope offensively and defensively with the advanced Soviet air defense weapons.

It was also apparent during the conflict that modern antitank missiles are especially accurate and cost effective. While this was not a surprise to us, it did underline the wisdom of our ongoing antitank programs and, in the process, made it abundantly clear that we had inadequate quantities of antitank missiles, particularly the TOW missile. We are proposing here to increase our procurement of the TOW.

We were somewhat surprised by the amount of night vision equipment in Soviet ground weapon systems, suggesting that Soviet doctrine might call for more night operations than we had earlier supposed. We need to improve our vision capability and are proposing modest efforts to this end.

We were also proposing to make inroads into our backlog of deferred maintenance. Because of the tempo of military operations, first in Vietnam and then in connection with the Middle East, and because of the overall budget limitations as we reordered our national priorities away from defense and toward domestic programs, many maintenance programs have been postponed year after year. There is now a very long queue of ships awaiting overhaul. In 1970, there were less than 20 ships overdue for overhaul; this year, there are almost twice that many, and the number is rising.

This is not sound economy in the long run, and certainly doesn't make for a strong Navy. We must start to work on this backlog as soon as possible. The ship maintenance we are recommending in this supplemental will allow us to make a reasonable start, and permit us to take full advantage of our available physical shipyard capacity.

Similarly, we have seen a steady increase in recent years in the numbers of aircraft not operationally ready. In 1970, 74 percent of all quadron aircraft were ready to fly; in 1974, only 65 percent are similarly ready. We are proposing in this supplemental, therefore, to finance the aircraft maintenance required and to build more adequate stocks of spare parts and components necessary to reverse this dangerous and unacceptable downward trend.

It is important for the readiness of our forces that we have adequate stocks of critical supplies, particularly munitions. "We would have won, but we ran out of ammunition" would not be a satisfying explanation; we do not want another Bunker Hill in our history books. The Middle East war demonstrated how intense the combat between modern forces can be, and how quickly stocks of munitions can be consumed. We found that reasonable prudence requires a more sizable reserve of munitions, especially if other nations can be expected, in emergencies, to draw on our stocks. Therefore, we are recommending in this supplemental increased munitions purchases in critical areas of all services.

Among the items important for readiness but in short supply that we have included in the supplemental are the previously mentioned TOW missile and air munitions, M-60 tanks, armored personnel carriers (APC), and P-3C antisubmarine warfare (ASW) patrol aircraft.

The inventory of modern Soviet equipment seen in the Middle East and the very large Soviet advantage in armor in Europe (15,500 Warsaw Pact to 6,000 NATO tanks in central Europe, for example) have caused us to press ahead more rapidly with both the antitank weapons and the M-60 tank programs. Similarly, in order to maintain an adequate deterrent and stalwart defense force against the heavy, modern, Warsaw Pact forces in Europe, the mobility of our forces—the ability to move them swiftly as needed—is crucial. This places a premium on vehicles such as the APC.

We also saw, during the Middle East war, how the Soviet Union could now concentrate very sizable naval forces in one area (the Mediterranean) while also increasing its deployments worldwide—in the Indian Ocean, for example. We are proposing in the supplemental to purchase six additional P-3C aircraft, which is many times more effective than older patrol aircraft now in inventory, and which will help overcome the overall naval patrol and ASW deficiencies. It

is also timely to go ahead with this additional P-3C purchase now because the P-3 production capacity available is such that additional production in fiscal year 1974 will lower the overall unit cost of these aircraft.

A critical portion of the funds requested in the fiscal year 1974 supplemental will provide for R.D.T. & E. to analyze the performance and effectiveness of equipment involved in the Middle East hostilities and to accelerate research and development of equipment for defense suppression, the need for which was underlined by that conflict. This acceleration, if followed up by adequate funds as proposed in the fiscal year 1975 request, will lead to deployment of useful capabilities in our forces much earlier in time than would otherwise be the case.

MILITARY CONSTRUCTION

As a needed augmentation to overall readiness posture, we have included a request for \$29 million for military construction to develop the present communications site on Diego Garcia into a general support facility for U.S. forces operating in the Indian Ocean area. Since we intend to continue a pattern of naval visits to the Indian Ocean on a periodic basis, it is particularly important that we have assured logistic support facilities closer than the western Pacific. The island of Diego Garcia is well located to provide such support.

We are recommending, therefore, an expansion of the support facilities at Diego Garcia to provide an outpost where ships may perform limited import upkeep, and receive periodic repair services and critical supplies. Diego Garcia will also from time to time support patrol aircraft providing necessary air surveillance and ASW support to our naval units in the Indian Ocean.

Expanding the communications station to a support facility will relieve many of the limitations we now face when our forces are called upon to operate in this geographically remote area. To date, \$20.4 million in military construction funds have been authorized to build the communications station there. The \$29 million request, coupled with \$3.3 million being requested in the fiscal year 1975 budget, will enable us to provide effective maintenance, bunkering, and aircraft staging support. Specific projects will include increasing the fuel storage capacity beyond that needed for the communication station, deepening the lagoon to provide an anchorage for up to a carrier task group, lengthening the runway to 12,000 feet, and expanding the airfield parking area. Additional necessary personnel facilities would also be built. As was the case for the construction of the communication station, the expansion effort—except for dredging the lagoon—will be done by active-duty naval construction battalion personnel.

The extended runway will be long enough to permit large cargo aircraft, including tankers, to operate safely; however, it will be neither wide enough nor strong enough to accommodate B-52 aircraft on a continuing or extended basis. This proposed development of the present Diego Garcia communications station into a modest support facility will allow us to demonstrate our longstanding interests in the Indian Ocean through routine deployments of U.S. ships and aircraft in a much more efficient way.

INCREASED AIRLIFT CAPABILITY

An expansion of our strategic airlift capability deserves a very high priority as a deterrent to Warsaw Pact attack on NATO. The fiscal year 1974 supplemental requests funds for actions that will begin to increase significantly strategic airlift capability within the next few years. These actions are: (1) To begin to buy spare parts to increase planned C-5 and C-141 wartime utilization rates, (2) the preparation of engineering drawings, tooling, and testing for a stretched version of the C-141 aircraft, and (3) the design of modification and tooling for a wide body cargo-convertible aircraft in the Civil Reserve Fleet.

Improvements to our airlift capacity over the next 5 years can, for example, reduce the time it takes to deploy a division and its initial support to Europe from the present 19 days to approximately 7 days. This is a very substantial improvement, and will add measurably to our deterrent posture.

STRATEGIC PROGRAM CHANGES

We have, as you know, decided upon a 10-boat Trident program. Our initial decision was to phase the funding of the Trident over 4 years—a 1,3,3,3 program. Congressional action on the 1974 budget resulted in a reduction of \$240 million in Trident advance procurement, giving us the capability to support only a 1-1-1 building rate in the first 3 years of the program. As we indicated to the Senate Appropriations Committee last December, additional funding would be required if a more timely production of these submarines was considered necessary.

We have examined various Trident phasing alternatives, and the National Security Council concluded that a program of 1,2,2,2,1 would be best. This program strikes the right balance, in my judgment, among the various factors. It will still provide the option for an orderly phase out of the older Polaris boats when they reach, on average, 20 years of age. It will still provide us with a significant, operable Pacific-based Trident force in a timely manner. This new schedule is within our shipbuilding capability, and will still maintain a reasonable annual funding level and unit cost.

The relatively small amount of money we seek in the fiscal year 1974 supplemental for Trident is for the long leadtime, nonnuclear hull mechanical and electrical components needed to support the proposed fiscal year 1975 procurement of two submarines. That is to say, the \$25 million is for certain long leadtime items for the third boat, which will permit us to maintain the schedule described above.

THE FISCAL YEAR 1974 MASF CEILING REQUIREMENT

I would like to end my formal statement with a strong plea on behalf of our request to raise the MASF ceiling from the current \$1,126 million to \$1,600 million. We do not require additional funds; what we require is the authorization to spend up to the requested level.

There are very critical military reasons for this request, affecting the safety and future of the people of South Vietnam. The present ceiling is insufficient to keep up with inflation and price rises, which

are driving up the cost of the items we purchase in Vietnam for the South Vietnamese forces. The cost of POL, essential for mobility, has increased dramatically, as we all know. Sufficient spare and replacement parts for vitally needed equipment are not able to be delivered under the present ceiling restrictions. And ammunition consumption, in the face of considerable North Vietnamese military pressure, is drawing down the available stocks. We need to restore the stock levels that existed at the time of the cease-fire.

It is not only for these military reasons that we seek to provide adequate supplies to the South Vietnamese—although the military reasons are sufficiently compelling in their own right. It is also because it is the essence of the Nixon doctrine—and, indeed, of American policy for the last quarter century—to help our friends and allies to defend themselves. The situation now in South Vietnam is better since the cease-fire, even though the cease-fire is not working as well as we would like. There is a rough if tenuous balance of forces in Vietnam, and if we continue to be interested in achieving a greater peace and stability there, then we must help to insure that the balance is not destroyed. We have invested heavily, in lives and treasure, in Southeast Asia. The results could be tragic if we should fail to give this modest additional support, which is but a fraction—a sorely needed fraction—of our prior efforts.

Thank you, Mr. Chairman and members of the committee.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Admiral Moorer, do you have a statement you would like to make now?

Admiral MOORER. I do not have a statement, Mr. Chairman, I have a short briefing on Diego Garcia which I would like to give when that subject comes up.

The CHAIRMAN. Give it right now, then we will have it all in one package.

STATEMENT OF ADM. THOMAS H. MOORER, CHAIRMAN, JOINT CHIEFS OF STAFF

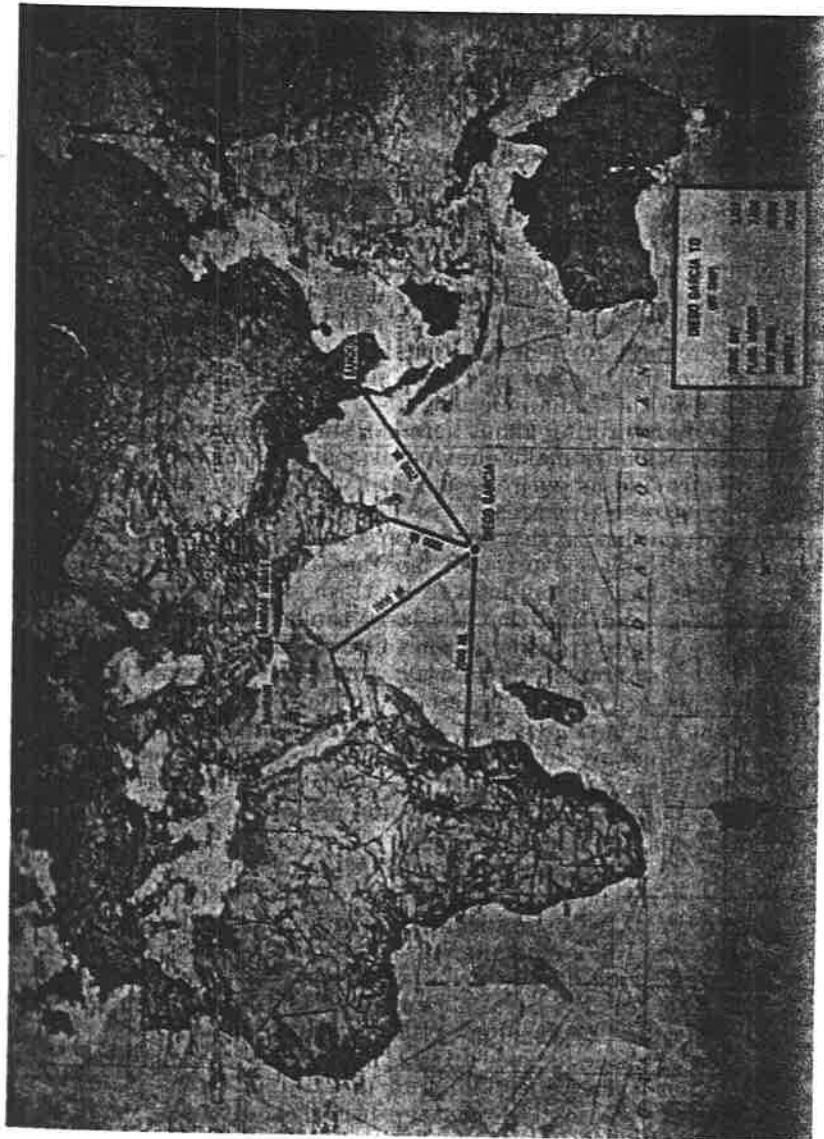
Admiral MOORER. Mr. Chairman and members of the committee. This first slide will give you the position of Diego Garcia in the Indian Ocean with the distances to key points, the East Coast of Africa, Saudi Arabian Peninsula, India, and Thailand.

As you note, Diego Garcia is in the geographic center of the Indian Ocean.

As of today, there is no place where air or naval units of the United States can stop for fuel without making previous arrangements on a case-by-case basis with the exception of this island.

I feel this limited logistic support facility is necessary in order for us to transit the Indian Ocean either from the Pacific to the Atlantic or from the Atlantic to the Pacific, or in order to operate forces of any kind in the area. It will permit us flexibility and certainly will provide to us a more economical means of operating than we have at the present.

For instance, the carrier task force that is currently in the Indian Ocean must derive all of its support from the Subic Bay in the Philip-



SLIDE 1

pines, which is some 4,500 to 5,000 miles from their general operating areas.

As you note, sir, the Soviet Union, in recent years, has significantly increased its presence in the Indian Ocean.

It has increased its ship-days from some 4,500 to about 9,000 today.

It has acquired access to bases. For instance, the base at Berbera, in Somalia, is used consistently. It has good facilities.

The Soviet Union is currently in the process of expanding an airfield near Berbera, which could be used to operate BEAR-type aircraft for surveillance of the ocean.

It has been visiting frequently other ports, such as Aden, in the south of the Arabian Peninsula, and also in the Persian Gulf at the head of the Persian Gulf at Umm Qasr in Iraq.

It has visited ports in India, and in some of the islands here, and along the east coast of Africa, for instance, in Tanzania.

It is already established with several places which it can use for refueling and limited logistics support.

In addition, its ships frequently anchor here at Socotra Island, which is at the head of the waters leading into the Red Sea.

So this request for new construction at Diego Garcia is not a matter of provoking the Soviet Union, since the U.S.S.R. already is well established in the Indian Ocean.

What we are talking about here is a single limited logistics facility which will not only make our operations much more economical, but also will provide us with the flexibility we need if it becomes necessary to operate in this area.

I would emphasize that attention has been focused on the energy resources in this area in recent months—the fact that Japan, for instance, must have access here to go through the Malacca Straits up to their homeland, and that the large tankers currently in use today will not be able to transit the Suez Canal when it is opened, and consequently, must transit all the way around the southern tip of Africa, whether they are bound for Europe or the United States.

So what I'm saying is that the strategic importance, particularly of the sea lines of communication in the Indian Ocean, has been significantly enhanced in recent years due to the overall energy problem, and due to the general naval presence of the Soviet Union in the Indian Ocean.

As you know, sir, an outcome of the current negotiations in the Middle East will no doubt result in opening the Suez Canal.

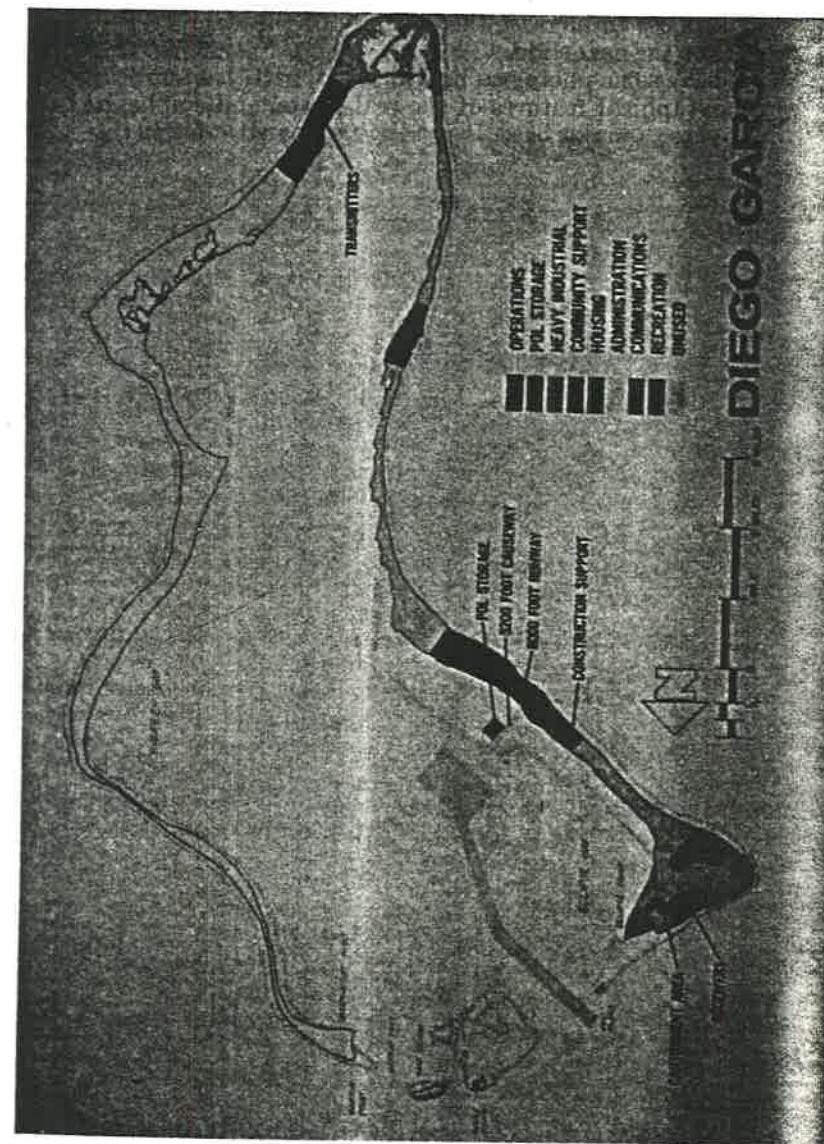
This, in itself, will significantly facilitate the deployment of Soviet forces into the Indian Ocean. Now they must either deploy their forces from their Pacific fleet, which they normally do from Vladivostock, through the Malacca Straits, or otherwise come around the Cape of Good Hope in this fashion. With the opening of the Suez Canal, they would be able to come from the Black Sea, through the Aegean, through the Suez Canal and into the Indian Ocean. Consequently, their supply line would be very significantly shortened.

I should emphasize that our desire to obtain this facility certainly is not directed at any one country, but we feel that the overall interest of the United States is such that we must have this accessibility to a very limited logistics support facility that we propose to establish here is Diego Garcia.

As you will note on this next slide, we have been doing some limited construction work on Diego Garcia.

This will show you what it looks like. It is not unlike those that we used during World War II in the Pacific. As you see, sir, there is very little land area. As a matter of fact, the width varies from about

*Sgt. ist
convict from R&R in 1947*

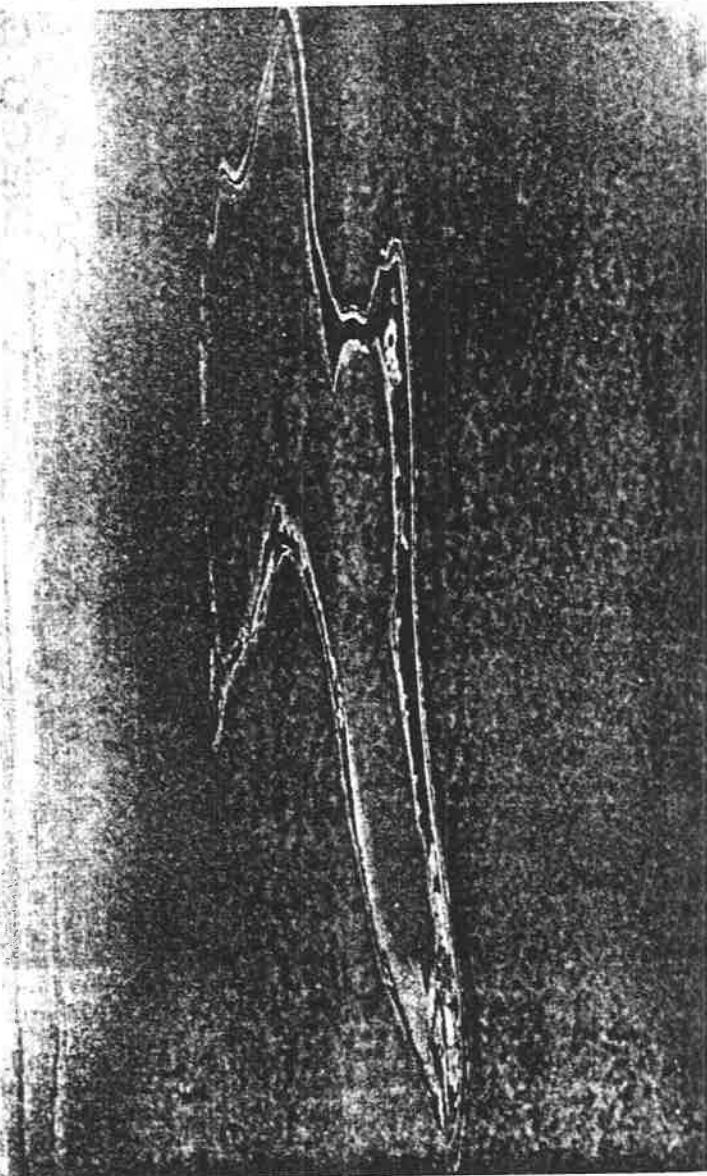


SLIDE 2

300 yards to some 7,000 yards in one place. It is simply an atoll. Currently, we have one 8,000-foot airstrip. We are in the process of constructing this dredging indicated by the light blue, and we have limited fuel storage capacity of about 125,000 barrels of diesel and aviation fuel and about 3,000 barrels of motor gas.

We now propose to increase the capacity of this facility, as I will indicate here on the next slide.

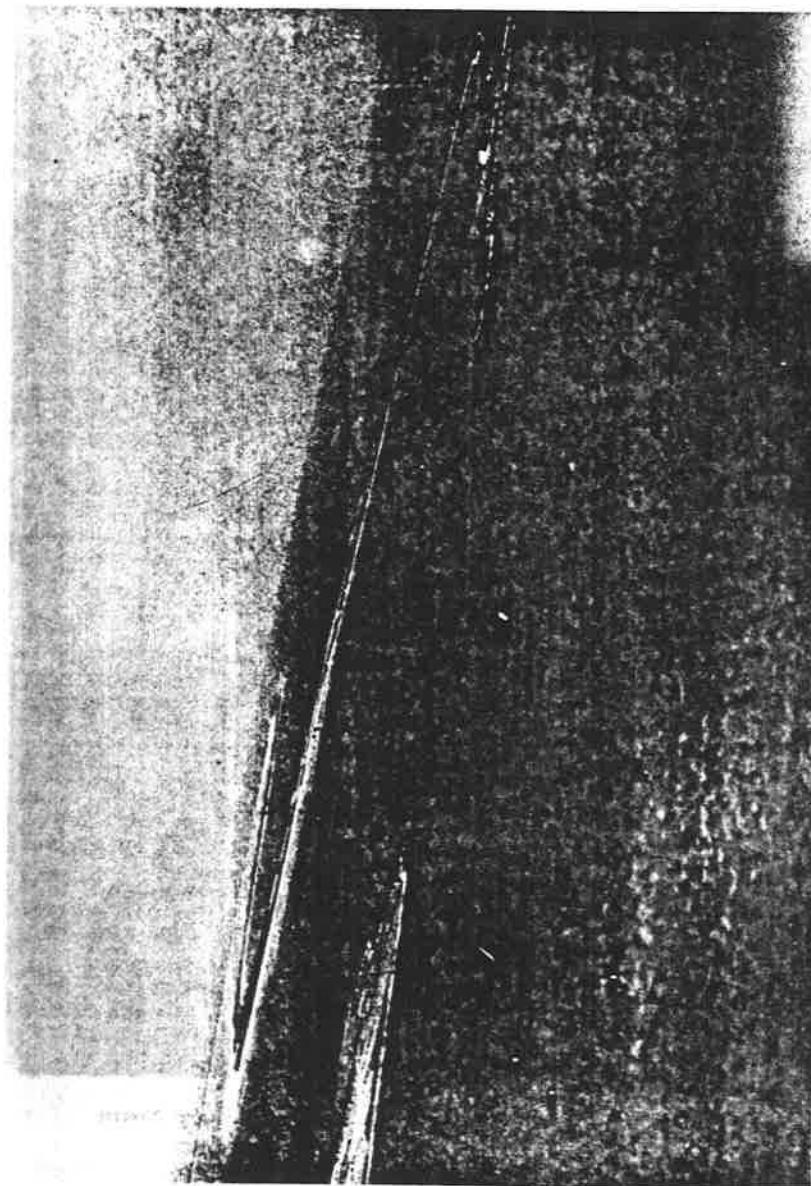
First, we have some photographs which will give you an idea of the general topographical features of the real estate, and emphasize that this is in no sense a major base. It is a limited logistics facility.



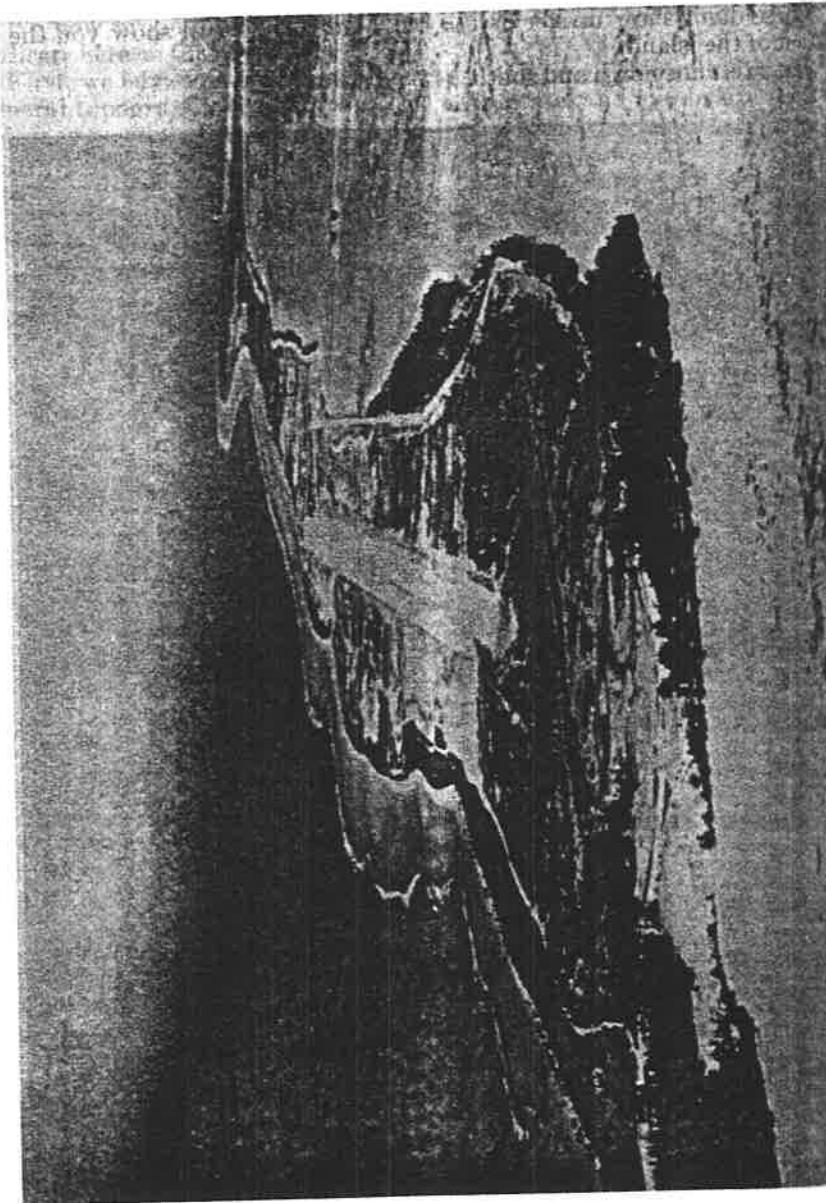
SLIDE 3.—AERIAL VIEW OF THE ISLAND

These don't show up very well, but I hope they will show you the extent of the island.

The axis runs north and south, 14 by 5 miles.

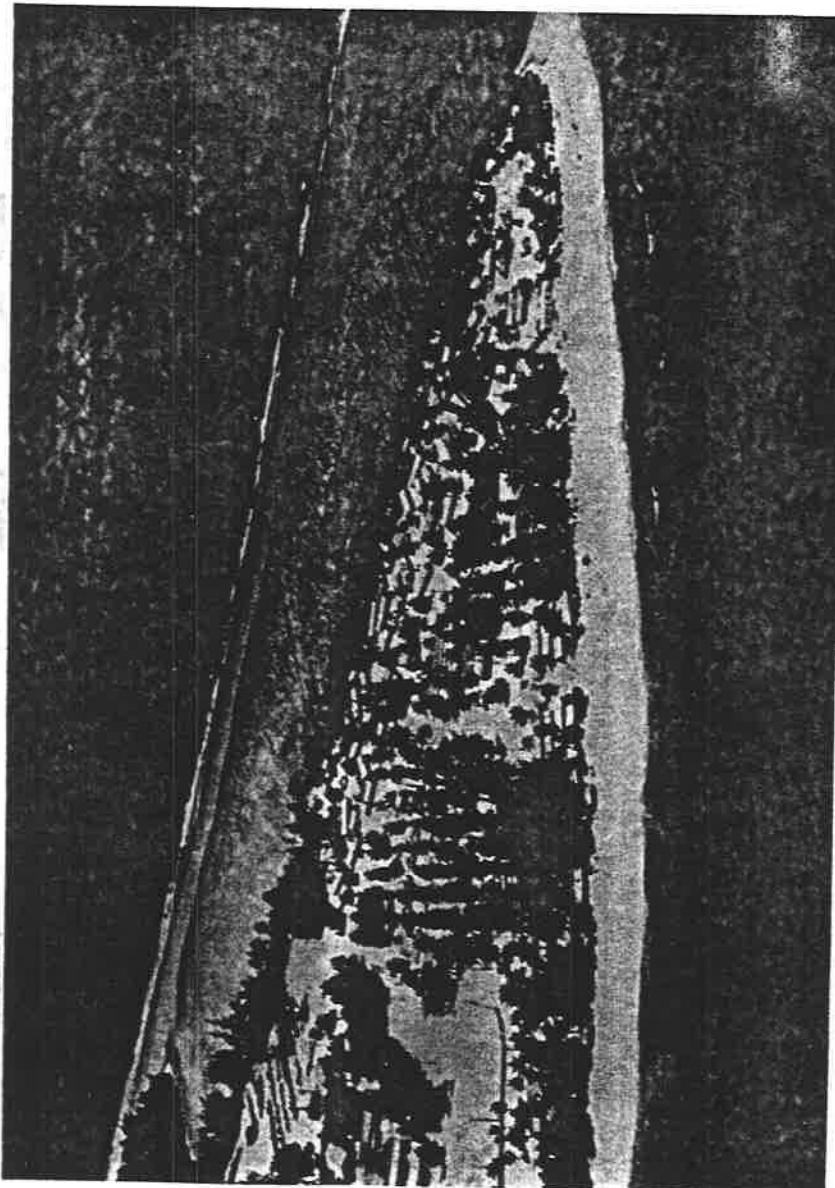


SLIDE 4.—AERIAL VIEW OF THE LAGOON ENTRANCE



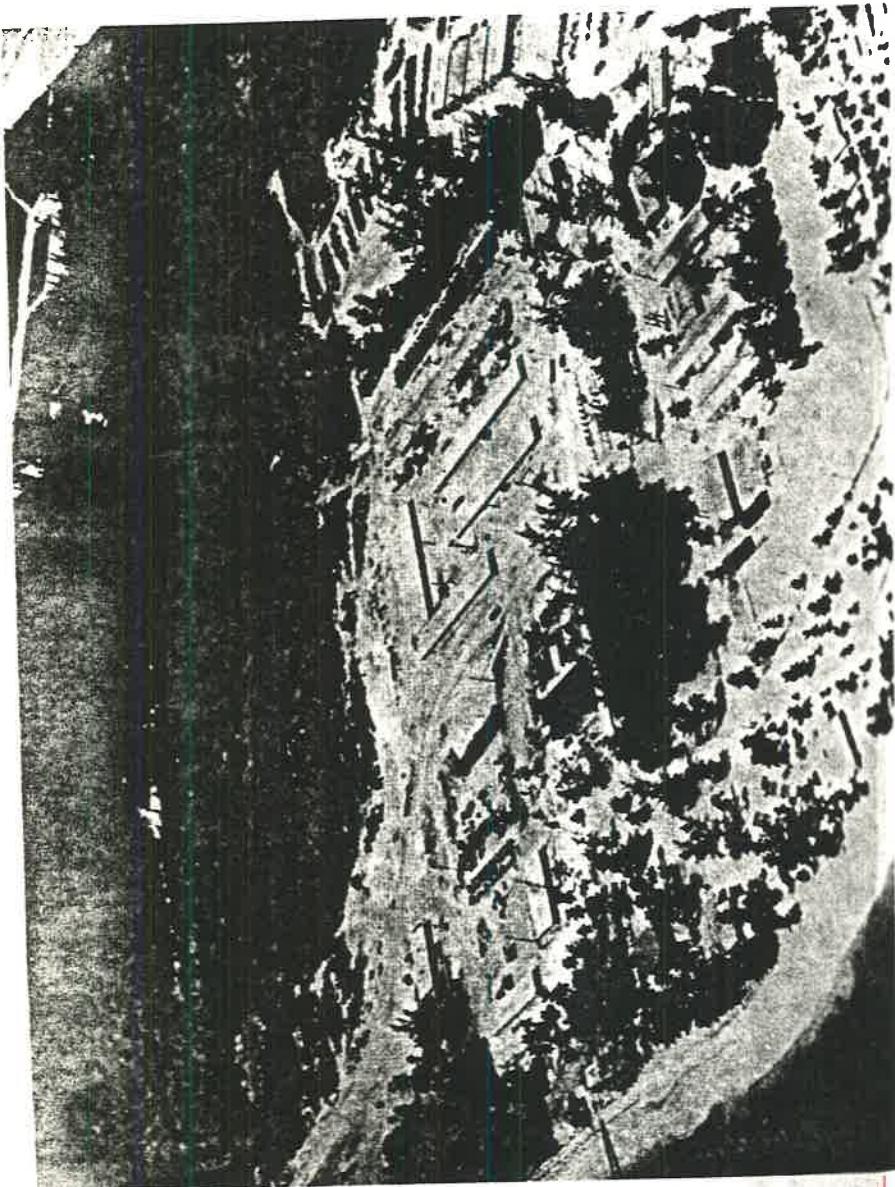
SLIDE 5.—AERIAL VIEW OF THE RUNWAY LOOKING NORTH

This is an air view of the strip currently in existence.



SLIDE 6.—AERIAL VIEW OF THE SEABEE CAMP

This is about the only vegetation.

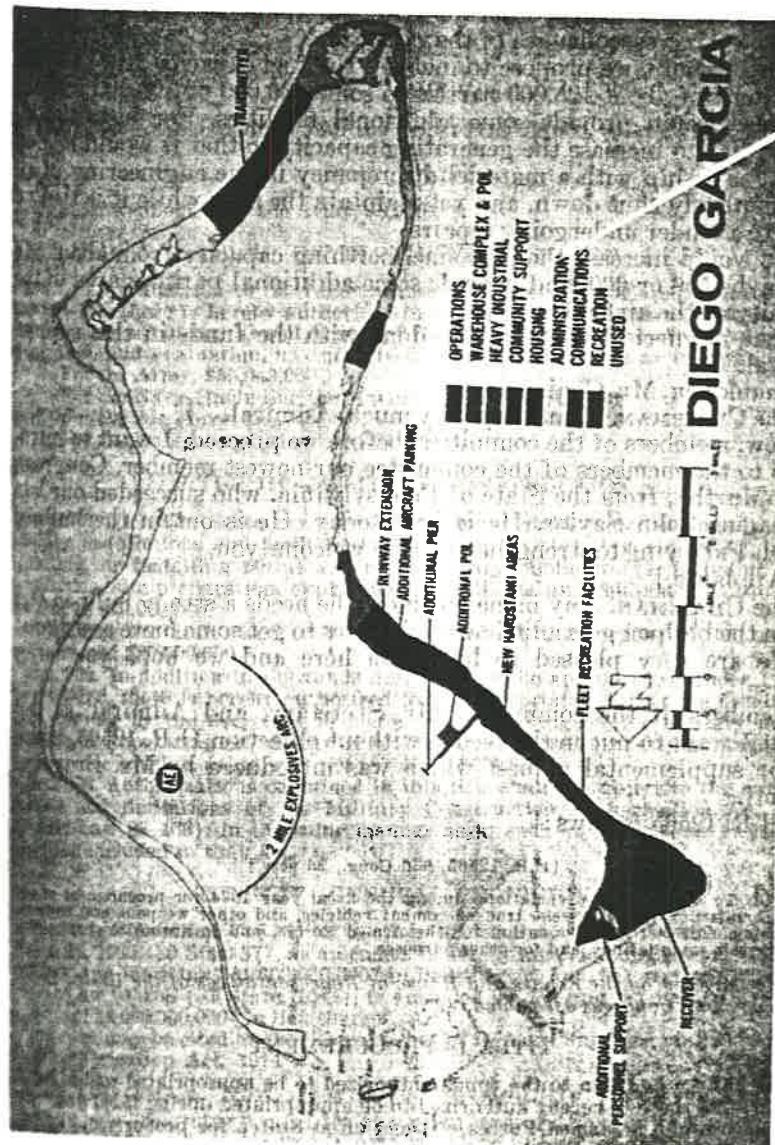


SLIDE 7.—AERIAL VIEW OF BEQ's

part feasible
Diego Garcia was selected because it is totally isolated, there is no population, no industry and, as I tell the Secretary of Defense, no birds. So consequently it was selected in order to make certain that it would generate no local problems or difficulties in the future.

Our British allies have worked very closely with us in these plans, and I feel it is the best located and the only facility that can be set up for our needs from a political as well as a military operation point of view.

This next slide shows the work that is represented by the supplemental that we are currently testifying about before you.



SLIDE 8

Note first we would increase the dredging so that we could bring in four or five ships, including aircraft carriers, if necessary.

We would have one ammunition anchorage here in a safety zone, out in this area [indicating].

We will increase the length of the runway to about 12,000 feet. It still will be only 150 feet wide.

The purpose of that, of course, is to insure safety, because this facility is on the equator, where it is very hot, and heavily loaded aircraft need increased length of the runway.

Furthermore, we propose to increase the fuel capacity from its current limit of about 125,000 barrels to some 480,000 or 500,000 barrels. We also would provide some additional facilities. For instance, we would like to increase the generating capacity so that it would be possible for a ship with a materiel discrepancy in the engineering plant to completely shut down, and yet maintain the ship while it is tied up here to a tender undergoing repairs.

We would increase the personnel berthing capacity from about 274 to maybe 550 or 600, and provide some additional parking area in the vicinity of the airfield.

That in effect is what will be done with the funds in this supplemental.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Admiral.

Now, members of the committee, before we proceed, I want to introduce to the members of the committee our newest member, Congressman Murtha, from the State of Pennsylvania, who succeeded our late colleague, John Saylor. He is here today. He is out in the bullpen which I'm trying to strengthen up. We welcome you.

[Applause.]

The CHAIRMAN. Any manager knows he needs a strong bullpen and when the bullpen gets a little weak he tries to get some more assistance.

We are very pleased to have you here and we hope you enjoy yourself.

Members of the committee, Mr. Secretary, and Admiral, at this point I want to put in the record without objection H.R. 12565, which is the supplemental request which was introduced by Mr. Bray and myself.

[H.R. 12565 follows:]

[H.R. 12565, 93d Cong., 2d sess.]

A BILL To authorize appropriations during the fiscal year 1974 for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons and research, development, test and evaluation for the Armed Forces, and to authorize construction at certain installations, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—PROCUREMENT

Sec. 101. In addition to the funds authorized to be appropriated under Public Law 93-155 there is hereby authorized to be appropriated during fiscal year 1974 for the use of the Armed Forces of the United States for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, and other weapons authorized by law, in amounts as follows:

Aircraft

For aircraft: for the Army, \$22,000,000; for the Navy, \$219,200,000; for the Air Force, \$445,000,000.

Missiles

For missiles: for the Army, \$84,400,000; for the Navy, \$28,600,000; for the Marine Corps, \$22,300,000; for the Air Force, \$39,000,000.

Naval Vessels

For naval vessels: for the Navy, \$24,800,000.

Tracked Combat Vehicles

For tracked combat vehicles: For the Army, \$113,600,000.

Other Weapons

For other weapons: For the Army, \$8,200,000.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Sec. 201. In addition to the funds authorized to be appropriated under Public Law 93-155, there is hereby authorized to be appropriated during the fiscal year 1974 for the use of the Armed Forces of the United States for research, development, test, and evaluation, as authorized by law, in amounts as follows:

For the Army, \$55,043,000;

For the Navy (including the Marine Corps), \$67,828,000;

For the Air Force, \$83,766,000; and

For the Defense agencies, \$10,852,000.

TITLE III—MILITARY CONSTRUCTION

Sec. 301. (a) The Secretary of the Navy may establish or develop classified military installations and facilities by acquiring, constructing, converting, rehabilitating, or installing permanent or temporary public works, including land acquisition, site preparation, appurtenances, utilities, and equipment in the total amount of \$29,000,000.

(b) There are authorized to be appropriated for the purpose of this section not to exceed \$29,000,000.

Sec. 302. In addition to the funds authorized to be appropriated under Public Law 93-166, there is hereby authorized to be appropriated during the fiscal year 1974, for use by the Secretary of Defense, or his designee, for military family housing, for operating expenses and maintenance of real property in support of military, for housing, an amount not to exceed \$3,866,000.

Sec. 303. Authorizations contained in this title shall be subject to the authorizations and limitations of the Military Construction Authorization Act, 1974 (Public Law 93-166), in the same manner as in such authorizations as if they had been included in that Act.

TITLE IV—GENERAL PROVISIONS

Sec. 401. Subsection (a)(1) of section 401 of Public Law 89-367, approved March 15, 1966 (80 Stat. 37), as amended, is hereby amended by deleting "\$1,126,000,000" and inserting "\$1,600,000,000" in lieu thereof, and (b) section 737(a) of Public Law 93-238 (87 Stat. 1044), is amended by deleting "\$1,126,000,000" and inserting "\$1,600,000,000" in lieu thereof.

This Act may be cited as the "Department of Defense Supplemental Appropriations Authorization Act, 1974".

The CHAIRMAN. Now, I will try to simplify three outstanding matters, Mr. Secretary, and let the members of the committee go into details, because I understand all of them have some very involved and interesting questions.

No. 1, this is a most unusual procedure, as you know, that a supplemental came to the Hill before action is taken on the regular bill.

Here we have a bill before us asking for funds and before we act on that bill the Department comes in with a supplemental.

Now, what is the reason for that?

Mr. CLEMENTS. Mr. Chairman, we feel that the action that is required on this supplemental in an expeditious manner is because of the urgency of some of the items involved. Final action on our budget last year was not taken until December. We feel the interval between now and next December will so seriously impair these programs that we need this action urgently now.

The CHAIRMAN. That is what I wanted. I wanted to get that. I will say probably this is oversimplified, in questions and answers which we already know, but we want the record to show that. Because last year we were very much delayed in the other body—not in this body. We intend to get our procurement bill out by May 1 this year, and give it to the Appropriations Committee, and hope to pass the House within a week or so then.

So, now we are working to keep ahead.

However, last year, there was a very unhealthy delay in many areas.

Mr. CLEMENTS. Mr. Chairman, without being too facetious, I would like to comment that the road to hell is paved with good intentions, and while I hear what you say—and I know that you have every intention of getting this bill out, as you say, by May 1—last year it was December. In the meantime we really feel that some of these suggestions and some of these requests that we have made are very urgent, and we need action.

The CHAIRMAN. I can well understand that, except I'm not taking the road to hell, I'm going to heaven.

Mr. CLEMENTS. I'm sure of that, Mr. Chairman.

The CHAIRMAN. It was not this committee that delayed the action; it was the Appropriations Committee.

However, we will move as fast as we can move, and as fast as the Department can get its information to us.

Many times these bills are delayed because the Department fails to get the information to us on time, and we cannot hold the hearings because the Department is not ready to give us the answers we must have.

Now, that all has to be laid down, if the Department gives us the answers we will get the bill out, don't worry about that.

Mr. CLEMENTS. Good.

The CHAIRMAN. No. 2. What will happen if we don't give it to you?

Mr. CLEMENTS. In the case of the South Vietnam supplemental, which is extremely urgent, considering our fuel requirements there and ammunition stocks, Mr. Chairman, we could reach a situation within a matter of about 30 days, by mid-April, when the operations in South Vietnam could be severely curtailed, because of the lack of fuel as an example.

The funds have been obligated at a rate which will mean that we can no longer continue to have the South Vietnam forces carrying on with their operations as they have done in the past. They will just have to stand down.

The CHAIRMAN. As you well understand, the item you just mentioned is one of the most controversial in the bill, too?

Mr. CLEMENTS. I know that, sir.

The CHAIRMAN. I agree with you. Let's get rid of it right now. I think it is a good idea to find out exactly where we stand and cover the noses one way or the other to find out where we are going from here. The quicker we learn about where we are going the better off we are all going to be.

Mr. CLEMENTS. Mr. Chairman, may I expand on that just a little bit?

The CHAIRMAN. Certainly.

Mr. CLEMENTS. As I stated in my remarks, we requested \$1.6 billion. During the July, August, September, October, November period, when we were discussing those numbers with the various committees—the people in South Vietnam, our embassy as well as the Vietnamese forces, could not know just what number was going to come out of the Congress. And frankly, Mr. Chairman, the expenditures for operations, for munitions, and so forth, were carried on at a level which was required in order to respond against the pressure from the North.

Frankly, those obligations exceeded the rate that would be commensurate with the \$1.126 billion authorization. They were at a rate higher than that, and more nearly at a rate commensurate with the \$1.6 billion authorization as had been originally requested.

Under those circumstances, we will run out of funds to carry on those programs. If we are not in some manner augmented with funds within about the next 30 days, the operations in South Vietnam are going to be severely curtailed.

I think Admiral Moorer could address this issue.

The CHAIRMAN. Admiral.

Admiral MOORER. Yes, sir.

The North Vietnamese have been from time to time generating combat actions. As a matter of fact, over the weekend we had a very sharp clash near Kontum City, during which a tremendous amount of ammunition was expended on both sides. This increased rate of expenditure, combined with the increased cost of several other items associated with military readiness, has put us in a position where, as Secretary Clements says, we must face the last quarter without the capability of supplying to the South Vietnamese the means to continue this defensive action.

I think that the net effect will be to permit the North Vietnamese to make gains which they have been unable to make so far, and thus bring about a slow deterioration in the relative balance of the two sides.

The CHAIRMAN. Is any area possible at all from which to reprogram some of this money to obtain the money, cash immediately? Do we have any areas that you could reprogram in the case the Congress does not give you what you ask?

Admiral MOORER. I would call on the Comptroller, Mr. Chairman. I think the problem is not funds, but rather the ceiling.

Mr. McCRARY. Yes; we have obligation authority available of about \$1.4 billion.

The CHAIRMAN. \$1.4 billion still obligated.

Mr. McCCLARY. Authorized and appropriated.
The CHAIRMAN. In other words, if we didn't approve this in the supplemental you couldn't use the additional funds?

Mr. McCCLARY. The problem is the ceiling which has been imposed on what we can obligate this year. More specifically, we have about \$900 million of obligational authority for 1974, and about \$500 million of obligational authority carried over from prior years, so we do have \$1.4 billion authorized and appropriated.

The CHAIRMAN. And you want \$1.6.

Mr. McCCLARY. We have an imposed ceiling of \$1.126 billion. We would like that ceiling raised.

The CHAIRMAN. Now, Mr. Secretary, there is another area, and I want to finish, I don't want to use any more time than necessary here.

In the area of Diego Garcia, this is of particular interest to quite a number of members of the committee who have expressed a special interest in this particular area, and I'm sure the questions will be wide, broad, and varied.

I want to suggest to both of you that if at any time during this discussion on that particular area—I don't know whether it will come up or not—but that or any other area it becomes a sensitive item, don't hesitate to suggest we go into executive session, and we will follow your wishes.

We are always pleased to have our friends here and visitors here, and the people who want to know what we are talking about, but still we have our own responsibility.

So at any time a question arises that you want to go into executive session, you ask me to and I will put it to a vote of the committee.

Mr. CLEMENTS. Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Bray.

Mr. BRAY. The fuel that is being used in Vietnam, the fuel we are furnishing, where is that shipped from, from the Continental United States?

Mr. CLEMENTS. No, sir.

During the crisis period, this fuel has come from several sources. To my knowledge, Mr. Bray, none of it has come from the United States. Most of it comes directly or indirectly out of the Middle East and a good bit of it has come out of Singapore.

Mr. MENDOLIA, the Assistant Secretary of Defense for Installations and Logistics, is charged with that responsibility and he could respond more specifically.

Mr. BRAY. Just briefly, I would like to know where it is coming from because that question has been raised.

Mr. MENDOLIA. Mr. Bray, essentially all of the South Vietnamese military requirements are now purchased by South Vietnam with U.S. supplied funds. The fuel comes from foreign sources, primarily from refineries in Singapore, and the Middle East. A modest amount of aviation gasoline is supplied by the U.S. from foreign sources.

Mr. BRAY. Then to your knowledge none of it is shipped from the U.S. to there?

Mr. MENDOLIA. No; it is not.

Mr. BRAY. One further brief question, on the bottom of page 11, you are calling for \$18½ million for modification and tooling for a wide

body cargo convertible craft in the Civil Reserve Fleet. Civil Reserve Fleet as the name implies is owned by various commercial airlines, and what are we furnishing that money for?

I get it here it is merely for a design. We are not furnishing any money for ships or cargo ships?

Mr. CLEMENTS. No, sir, Mr. Congressman. There are several possibilities on the wide-bodied aircraft that are presently in use in the commercial fleets. I'm talking about the commercial carriers now. Some of these are the 747's; some are the DC-10's and other types of wide-bodied aircraft.

As you know, some of these aircraft have been stood down during the fuel crisis, and because of the fall-off in cargo shipments by the commercial carriers they have been put into temporary storage—at least for the time being. What we have under way on a competitive basis is an attempt to evaluate which configuration of this airplane would be the best for us to make an agreement with the commercial carriers and the manufacturers in order to have that capacity available to us in an emergency sense, and yet not make the investment ourselves.

To do this requires a considerable engineering study on the cube inside the airplane—how much degrade would occur in the airplane if you made it a combination cargo-tanker type airplane, which is one possibility and a very good one. You also have to get back into the structure of the airplane for a wide door, either in the nose or in the side of the airplane.

In order for us to properly evaluate whether this is feasible or not—where we don't make the investment but use existing airplanes, which we think would be a very cost-effective way to do this—we have to have these engineering studies on a competitive basis so they in turn can give us these proposals.

Mr. BRAY. Thank you. You have answered my question.

Mr. CLEMENTS. Yes, sir.

The CHAIRMAN. Mr. Price.

Mr. MELVIN PRICE. Mr. Secretary, in the increased supplemental for the R.D.T. & E. area, exactly half of it is for wage increases, the wage board increases; is that correct?

Mr. CLEMENTS. Yes, sir.

Mr. MELVIN PRICE. There is no other place in the bill where there is an increase requested for R.D.T. & E.; is that right—for the pay increases, and salaries?

Mr. CLEMENTS. I would like Mr. McClary to respond to this, Mr. Price.

Mr. McCCLARY. No; the total R.D.T. & E. salary increases are reflected in the R.D.T. & E. account and amount to \$108.9 million. The other \$3.9 million in salary increases in this bill is associated with the family housing account.

Mr. MELVIN PRICE. In the increased budget requested for R.D.T. & E., is there any possibility that any of this funding could be deferred, left out of the supplemental, without doing any injury to the R.D.T. & E. program?

Mr. CLEMENTS. Mr. Congressman, a good many of those programs, most of them in fact, are small programs, and we can itemize those. The people from the services are here to respond to this kind of question for each of the services, because in each one of the services there

certain categories that fall within this number. But, as small as they are, those represent primarily the lessons that we feel we learned from the Middle East operations. We want to step into the gap that we now find that we have and try to accelerate those particular programs. We have had study teams over there, and Dr. Currie in D.D.R. & E. feels with these small amounts in these particular programs—particularly those such as the weapons in the guided category which would counter the SAM weapons that the Russians had—that we can move forward with them. We would like to do so before the 5 or 6 months, that it will probably take to get the budget approved.

Mr. MELVIN PRICE. The reason I asked that question is because we frequently have requests for reprogramming and cutting down on various programs with D.D.R. & E., I wondered if a sufficient amount of that type of program couldn't be done without requesting increases in fiscal 1974 budget?

Mr. CLEMENTS. That is a possibility, Mr. Congressman, but in looking at those programs and trying to decide where we would pare down and try to bring about some of this acceleration I'm talking about, we decided it would be far better to go the supplemental route and not impair some of the other programs we had underway.

Mr. MELVIN PRICE. I would like for you to develop this system of the Middle East payback.

Mr. CLEMENTS. Yes, sir.

Mr. MELVIN PRICE. Go into that a little more deeply.

Mr. CLEMENTS. All right.

Mr. Melvin PRICE. We sell at our original buying price, our replacements though are at a considerably higher price.

Mr. CLEMENTS. That is right in certain cases.

Mr. Melvin PRICE. How do we reconcile that?

Mr. CLEMENTS. Mr. Congressman, that is exactly what it is.

We took those items that were needed by Israel out of our inventory and shipped them by either surface ship or cargo aircraft to Israel. The items that came out of our inventory were by law put to the invoice at the inventory standard price in effect at the time they were dropped from inventory, adjusted where appropriate for condition and model. Assume for the moment that we delivered to Israel an airplane that we bought 2 years ago—and A-4E—but we are replacing it with the A-4M.

Mr. Melvin PRICE. Before my time runs out, doesn't the law preclude us from charging the new acquisition price?

Mr. CLEMENTS. Yes, sir, that is my understanding. Mr. McClary here can talk to this.

Mr. Melvin PRICE. For the purpose of our record will you supply that for the record?

Mr. McCCLARY. The law, as you know, does discuss fair value, and that should be the transfer price. For the most part that does represent, as the Secretary mentioned, our standard inventory price.

However, in some cases, depreciation or use is recognized so a lower price is used.

Let me give a couple of examples: On F-4's, the transfer value was essentially our acquisition cost because there was very little depreciation or usage on those. On the other hand, we transferred 12 C-130E's,

Hercules cargo aircraft. For those, the fair value was only half, so as a result of transferring 12, we now need funds for 6 additional Hercules, model H.

I would like you to recognize that the Israelis received older model used aircraft. We will be replacing them with later model new aircraft. [The following information was received for the record:]

The sales to Israel were made under the authority of section 21 of the Foreign Military Sales Act (90-629) as amended (22 U.S.C. 2761). That section, which relates to sales from stock, requires payment of the "value" of the defense articles and defense services sold.

"Value" is not defined in the Foreign Military Sales Act, which act is a codification of provisions relating to foreign military sales previously contained in predecessor foreign assistance legislation, namely, the Foreign Assistance Act of 1961, as amended, and the Mutual Security Act of 1954, as amended. At the time the foreign military sales bill was pending before the Congress in 1968, the executive branch advised the Congress that the detailed pricing regulations established by DOD under the Foreign Assistance Act would continue to be applied to sales under the Foreign Military Sales Act. (See Committee on Foreign Affairs, committee print of section-by-section analysis of H.R. 15681, March 7, 1968, 90th Cong., 2d sess.)

The applicable DOD pricing regulations are DOD Instruction 2140.1 and DOD Directive 7200.7. These regulations implement the statutory definition of "value" contained in section 644(m) of the Foreign Assistance Act of 1961, as amended.

At the time these sales were made, the text of section 644(m) read as follows, in pertinent part:

(m) "Value" means, other than in section 657 of this Act—

* * * * *

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations under this act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such standard price shall be the same price (including authorized reduced prices) used for transfers or sales of such articles in or between the Armed Forces of the U.S. Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the U.S. Government adjusted as appropriate for condition and market value; and

As so defined, the critical factor in the definition of "value" is the "standard price". The criteria for the establishment and computation of standard prices is set forth in sections VII.B. and C. of DOD Directive 7200.7. In pertinent part, those sections read as follows:

1. Standard Prices

1. It will be the policy to use standard prices as described below for all items of materiel covered by this Directive for purposes of inventory accounting and as the basis for pricing of all sales or issues for any purpose, including consolidated (but not direct-citation) procurement as well as deliveries from stock—interdepartmental, intradepartmental, the military assistance program, et cetera. Reductions in such standard prices for sales, issues, and costing of items are appropriate under certain conditions, as hereinafter set forth. Standard prices shall be regularly published by the respective agencies responsible for their establishment, except waiver of requirement to publish prices for slow-moving and insurance items is granted, subject to maintenance of such prices by the inventory manager to be available on request.

2. Standard prices shall be established for each item of materiel to include:

(a) the current purchase or production cost of the item at the time the price is established; and

(b) first-destination transportation costs.

The expense of procurement (including inspection), warehousing, redistribution, repacking and handling, or other functions of supply and procurement administration shall not be included in the standard prices. There shall be one standard price for each line item (stock number), and that price shall apply to all units of that item regardless of condition.

3. As a general rule, standard prices for items being currently procured should be reviewed normally once a year and revised when significant changes occur. If no future procurement is planned for an item, the standard price established upon the basis of most recent procurement will continue to be used without change. Suitable criteria will be developed by the defense components in order that reviews and revision of standard prices will not result in unproductive work. The frequency of review and revision of standard prices of items will depend on the degree of variation from the previously established standard price and the latest actual contract or production costs, and relative investment in inventory.

C. Computation of Standard Prices

1. The current purchase of production cost of an item, for the purpose of establishing a standard price, generally should be based upon evidence such as current contracts, purchase orders, or invoices, but judgment may be required to arrive at a reasonably current price. For example, informed judgment may be used to modify prices to allow for the effect of pending contract price revisions. Also, it may be appropriate in determining standard prices to spread high initial costs of production (such as production tool-up and learners' curve), for which there will be benefits in future production, over estimated total production including production not yet covered by contracts.

Pursuant to the standard definition quoted above, section VIII.B.2. of the Directive states:

2. As a general principle, sales shall be at the existing standard price in effect at the time the items is dropped from inventory pursuant to an order for shipment. However, sales price reductions may be made for items in long supply or when there is a determination by the inventory manager that there is an actual difference in utility or desirability of an item due to age, condition, or model.

As the foregoing quotation from the directive indicates, the policies contained in that directive applies to all sales or issues for any purpose to any recipient. DOD instruction 2140.1 amplifies the policies prescribed in the DOD directive and prescribes specific rules for FMS. Insofar as relates to nonexcess materiel, section VI. B. and C. of the instruction reads as follows:

B. Nonexcess Materiel—Standard Prices

1. The price of all nonexcess Defense articles sold from stock (stocks of materials, supplies, and equipment held to meet the peacetime operational and mobilization reserve requirements of the Armed Forces of the United States) excluding those excepted under VI.B.2.a., below, will be the inventory standard price, or such a standard price reduced in accordance with subsection VI.C. below. This price, depending upon the provisions of the sales documents, will be determined at the time: (a) When the Defense article is dropped from inventory (that is, when requisition is edited for shipment by the shipping activity), (b) when the letter of offer on DD form 1513 is prepared with a reasonable specified date for acceptance, or (c) when, for items in an FMSO No. 1 stock level order, the supply support arrangements designating the dollar value of such order enters into effect.

2. Standard prices are established as follows:

(a) Standard prices are prescribed for use for all items in the U.S. military supply system, except for such major items as complete ships, aircraft and missiles, space vehicles, and plant and production equipment.

(b) Standard prices include:

(1) The current market or procurement cost of the item at the time a price is established or reestablished.

(2) First-destination transportation costs, and for stock fund items including second-destination transportation costs.

(3) Surcharge for losses (stock fund items only).

(c) The expenses of procurement (including inspection), warehousing, redistribution, repacking and handling, or other functions of supply administration are not included in the standard prices.

(d) The stock fund surcharge for losses included in standard prices is for the purpose of recovering estimated net stock losses on current procurement

such as pilferage, damage, deterioration, obsolescence, physical inventory shortages, disposal, and similar losses. Such losses do not include changes in the inventory valuations due to revisions of standard prices or purchase price variances (which do not affect holdings in terms of physical quantities of materiel). The surcharge is not expected to recover losses caused by major disaster or enemy action.

(e) As a general rule, standard prices for items being currently procured are reviewed once a year and revised when significant changes occur.

3. Standard prices will be used in the case of consolidated-reimbursable procurement of items for direct delivery as well as deliveries from stock.

C. Nonexcess Materiel—Authorized Reduced Sales Prices

Reductions in inventory standard prices for sale of nonexcess materiel may be made when the item is currently being sold within the DOD for less than the inventory standard price: (1) When materiel is in long supply, or (2) when there is a determination by the inventory manager that there is an actual difference in utility or desirability of an item due to age, condition, or model.

It should also be noted that, although not required by statute, DOD also adds a surcharge where appropriate to recover nonrecurring costs, such as our prior investment in R. & D. See DOD directive 2140.2.

Last, mention should be made of the fact that the definition of value in section 644(m) of the Foreign Assistance Act of 1961 was amended on December 17, 1973, by section 22(3) of Public Law 93-189. As simplified by that amendment, section 644(m) (2) reads as follows:

(2) with respect to a nonexcess defense article delivered from inventories to foreign countries or international organizations under this act, the acquisition cost to the U.S. Government, adjusted as appropriate for condition and market value;

Since the conference report on this amendment does not indicate any substantive change was intended by the Congress, no revisions have been made to the applicable DOD directive and instruction, and it does not appear that any revision is necessary in this respect.

To sum up, current replacement cost, which reflects not only inflation but configuration and model changes, is taken into account in establishing the basic inventory price; however, in recognition of the fact that an item in inventory may not have the market value of a newly procured replacement item because of differences in utility or desirability based on age, condition, or model differences, reductions from that base price are authorized by law and by regulation for sales purposes.

The CHAIRMAN. Mr. Fisher.

Mr. FISHER. Mr. Secretary, as you are aware, the appropriations bill last year in an attempt to control quality of personnel entering the armed services placed a limit of those joining military service at no less than 55 percent high school graduates, and no more than 18 percent category 4.

No one is concerned about the limitation on the maximum percentage for category 4 personnel, but the requirement of 55 percent of the new accessions to be high school graduates has created recruitment shortfalls in both the Army and the Marine Corps. In testimony developed before our subcommittee dealing with the manpower portion of our procurement bill, considerable emphasis was put upon the effect of this limitation.

In the Army, the estimated shortfalls will be between 10,000 and 20,000.

For the Marine Corps, it is likely to be 12,000. Much of it is traceable to this limitation.

What effect is this having on the readiness of our forces, and would you recommend that this law be changed as a portion of this supplemental bill? It is treated by the services, particularly the Army and

the Marine Corps, as an emergency, a problem that faces them now, next week, immediately.

Do you think it would be appropriate to do something about that in this bill?

Mr. CLEMENTS. Congressman Fisher, I certainly do. I agree with the Army and the Marine Corps that the quicker we can rectify this situation, the better off we will be, and certainly it is harmful right now to the efforts that we are expending in the All-Volunteer force.

I have been to Fort Ord, Calif., and reviewed their training procedures out there in the spirit of exactly what you are talking about. I talked to the recruits training out there. I interviewed non-high-school graduates that are going in there and are receiving the testing and training under the program as the Army is now doing it. I am satisfied that this restriction and constraint that was imposed upon the program is not helpful and should be removed.

Mr. FISHER. Very well. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Stratton.

Mr. STRATTON. Thank you, Mr. Chairman.

Mr. Secretary, I would like to commend you for coming forward with this supplemental request, perhaps in distinction to some of the other members of the committee I recognize, of course, here, and perhaps this influences my opinion, the fact that the Pentagon has read more carefully than I thought some of you were reading the report of our special subcommittee to the Middle East. We came back with a very great sense of urgency, and in fact we felt that the Pentagon should move urgently to meet these very serious flaws in our own defense that were revealed by the Middle Eastern war, so I commend you for coming up here, and I share your feeling that this is something that should be done on an urgent basis and not wait for the normal procedures of budgetary operation which means you might get your money by next October or November or December.

Some areas, I'm not sure that you are moving quite as rapidly as we would like to see you, with the M-60 tank, and the TOW, but you are moving in the right direction.

I certainly support your action, both in regard to these matters, and with regard to Diego Garcia, which again I think is a very vital area. Admiral McCain talked about Diego Garcia 4 or 5 years ago and everybody thought he was crazy. Now, we suddenly realize that is where the action is.

I have just a couple of questions. With regard to Diego Garcia, you didn't point out that this is not an American possession, it is a British possession.

Do we have any problems with our British friends in terms of getting approval for the expansion that you are requesting in this measure?

Mr. CLEMENTS. Congressman, we certainly appreciate your support, and in answer to the question that you raised about the United Kingdom, we have on-going discussions with the British in this regard, and we have no reason to believe they will not be favorably inclined.

As a matter of fact, the State Department is now negotiating an exchange of diplomatic notes on the matter. As you might expect, the Navy has played a big role in this, and Admiral Moorer might wish to comment.

Admiral MOORER. I can only say, Mr. Stratton, the present government made the initial agreement.

Mr. STRATTON. The labor government?

Admiral MOORER. Yes, sir. So on that basis, we would expect them to continue their position.

We have not completed all of the discussions and agreements; but in view of the fact that they have taken a very favorable position in the years gone by, I would think they would maintain that same position.

Mr. STRATTON. With respect to your request for Southeast Asia, Admiral, I remember some weeks ago the Secretary, Mr. Schlesinger, suggested that there was a possibility of a North Vietnamese attack, and a very substantial North Vietnamese buildup. I was a little appalled the other day in fact to see the road construction program within South Vietnam that has been carried out by the North Vietnamese. I see in the paper this morning Admiral Gaylor now feels there is a possibility of a substantial military threat.

First of all, what is your view with regard to Admiral Gaylor's estimate of the possibility of an attack, and second, isn't this buildup road construction and increased supplies, in clear violation of the cease-fire agreement?

Admiral MOORER. To answer your last question, I think it is. I don't think they have complied in any way with the terms of the agreement as far as logistics are concerned, Mr. Stratton. What they set about to do was to restore the logistics posture that they had at the outset of the invasion across the DMZ on March 30, 1972. In addition to that, they built these roads through military regions I and II in order to have what amounts to an all-weather road the year round. So that when the Ho Chi Minh Trail is wet, then they have the other road that is dry, and vice versa.

In addition to that, they have, of course, improved the airfield at Khe Sanh. They have improved the air defenses there, and they have, in general, replaced such items of equipment as tanks and artillery that were lost during the heaviest part of the fighting in 1972.

So they have a capability, let us say, to mount such an attack, if they choose to opt for the military course of action.

So far, all the indications have been that their current effort is focused primarily on the political options, that is, an effort to enhance their infrastructure, and at the same time, to build up this solid logistics capability.

I can say only that if they choose to mount a large-scale operation, they have the capability to do so. On the other hand, all of the indications are that they are involved at the moment in simply some military actions in such places as military region II, as I reported earlier, around Kontum City. Recently they have been focusing on military region IV, primarily to collect rice, and so on.

The CHAIRMAN. Mr. Pike.

Mr. PIKE. Thank you, Mr. Chairman.

Either Mr. Secretary or Admiral Moorer:

Are any of our other allies providing any military assistance to South Vietnam?

Mr. CLEMENTS. I don't think so, Mr. Congressman. Admiral Moorer might have some information that I'm not aware of, but I don't think any significant help at all is coming from any other source.

Mr. PIKE. As to the funding in this bill. There is apparently \$1.4 billion available in toto from prior years' authorizations, and in this year's authorizations, but there is the spending limitation.

Was that sum of money that you are referring to, this \$1.4 billion, earmarked for military assistance to South Vietnam when it was funded?

Mr. McCCLARY. Yes, it was.

Mr. PIKE. All of it?

Mr. McCCLARY. Yes, it was.

Mr. PIKE. So we are not dealing with a reprogramming of any kind?

Mr. McCCLARY. No, we are not.

Mr. PIKE. As to the Diego Garcia situation, I realize that you are kind of caught in a box between those who want it to be a B-52 base and those who do not want it to be a B-52 base, and I have watched with some interest the testimony in this regard, and I noticed that you changed your statement, Mr. Secretary, from your written statement in delivering it to us by the addition of some words saying it would not be suitable for B-52's which is in your written statement, and then you added the words, "on a continuing and recurring basis" in your oral statement.

Now, if it is not going to be used for B-52's, why 12,000-foot runways, and if it is going to be used for B-52's, why don't we build runways strong enough to handle B-52's in the first place?

Mr. CLEMENTS. I will make a quick comment since you referred to my statement, and then I would like for Admiral Moorer to expand on it.

Mr. PIKE. Surely.

Mr. CLEMENTS. First, Congressman Pike, I changed my statement as it was written because I wanted to make it particularly clear to the committee that in an emergency, a B-52 could land on that strip.

However, as Admiral Moorer will elaborate, if fully loaded B-52's were to use that base on a continuing basis, they would break the runway down, because it is not strong enough to handle those heavy aircraft. In addition, when fully loaded with fuel, the outrigger landing gear would extend beyond the width of the runway, thereby preventing a safe takeoff.

That is what I was trying to explain. I wanted to be just as forthright and forthcoming with the committee as I know how to be.

Mr. PIKE. Is there—do we have a lease on this island?

Mr. CLEMENTS. A lease?

Mr. PIKE. Yes.

Mr. CLEMENTS. We have a 50-year agreement with the United Kingdom subject to renewals, making the islands of the British Indian Ocean territory available for the defense needs of both governments.

Mr. PIKE. It was not a treaty?

Mr. CLEMENTS. No, sir.

Mr. PIKE. It was just an agreement.

Mr. CLEMENTS. It is an agreement effected by an exchange of diplomatic notes.

Mr. PIKE. Are there any restrictions in that agreement on its use as a B-52 base, or as an airbase generally?

Admiral MOORER. No, sir. The current agreement, however, does provide that construction of any facility on the islands requires the prior approval in principle of both Governments and that the Governments shall reach satisfactory administrative arrangements concerning the specific areas and technical requirements of the facility. The plans for the new construction which we are proposing have been submitted to the United Kingdom, and as previously indicated, we hope to have approval soon.

Mr. CLEMENTS. I would like for Admiral Moorer to respond to this, please.

Admiral MOORER. First let me say we have no plans whatever to use this facility for B-52's. I wanted to show you the pictures so you would see the very, very limited real estate that is available. Second, as Mr. Clements says, the B-52's require a runway 200 feet wide. This runway is only 150 feet wide. The B-52, as you know, has the main landing gear in the center, which requires a very strong runway spine. This runway does not have that, and the runway would break up with fully loaded B-52 use.

You asked the question, why do we want it at 12,000 feet? As I explained during my briefing, sir, Diego Garcia is on the equator. The temperatures necessitate longer takeoff distances. Also, there is nothing on either end of the runway but water. If you had a crash on one end of the runway, in order to just give us flexibility in spacing, we think that that is a small investment—particularly for very heavily loaded aircraft such as KC-135 tankers. That is why we wanted 12,000 feet.

The CHAIRMAN. Mr. Spence.

Mr. SPENCE. I would like to reserve my time, Mr. Chairman.

The CHAIRMAN. Mr. White.

Mr. WHITE. Thank you, Mr. Chairman.

Mr. Secretary, one point I would like to ask about.

I presume that Diego Garcia would only be used as a surveillance point and refueling point because it doesn't look like it is very defensible.

Mr. CLEMENTS. That is exactly right, and we have no plans except to have a support facility, for the military units that we will have in the area on an intermittent basis. We have no assigned task force there on a continuing basis. It is only as they come in and out. I would remind you, however, that we do have the communication facility there, which is an ongoing program, and which is manned all the time.

Admiral Moorer might want to comment on that.

Admiral MOORER. Yes, sir. So far as the vulnerability of this base is concerned, its vulnerability, Mr. White, is relative. In one sense, all bases are subject to attack. Consequently, the vulnerability or lack of it would depend on what other forces were deployed in the area, and what the exact situation was.

Let me put it this way: The facility there is just as defensible as any other place in that general area.

Mr. WHITE. In that area?

Admiral MOORER. Yes, sir.

Mr. WHITE. Thank you very much. I would like to reserve the balance of my time, Mr. Chairman.

The CHAIRMAN. Mr. Armstrong.

Mr. ARMSTRONG. Thank you, Mr. Chairman.

I would like to ask the Secretary if there are any other uses of Diego Garcia, specifically thinking of our experience in the October war, if there were restrictions on how we might make use of the facilities in a similar circumstance in that part of the world?

Mr. CLEMENTS. Mr. Armstrong, we also have this in our mind and are very much aware of some of those constraints that you referred to. I have not seen a copy of the draft at this time, so I'm not really prepared to say whether there is or is not. I would hope not. If you would care to continue the discussion in executive session we would be happy to do that, but the final draft has not been done yet.

Mr. ARMSTRONG. Mr. Chairman, I think that would be helpful, and I'm not sure exactly how to do that. Could I reserve some discussion on this point for executive session at a later time and explore some other matters? I think the committee ought to be informed on that point before we act.

Would you rather take that in with the executive session, of whether or not there are any other alternatives for the development of Diego Garcia. In other words, are there other possible facilities in this part of the world we might use?

Mr. CLEMENTS. I would comment quickly, then Admiral Moorer can add to that. Within the geographic constraints as we now view them, this is the best possibility that we have presently.

In the future, it is possible that if we become more active in the area, and the situation becomes, shall we say, more ventilated, there could be other possibilities in the area. But for right now, we look upon this as the one potential place that would be available to us.

Admiral Moorer.

Admiral MOORER. Yes, sir. As a matter of fact, the first time I studied this particular situation was in 1961. It is obvious from a strategic point of view that its geographical location and a lack of possible conflicts with industry or populations or anything of this kind make Diego Garcia the best possibility for the logistics facility we are seeking.

Mr. ARMSTRONG. Admiral, you commented about the increase in the number of Soviet ship-days in the area, I think to 9,000 ship-days last year.

Could you discuss our strength in that area, and also the composition of our force and the Soviet force? In other words, 9,000 ship-days, how many of these are major combatants, and so on?

What are they really doing there?

Admiral MOORER. Yes; I will be very glad to. Since the India-Pakistan war, the Soviet Union has been active in minesweeping in Bangladesh. In addition to that, it has consistently deployed surveillance ships, and has added to them combatant ships in the form of perhaps a cruiser, two or three destroyers, and some submarines. Consequently, the Soviet Union's overall presence has increased as indicated in my briefing.

So far as the United States is concerned, we maintain what we call the Middle East force, which normally operates in the Persian Gulf and makes visits around the Indian Ocean littoral.

Subsequent to October 6, we have intermittently deployed naval forces into the Indian Ocean. Currently, we have a carrier task force operating in the Indian Ocean.

As Secretary Clements said, we propose to operate forces intermittently in the Indian Ocean, drawing them primarily from the Pacific Fleet.

Mr. ARMSTRONG. Including the carrier task force?

Admiral MOORER. Yes, sir.

On occasion, it will include a carrier. But it will not continuously be comprised of a carrier task force. This will be an intermittent deployment. We do not look on this as a force-building proposition. We would draw these forces from other fleets, sir.

Mr. ARMSTRONG. Mr. Chairman, I have nothing further but I would like to reserve some discussion on this other matter in executive session.

The CHAIRMAN. Mr. Armstrong, I will say to you and members of the committee, after we finish the public hearing with the Secretary and the admiral. We have two witnesses not from the Department who have asked to testify, and, of course, we will allow anybody, representative, to give their testimony. After that, then the committee will go into executive session with the Secretary and with the admiral, and we will consider the line items at that time. So everybody will have an opportunity to discuss that.

Now, Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Several months ago it was reported by the press that the South Vietnamese lost an alarming quality and quantity of their oil supplies in South Vietnam. Admiral Moorer, have the South Vietnamese—have we advised them or worked with them in protecting these oil supplies? I know the Vietcong or the North Vietnamese did hit them, and every time I would go to Vietnam they were losing fuels to the Vietcong and the North Vietnamese. Are they making any better arrangements to protect these fuels and these oil supplies?

Admiral MOORER. Yes, they are, Mr. Montgomery. And I'm just as concerned about that as you were when it happened. You are referring undoubtedly to an attack on the Shell Oil Co. storage area, just south of Saigon. At that time, I went to the people involved and pointed out the importance of this in view of the POL shortage. They have arranged to take extra precautions to provide security for the oil shortage.

Mr. MONTGOMERY. Do you think they can do it now?

Admiral MOORER. Just as with anything else, I don't think it is 100 percent effective. Nevertheless, they certainly have been alerted and keyed up to the problem.

Mr. MONTGOMERY. My next question was a comment, which would be to the Secretary.

Mr. Secretary, you seem to get things done over in the Defense Department, and I'm sure you had a lot to do with setting up the priorities of this supplemental authorization bill.

I go back to the subject that I know the best, the Reserve and the National Guard.

I wish you would take a good look at this program. It certainly needs some priorities in my opinion. Quite frankly, the Pentagon has

kept the Reserves and National Guard still under the Selective Service System, and have not pulled them over into the volunteer concept.

A few things could be changed. We talked to them over there. Nothing still comes out.

You are a businessman. The Reserve program is a good buy for the taxpayer. But we can't get anything going.

Mr. CLEMENTS. Mr. Montgomery, I would be most happy to have your ideas in specifics on what we might do in this regard. I know of your interest, and frankly, in a spirit of priorities, we have been working extremely hard, on the all-Volunteer force, as I think you know.

Mr. MONTGOMERY. Yes, but nothing but studies.

Mr. CLEMENTS. I beg your pardon?

Mr. MONTGOMERY. All we get from the Pentagon is, "We have it under study." I notice you have not mentioned a study today for these priorities you have here.

Mr. CLEMENTS. No, sir, we really didn't have to spend a lot of time studying these particular aspects, because most of them were very plain to us from the evaluation teams that we had had over there, which included Mr. Stratton and his group that went to the Middle East.

So, on the Reserve and Guard situation, it is in a state of flux. We are trying through these studies to come down on what we should do in this regard to make it more viable, to revitalize it, and to make it a strong element in the total force concept.

Frankly we just haven't come down yet on what we are prepared to recommend in this regard.

Mr. MONTGOMERY. The so-called Moot memorandum, it was issued just as we went into the volunteer concept, which said the nonprior serviceman coming into the Reserve would receive no pay until he went to basic training. The recruiters in the Reserve tell me if this would be repealed they could bring a man in and start paying him and you can find some job for him to do.

Changes like this would help in the recruiting of the Reserve, but nobody does anything in the Pentagon.

Mr. CLEMENTS. Mr. Montgomery, as I said, I would be most happy to have your suggestion in this regard. I have been so busy trying to get the all-Volunteer force to the place where it is right now that I frankly have just not had time to address the Guard and the Reserve problem.

Mr. MONTGOMERY. I certainly appreciate your honest answer.

As I say, you seem to be able to get things done over there. This would be something that I think would give you another strong military arm, if somebody would do something.

Mr. CLEMENTS. Thank you, we will do that.

The CHAIRMAN. Mr. Runnels.

Mr. RUNNELS. Thank you, Mr. Chairman.

Mr. Secretary, I'm referring now back to parts of your statements, and also the Secretary of the Army, Mr. Callaway's statements in front of this committee. On page 9 of his statement he went into the same deal about having to replace essential equipment and so forth as you have. But he made one statement. He said additional legislation is needed promptly to enable us to procure replacements for these items supplied to Israel.

My question is, are we to assume that the supplemental is the piece of legislation he was referring to, or are we to assume that there are other pieces of legislation that would come along to this committee to replace any of this equipment? Are you following my question?

Mr. CLEMENTS. Yes sir, I am. I know of no other legislation that is pending that will do what we are talking about doing here. I don't know the statement that you refer to, but I would strongly suspect that he is talking about what we are doing here in this supplemental.

Mr. RUNNELS. The \$2.2 billion that has already been appropriated was to cover everything but the additional cost of the replacement, is that right?

Mr. CLEMENTS. That is right.

Mr. RUNNELS. The supplemental will be all the committee or the Congress will be asked for?

Mr. CLEMENTS. Yes, sir.

Mr. RUNNELS. May I refer now to your statement on page 13, that the chairman started off asking questions about, where you say we do not require additional funds. What we require is the authorization to spend up to the requested level. And there is a gap of approximately half a billion dollars from the \$1.1 to the \$1.6 billion.

Now, what I really want to know has the half a billion dollars already been appropriated—the difference?

Mr. CLEMENTS. I would like for Mr. McClary to speak to that.

Mr. McCLARY. We have an additional \$300 million which would raise the \$1.1 up to \$1.4 billion. We would like to go from \$1.4 to \$1.6 billion to give additional flexibility, and if we then need additional beyond what has already been appropriated and authorized, we would come through with a reprogramming.

Mr. RUNNELS. So all but \$200 million of the \$1.4 billion have already been appropriated?

Mr. McCLARY. About \$1.4 billion has already been appropriated, but we would like the flexibility to do the reprogramming to move up to \$1.6 billion if necessary.

Mr. RUNNELS. OK. The DOD already has that money, \$300 million.

Mr. McCLARY. That is right.

Mr. RUNNELS. It is just being held over here in suspension.

Mr. McCLARY. That is right, because of their ceiling that has been imposed.

Mr. RUNNELS. So you are really asking for \$200 million more and the authority to spend the whole \$500 million?

Mr. McCLARY. We are looking for initially the authority to spend the \$300 million. Then we would like additional flexibility to reprogram if we determine that is necessary.

Mr. RUNNELS. What you need for the \$200 million is the authorization and then the appropriation of the \$200 million; correct?

Mr. McCLARY. We really need the ceiling raised.

Mr. RUNNELS. You need the ceiling raised first to the \$300 million, that you already have that is the first thing you need.

Mr. McCLARY. That is the first thing we need; yes.

Mr. RUNNELS. Then you need \$200 million more both the authorization and appropriation?

Mr. McCLARY. All we are asking for at that point is reprogramming authority.

Mr. RUNNELS. Where do you have the \$200 million if you are going to reprogram rather than ask for the appropriation.

Mr. McCCLARY. That would be the matter of reprogramming from lower priority items. To my knowledge we have not yet identified that other \$200 million of lower priority items.

Mr. RUNNELS. I think it is important. If you are coming in here asking for a supplemental appropriation, and now you are saying we have \$200 million over here, from some lower priority, I think this committee and this Congress should know where the \$200 million is ratholed or held up.

Mr. McCCLARY. We do not have it ratholed. This would become urgent in April, May, or June. At such time as we feel it would be of such high priority, then we would identify lower priority items.

Mr. RUNNELS. Don't you think it would be best to come in here and tell us then which priority and have use give you a carte blanche.

Mr. McCCLARY. No; because if that should happen it would be urgent, and we would be looking for congressional approval through the committees, but not taking the time that it does here in getting the supplemental.

We need flexibility for that additional \$200 million.

Mr. CLEMENTS. Mr. Congressman, you do understand, of course, that if we reprogram that \$200 million that Mr. McClary is talking about, we would have to seek approval to do this. We couldn't do it arbitrarily.

Mr. RUNNELS. This is the reason I think it all ought to be at the same time. Thank you, Mr. Chairman.

The CHAIRMAN. Mrs. Schroeder.

Mrs. SCHROEDER. I would like to ask unanimous consent. I have 38 questions, I would like to ask the Secretary about the MASF program, if it is all right in the interest of time I could submit them and you could put them in the record and notify me when they are prepared.

The CHAIRMAN. If it is agreeable to you, the Chair is doing everything he can to please the lady.

Mrs. SCHROEDER. Thank you.

[The following information was received for the record:]

Question. What are the best available estimates of total U.S. aid (military, economic, and any other) provided to South Vietnam by funding source and year from fiscal year 1966 through fiscal year 1973?

U.S. MILITARY AND ECONOMIC ASSISTANCE TO VIETNAM, FISCAL YEAR 1966-73

[In millions of dollars]

Fiscal year	Economic assistance ¹	Military assistance ²
1966	739.8	302.7
1967	661.5	1,154.8
1968	545.5	923.8
1969	400.6	1,450.1
1970	517.7	1,432.9
1971	488.1	1,568.9
1972	504.3	1,588.8
1973 ³	542.4	2,278.5

¹ U.S. economic assistance to Vietnam (Foreign Assistance Appropriation). Source: Fiscal year 1966-72, Report to the Ambassador from USAID Mission Director, Jan. 1, 1973. Fiscal year 1973 AID/Washington.

² Source: DOD Report on Support Furnished to the Vietnamese and Other Free World Forces in Vietnam.

³ Estimated.

Question. What are the best available estimates of total planned U.S. aid (military, economic, and any other) for South Vietnam by funding source for fiscal years 1974 and 1975?

U.S. MILITARY AND ECONOMIC ASSISTANCE TO VIETNAM, FISCAL YEAR 1974-75

[In millions of dollars]

Fiscal year	Economic assistance ¹	Military assistance ²
1974	550	1,009.5
1975	(4)	1,600.0

¹ U.S. economic assistance to Vietnam (foreign assistance appropriation). Source: AID/Washington. Does not include fiscal year 1974 supplemental request.

² Estimated amounts planned for obligation for support of free world military forces in Vietnam. Fiscal year 1974 data reflect the Vietnam portion of \$1,126,000,000 ceiling and fiscal year 1975 data reflect the \$1,600,000,000 ceiling.

³ Estimated.

⁴ Unavailable.

Question. What are the estimates in dollar amounts for total U.S. military aid to South Vietnam as compared to South Vietnam's own defense costs by fiscal year from fiscal year 1966 through fiscal year 1975?

SOUTH VIETNAM DEFENSE COSTS, CALENDAR YEAR 1965-74

Calendar year	Billions piasters	Dollars (millions) ¹	Exchange rate
1965	28.5	356.4	80 to 1
1966	35.2	440.4	80
1967	52.8	447.6	118
1968	71.9	609.9	118
1969	92.0	779.6	118
1970	122.0	1,033.8	118
1971	155.2	1,315.2	118
1972	205.0	579.0	2,350
1973	254.0	599.0	2,424
1974	284.7	474.5	4,600

¹ DVA budget expenditures, expressed in U.S. dollars, show a declining trend because of the rapid devaluation of the piaster against the dollar.

² Average.

³ Estimated.

⁴ Estimated average.

U.S. MILITARY AID TO SOUTH VIETNAM, FISCAL YEAR 1966-75

Fiscal year	Millions
1966	\$392.7
1967	1,155.4
1968	947.3
1969	1,632.3
1970	1,432.3
1971	1,526.9
1972	1,985.0
1973	2,270.5
1974	1,009.5
1975	1,600.0

¹ DOD report to Congress of estimated amounts obligated for support of free world forces in Vietnam.

Question. Are any other countries supplying military aid to South Vietnam or Laos? If so, please identify country and comments.

Answer. The only other country besides the United States currently providing military assistance to Laos is France. The French have a military training element in Laos consisting of approximately 124 personnel. The mission of this training element is to provide academic instructions in basic military skills to soldiers of the Royal Lao Government. At this time, only the United States provides military assistance to the Republic of Vietnam.

Question. Please supply for the record an itemized listing of all U.S. equipment, weapons and ammunition delivered to South Vietnam from January 27, 1973, to the present with dollar amounts assigned to all items.

to the TPJMC whenever those bodies begin to carry out their duties with respect to inspection and replacement materials for the two sides. Hanoi on the other hand has introduced illegally into South Vietnam vast quantities of armaments. No offer to allow ICCS inspection of this material has ever been made.

Question. According to press articles, approximately 150 F-5E jet fighters have been promised by the United States to the South Vietnamese air force. In the fiscal year 1974 supplemental request, is Congress being asked to authorize any funds for the procurement of any F-5Es or other aircraft for South Vietnam? If so what is the amount?

Answer. The fiscal year 1974 supplemental request contains no funds for the procurement of any F-5Es or other aircraft for South Vietnam.

Question. What is the total number and dollar amount of F-5Es that the Department of Defense is planning to send to South Vietnam in both fiscal year 1974 and fiscal year 1975?

Answer. Provided below is the current delivery schedule and dollar value.¹ This schedule is closely tied to production, hence changes in it are possible.

Fiscal year:	MILLIONS
1974—25 aircraft	\$53.7
1975—43 aircraft	92.3

Question. In view of the F5E's more powerful engines, greater fuel capacity, improved weapons control system and greater ordnance capacity than that of the F5A, how does the Department of Defense justify replacing the F5A with F5E?

Answer. Prior to the cease-fire, plans had already been made and publicly announced to equip the Vietnamese Air Force with F-5E's and procurement for the aircraft had been authorized. The F-5E qualifies as a replacement item for the F-5A in that it is the most similar aircraft to it currently in production and has the same essential characteristics as the F-5A.

Question. What is being done with the F-5A's that are being replaced with the F-5E's?

Answer. Those F-5A's for which F-5E's are being provided as replacements and which have not attrited through combat or use in SVN will be returned to their prior owners, that is, the Republic of China and the Republic of Korea.

Question. Please provide for the record the current South Vietnamese armed forces troop level. Are there any projections on the reduction of this force level?

Answer: Current authorized strengths (troop levels) for the Republic of Vietnam Armed Forces (RVNAF) are:

ARVN	[deleted]
VNN	[deleted]
VNMC	[deleted]
VNAF	[deleted]
RF	[deleted]
PF	[deleted]

Total	1,100,000
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We are encouraging the South Vietnamese Joint General Staff to make concrete plans for force reductions and our Defense Attaché will actively participate in this review. Implementation of a force reduction plan will however be dependent on the level of hostilities.

Question. Do any current Department of Defense contracts in South Vietnam relate in any way with the functions of the police system in South Vietnam? If so, please identify the contracts.

Answer. No, there are no current Department of Defense contracts in South Vietnam related in any way with the functions of the police system in South Vietnam.

Question. Mr. Doolin, in your letter to me of July 23, 1973, you indicate that the Defense Attaché in Saigon estimated that U.S. nationals employed by Defense-funded contractors would be reduced to approximately 1,000 by the end of calendar year 1973, but that the figure was subject to change. Why hasn't that figure been met?

¹ Does not reflect numbers and funds allocated by program years.

Answer. The reason that the tentative reduction projection to 1,000 U.S. citizen contractor personnel was not met is that the Vietnamese have not reached self-sufficiency in logistical operations as rapidly as we had hoped. The principal problem area is in aircraft maintenance. While the Vietnamese Air Force maintenance manning approaches 95 percent of the number authorized, their skill levels have not yet reached the point when they can fully maintain their organic aircraft. The primary emphasis of our contract effort is in training the Vietnamese technicians in the many diverse skills which are required for the broad range of systems involved.

Question. What are the current projections for phasing out Department of Defense contracts in South Vietnam?

Answer. Department of Defense contracts are geared primarily to the ability of RVNAF to perform adequately essential maintenance and logistic functions. Our goal is a totally self-sufficient RVNAF and hence a phase out of DOD contracts. The program has not moved as rapidly as we initially hoped and at this time we cannot accurately project a total phaseout date. As of January 31, 1974 there were 2,736 U.S. contractor personnel in Vietnam. We tentatively project a contractor personnel level of 2,130 by June 3, 1974, down from 5,237 personnel as of January 27, 1973.

Mrs. SCHROEDER. I have some questions about Diego Garcia.

How long do you assume this construction you are requesting will take?

Admiral MOORER. Most of it will be completed by 1976, Mrs. Schroeder. Perhaps a small amount of it might spill over to 1977.

Mrs. SCHROEDER. When do you contemplate, as far as I have heard a scenario, there is no plans to open the Suez Canal as yet.

Mr. CLEMENTS. No, Mrs. Schroeder, that is not exactly correct. I think in the papers that you have undoubtedly read many different versions about the plans to clear the canal, to open the canal within the time frame of whenever would be possible to bring about the clearance of these hulls and the demolition from the explosives that are in there, and to remove the mines.

So you have a three-step situation here. Until you get into this and really find out what is there and what is going to be required to get this canal cleared, you don't know exactly when it is going to be opened. But a safe guess will be sometime about a year from now.

Mrs. SCHROEDER. I think what my question is, is since we don't know when and if the canal is going to be opened, and since the plans with the United Kingdom have not been completely finalized as to what restrictions there will be, et cetera, and since we don't really plan to have this done until 1976, anyway, I don't really understand why this has to be a supplemental. Why the urgency on Diego Garcia?

Mr. CLEMENTS. Because of the delays that would inherently be in there if we went through a cycle I discussed with the chairman earlier. If we did not get the bill approved by December, or January next year, it would delay our accessibility to the facility for up to 8 months.

In other words, that would be perhaps 8 months lost before we could do that.

Mrs. SCHROEDER. We wouldn't finish the construction until the agreement with the United Kingdom, would we?

Mr. CLEMENTS. As soon as we have the funds available through this committee and we bring into final form this draft which we already have—it has gone through several drafts already with the United Kingdom—we would start this construction process immediately.

Mrs. SCHROEDER. Before the final agreement was reached?

Mr. CLEMENTS. No. The final agreement would be completed with Great Britain, and at the same time we would get the approval of funds out of this committee and the Congress. We would then let contracts immediately. As a matter of fact, contractors are available and ready to start this work. Navy construction battalions will perform the balance of the construction work.

Mrs. SCHROEDER. How many personnel are in Diego Garcia right now, U.S. personnel?

Mr. CLEMENTS. Approximately 150 communications personnel and a Seabee battalion of 800 men.

Mrs. SCHROEDER. Are there any civilians there?

Admiral MOORER. There are 15 civilian contractors there, and 3 DOD civilians supervising construction.

Mrs. SCHROEDER. How many would you foresee moving in there, say, by 1976?

Mr. CLEMENTS. Another 300 in addition to the communications personnel. The permanent party would total about 400 to 500 people, with quarters for up to about 600.

Mrs. SCHROEDER. Do you foresee any need to increase the fleet by 1976?

Mr. CLEMENTS. Increase what?

Mrs. SCHROEDER. The naval fleet by 1976?

Admiral MOORER. I already testified, Mrs. Schroeder, that the forces operating in this area would be drawn from either the Pacific or the Atlantic Fleet. This is not a force-building exercise.

Mrs. SCHROEDER. So your position then is very firm, it is strictly a service-oriented base for people going back and forth through it?

Admiral MOORER. Yes, ma'am. So far as Diego Garcia and the facilities we are asking for are concerned, we need those today. It is far more expensive for us to operate in the vacuum as we are today than it would be if we had that facility. It is not time sensitive exactly to the opening of the Suez Canal. I think it is fairly clear that it will be opened, and I think when it is opened, it will have an impact on the naval activity in the Indian Ocean.

Mrs. SCHROEDER. Will SEATO be involved in this area?

Admiral MOORER. No; not at all.

Mrs. SCHROEDER. Thank you.

The CHAIRMAN. Mr. Hicks.

Mr. HICKS. Thank you, Mr. Chairman.

Admiral Moorer, when you talk about drawdown of material that went to Israel, was that drawn from the active units?

Admiral MOORER. Yes, sir, in many cases it was, and that is why we have come in with this supplemental in order to replace this equipment and to build up our stockpiles, particularly the more sophisticated equipments that were used in large scale by the Israelis.

Mr. HICKS. Do we know whether the Soviets did the same thing in their resupply of Egypt?

Admiral MOORER. Well, sir, I think they probably did. The volume of supply was so large, I wouldn't think they had sufficient amounts in warehouses for that purpose.

Mr. HICKS. Their position is no different than ours, relatively at the present time?

Admiral MOORER. They began with a much larger stockpile as far as the ground forces equipment is concerned. I think, with respect to some of the more sophisticated weapons we mentioned, such as the TOW, SHRIKE, and so on, they are far better off in terms of what I call staying power—having on hand the war reserve stocks. On the other hand, much of our equipment is qualitatively superior.

Mr. HICKS. Mr. Secretary, in your statement here, you mention the long queue of ships we have awaiting overhaul. I wonder how that squares with cutting down public shipyards in Boston and Hunter's Point in San Francisco?

Mr. CLEMENTS. Well, historically, the shipbuilding capabilities and the repair facilities for shipyards have gone in cycles. Right now, the yards are generally full, and so we have caught ourselves in a dilemma of having postponed these maintenance items through the Vietnam years, which was a calculated policy. I'm sure your committee was aware of it. At that time we needed our units, and it was a question not only of not spending the money—but also using the units and keeping them in service. So these maintenance items were postponed, and this backlog continued to build up.

Now, commercial shipyards are for the most part full with commercial work, and as we have this maintenance come up and we need to do these overhauls, we are going to find it difficult to reduce materially our overhaul backlog through the use of commercial shipyards.

Mr. HICKS. That is my question. Why did we close Hunter's Point and Boston if this situation was there, the Navy can see that far down the road?

Mr. CLEMENTS. First of all, those yards are terribly inefficient. We felt like for not only present but long-term usage, those yards would not suit our purposes and were on a very high unit-cost factor basis. That is why we closed them.

Mr. HICKS. Regardless of the amount of work that you could see down the road?

Mr. CLEMENTS. Not regardless, because we took that into our planning. It is a question of money, and whether we are in a navy yard or whether we are in a civilian yard, we are still spending money for this purpose. We could do the work at a lower cost elsewhere. It just boils down to that.

Mr. HICKS. But you just got through saying you can't put it elsewhere because there isn't any elsewhere.

Mr. CLEMENTS. I didn't say that. I said there is a question—there is a problem in connection with the scheduling of these units into these yards, but we feel it can be done. In the process of doing it, we will do it on a more cost-effective basis.

Mr. HICKS. Mr. Secretary, do you know in the course of this you cut the shipyards down and cut them down and cut them down, taking the one in my own district at Bremerton, for example, from 10,000 down to 8,000 people, now you are going back up to 10,000, and you are out looking for people that you don't have because they, of course, when they were cut loose from the 10, down, they were gone. They are recruiting all over the country right now. That is the sort of thing I'm talking about. What kind of planning goes on over there about the public yards?

Mr. CLEMENTS. You know we have drawn down from 936 ships in 1969, so that today we have 508 ships. That is a reduction in the ship level of about 43 percent. So, certainly if we needed yards at that time when we had over 900 ships, we certainly don't need the same number of yards when we have about 500 ships.

Mr. HICKS. I could agree with that eventually.

Mr. CLEMENTS. That is true today.

Mr. HICKS. What I'm talking about we cut down, now we don't have any place to put the ships and we don't have the people there. We have to go out and try to recruit them.

Mr. CLEMENTS. On the contrary, Mr. Congressman, it is not a question of being able to put them in the yard. What we are asking for is the money to authorize them in the yard. If you give us the money I assure you we will put the ships in the yard.

Mr. HICKS. I'm sure you will get the money, Mr. Secretary.

The CHAIRMAN. Mr. Beard.

Mr. BEARD. Thank you, Mr. Chairman.

On page 2 of your statement, something I don't particularly understand, for example, pay raises occurred in October 1973 rather than as we earlier expected in January 1974. How does that fluctuate?

Mr. CLEMENTS. We originally had reason to believe that those pay raises would not take place until January. To the contrary they were put into effect in October. This accelerated the demands on our funds to meet these rates.

Mr. BEARD. Who dictates the fact it goes in, in October versus January?

Mr. CLEMENTS. I would like for Mr. McClary to respond.

Mr. McCCLARY. That is an estimation we would have gotten in conjunction with discussions with the Office of Management and Budget. Keep in mind the previous pay raise was January 1, 1973. We had anticipated the 1-year interval, there would be another one.

What happened is that Congress accelerated that pay raise and made it effective October 1.

Mr. BEARD. In other words, through our legislation we put it to where you had no choice in the matter.

Mr. McCCLARY. That is right. We were then required to meet that pay increase October 1, whereas we had planned to do it in January. That cost us \$257 million.

Mr. BEARD. That is what happens when Congress gets involved in a pay raise.

How much—how much is a young man making when he first goes into the service now, what is his starting salary?

Mr. CLEMENTS. \$326 per month.

Mr. BEARD. He has three square meals a day and he has the room there no matter what happens he has that. How does that compare to a young man that doesn't have a high school education, have there been any studies as far as the man, the young boy who didn't finish high school, and went out to try to get a job, how does this stack up?

Mr. CLEMENTS. With this raise we have just been talking about he now makes \$326.

Mr. BEARD. Do you want to add that in here?

Mr. CLEMENTS. In addition to this, of course, on the comparable basis to which you refer, he has a lot of educational opportunities and other benefits would accrue to him in the sense of not only the room and board that you mentioned, but also medical and various other things, which I would be happy to supply to you.

Mr. BEARD. I was going to say he probably has got it made, compared to a kid that doesn't go into the service.

Mr. CLEMENTS. We feel like, and we believe this was the intent of Congress when they passed the laws to make our all-volunteer force work like it is, we feel he is on a comparable basis with the outside world, with industry as a whole. Therefore, it represents an opportunity for him to come into the services, and that is why the all-volunteer force is in fact working. If we didn't have this kind of comparable situation, you can be sure the all-volunteer force would not work.

Mr. BEARD. Do you have any plans in the mill now, any studies to increase the pay at all?

Mr. CLEMENTS. No, sir, I don't think we want to do that.

Mr. BEARD. I hope not.

Thank you very much.

The CHAIRMAN. Mr. Hunt.

Mr. HUNT. Thank you, Mr. Chairman.

Mr. Secretary, I just want to—

Mr. CLEMENTS. I didn't understand you.

Mr. HUNT. You will hold there, you're from the South and from the North. We will get together.

Mr. CLEMENTS. No, sir, I'm from the Southwest.

Mr. HUNT. That makes it a little bit worse. [Laughter.]

Mr. CLEMENTS. I have an answer for that, too. [Laughter.]

Mr. HUNT. I would expect you would, otherwise you wouldn't be in the position of defense.

Let's get back quickly.

I want to cover a few points, Mr. Secretary.

Questions have been asked there in regard to Diego Garcia as to whether you want to do it now. Then the question came up a little later as to whether or not they were going to clear the canal.

I don't think there is any question about the fact they are going to clear the canal, is that right, Admiral Moorer?

Admiral MOORER. Yes, sir.

Mr. HUNT. What we now are in is a time frame race to get the facilities into Diego Garcia so as to counteract this operation in case they do get it open. Isn't this one of our reasons for trying to get those facilities?

Admiral MOORER. I think it is obvious we have a national interest in maintaining a presence and working with our Allies in that area. The sooner we get on with it, the better.

Mr. HUNT. That is right. You don't intend to build up any naval force in there. What you expect to do is have the forces if and when they are necessary in time of emergency.

Admiral MOORER. Exactly.

Mr. HUNT. You are going to use Diego Garcia as a refueling base and so forth, and communications?

Admiral MOORER. That is right.

Mr. HUNT. All the talk this morning is rather superfluous from some people. They seem to be confused, don't do it now, do it a little bit later. That is our trouble. I think you are entirely right. We do it now. Let's get this thing prepared. Let's get the ship underway.

So we know which way we are going. So the boys over there who are going to do a job will know what they have as backup.

I think people miss some of the intent of foreign nations when we know at the present time there are certain metal factors that will be in short supply in the next few years to come, and there are an abundance of some territorial locations directly adjacent to Diego Garcia, and there will be some maneuvering made in there. I think this is one of the reasons why we should discuss this a little more in executive session and I appreciate your position on that matter.

I was just kidding you, Mr. Secretary, I'm of extraction myself.

Thank you very much.

Mr. CLEMENTS. Thank you very much. I appreciate your thought.

The CHAIRMAN. Mr. Bob Price.

Mr. ROBERT PRICE. Thank you, Mr. Chairman.

Mr. Secretary and Admiral Moorer, I appreciate the fine testimony that you have here.

However, I'm a little disturbed this morning we had Russian Embassy personnel present. I think it is mighty decent for us all to put this information before them, there may still be some here.

I have some questions when we go into executive session this afternoon that I would like to know more about.

Mr. Secretary, in your remarks on page 8, you said that we, in your remark, "we would have won but we ran out of ammunition, would not be a satisfying explanation. We do not want another Bunker Hill in our history books."

As I review your remarks, Mr. Secretary, on accelerated modernization, I would like to know more about what we are going to talk about in that this afternoon. I would like to know what we are going to use this communication system for in detail and in depth this afternoon.

And what high priority items that you are talking about to counter the capability of the Soviets.

As I went through your testimony, I see where you have identified about 11 items, or 12, that really I'm surprised that we are in such a position that perhaps we knew about the SAM-6, for instance. We knew about the self-propelled 23 millimeter antiaircraft gun.

We have known about, for instance, you mention here we are going to need certain improvements to aircraft now in inventory.

Our antitank missile, it seems like that we are after the fact coming on in a defensive manner to counter weapons systems that we have known evidently that have been in existence. I'm not blaming you or anyone, except ourselves, perhaps, and it alarms me that we find out about these systems and we are just now starting to work on them over these so many years.

I know it is not your fault. I know the Congress has fallen down. Hopefully we can do a better job. For instance, our aircraft readiness

down from 74 to 65 percent now. Some people might not think this is very alarming. But here we are coming up with, we find we are short of reserve of ammunition. We are short of air munitions.

Our tanks, armored personnel carriers, from those of us who went on that trip, we see the armored personnel carriers by the thousands over there, which we haven't even started to build them as far as I know to any degree.

We saw the thousands of tanks. But I just would like to know a little more in depth, when we are spending \$29 million for construction and communication site on Diego Garcia, I'm sure that is more than just a guidance system for navigational purposes.

I'm glad to know that we are finally moving on the strategic airlift capabilities. We were briefed on that. It is needed vitally.

The Trident, I would like to go into that program this afternoon a little more in depth, to know really what we are trying to do, because I think we would be derelict in our duties as far as I'm concerned I will feel derelict if I don't know the details and know the capabilities.

Thank you, Mr. Chairman.

The CHAIRMAN. Mr. Daniel.

Mr. DAN DANIEL. Mr. Secretary, since I may not get an opportunity to talk to you any time soon, I want to go back to the point Mr. Montgomery raised a moment ago.

My concern primarily is with this total force concept.

Obviously, we have to have an adequate defense, but we have to have it at an affordable cost.

I believe that that is where we could develop our best strength through this total force concept.

It seemed to me the best way to meet that objective is the full implementation of that program that I believe first came into existence back in 1970.

Based on what I can understand, the primary obstacle to achieving this goal is the locked-in concrete thinking in DOD with respect to the capabilities, the roles, and the missions of the Guard and the Reserves.

All I want to ask you to do is to make sure that this matter, this challenge, as I would like to call it, is given more top management attention than it has been given in the past.

Mr. CLEMENTS. Mr. Daniel, I will be happy to do this, and you can be sure that I will be in touch with you and Mr. Montgomery, and I would like to have your personal views on this.

Mr. DAN DANIEL. Thank you, sir.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Mr. Secretary, and Admiral Moorer, the committee will excuse you until 10 o'clock tomorrow morning. For your information, the first order of business of the committee at that time will be the Chair will entertain a motion to go into executive session.

The committee now, however, stands recessed until 2:30 this afternoon at which time we will hear two outside witnesses, but you do not have to return.

Mr. CLEMENTS. Mr. Chairman, do you want to have the services here to respond to any questions that you have this afternoon?

The CHAIRMAN. No, we have finished with the services now. Tomorrow in executive session, we will go into executive session immediately and discuss these matters.

Thank you, gentlemen.

Thank both of you gentlemen, very much.
[Whereupon, at 12:12 p.m., the committee recessed to reconvene at 2:30 p.m.]

AFTERNOON SESSION—MARCH 18, 1974

The CHAIRMAN. The committee will be in order.

Mr. Guy Gran, please come forward. Have a seat, sir.

Mr. Gran, you represent the Indochina Resource Center?

Mr. GRAN. This is correct, Mr. Chairman.

The CHAIRMAN. Will you please tell us something about what the Indochina Resource Center is and what position you hold with it?

STATEMENT OF GUY GRAN, RESEARCH ASSOCIATE, INDOCHINA RESOURCE CENTER

Mr. GRAN. I'm a research associate at the Indochina Resource Center. We are a public interest research group in Washington which collects all kinds of material on all aspects of contemporary events in the four countries of Indochina, and to some extent Thailand, analyzes it, distributes it to anybody who is interested in various kinds of formats.

We have a sister organization in Berkeley, which does many of the same kinds of things and then does some longer range studies as well.

The CHAIRMAN. North or South Vietnam, which side do you represent?

Mr. GRAN. I don't represent either side, sir.

I'm trying to represent what I believe to be the evidence as it has been collected and analyzed by myself in this particular instance.

The CHAIRMAN. Do you speak for the center or for the Hanoi side or Saigon side?

Mr. GRAN. I'm not speaking from either side. I don't see why I should—

The CHAIRMAN. You are speaking for this organization, however!

Mr. GRAN. I'm speaking for an organization. The organization itself does not have such a position. I mean the evidence doesn't suggest the organization should be representing one side or the other.

The CHAIRMAN. I just want to get the record showing your position exactly. You have a lengthy statement which all members of the committee have.

Can you summarize the statement? Then we will ask you questions from your summarization and the statement. Suppose you take about 10 or 15 minutes?

Mr. GRAN. OK. What I was hoping to do was spend about 1 minute summarizing the major arguments, and then read about five pages in the middle?

The CHAIRMAN. That will be fine.

Mr. GRAN [continuing]. Which is the core of the political and military material. In this presentation I'm arguing for the deletion of the

supplemental request, both as a financial saving and as a political signal to every party in Indochina.

I am making four basic arguments in various parts of this presentation. One is a more general kind of thesis, that the information about the military aid program to Vietnam that is released by the administration and by others in briefings, in congressional testimony, and to the media is very often distorted, manipulated, and not very well documented—in fact, not documented at all and comes out very close to what I consider propaganda. A great deal of it—that should come out, doesn't come out. It is classified not for reasons of national security, which is in point of fact never argued in any great detail, but it is instead for reasons of political embarrassment.

That is, if critics of a particular program knew about it they would be better armed, which in fact is true.

Second, I addressed at some length basic arguments the administration has raised before Congress for the last year in support of this program, apply empirical evidence to these arguments, and conclude that these arguments are supported by reasonable evidence.

Third, in the part that I read, I'm making an argument that the present military air program perpetuates the Vietnam war, and is an expensive, potentially permanent drain on American resources. It is posited upon political goals, the same political goals that have always been there. These goals remain impossible for both the Armed Forces of the Vietnamese and the Armed Forces of the United States to attain.

Lastly, in four or five pages I have collected the best citations by the Department of Defense, its own statements on the legality of this program, wherein the Department of Defense witnesses in Saigon and before Congress have admitted that more than half of the program is not in accord with the Paris agreement. These citations are included in the appropriate places.

I would like to make one comment out of curiosity this morning. I hope the committee will raise this issue in executive session tomorrow. On page 13 of Mr. Clement's statement he says, "We wish to raise the ceiling from \$1.126 million to \$1.6 billion. We do not require additional funds."

Then, under questions, I believe, of Mr. Runnels, Mr. Clement admitted that the pipeline funds would not be sufficient and he would require \$200 million of additional funds. This seems to be utterly contradictory. He may mean in a very loose sense that he is going to reprogram money and that doesn't count as new funds. But I would hope the committee would clarify that statement even for their own use if not for outside use.

Now, I would like to detail, document if I can some basic arguments about the military and political situation. As—

Mr. DAN DANIEL. What page?

Mr. GRAN. Page 14, in the middle of the page.

As presently constituted the MASF program is broken down into three budgetary categories. Under procurement we provide weapons, vehicles, ammunition, air ordnance, and aircraft. Of the aircraft, 116 F-5A's are really for MAP countries from which the F-5A's were borrowed in late 1972, and the rest are 71 new F-5E's for the RVNAF.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,

Washington, D.C., Tuesday, March 19, 1974.

The committee met, pursuant to recess, at 10:00 a.m., in room 2118, Rayburn House Office Building, the Honorable F. Edward Hébert (chairman) presiding.

The CHAIRMAN. The committee will be in order.

Members of the committee, the first order of business this morning as you know as I told you yesterday was a motion would be entertained by the Chair for the committee to go into executive session. However, we are missing a few members, and I thought instead of just wasting the time, there were some members yesterday who left before they had an opportunity to ask questions of the Secretary and the admiral in open session.

What members who did not ask questions yesterday, have questions that we can utilize our time now?

Mr. Dickinson.

Mr. DICKINSON. Thank you, Mr. Chairman.

I don't know what was covered yesterday. I had to leave shortly before we concluded.

Mr. Secretary, I think that one of the members covered the point of whether or not this was just a request for increase in the ceiling, or whether this was in fact additional funds. This was covered.

Mr. CLEMENTS. Yes, sir, it was.

Mr. DICKINSON. Let me add that I have some very real doubts and reservations about the continuing to fund South Vietnam in such large amounts. We all wonder when it is going to end.

With Jane Fonda, and people like her lobbying against it, I know I must be on the right side if I support it. So I think I will probably have to do that, Mr. Chairman.

Thank you, that is all I have, Mr. Chairman.

The CHAIRMAN. Mr. Bennett.

Mr. BENNETT. I have somewhat the same feelings about this. I'm getting a little impatient of winding down the war in South Vietnam. It doesn't look to me like you really don't have to be an extreme left winger to feel like the time has come to get out of this war if we possibly can. I would like to have some reassurance along this line that—when does this thing end? A great many of us people who like to win wars we are involved in where we put our shoulder to the wheel, are not really very anxious to tax the American people the way we are doing today for a war we have not shown the will to win.

Mr. CLEMENTS. Mr. Bennett, I would like to respond briefly to that, and then with Admiral Moorer's long experience with that situation in the South Vietnam area, I'm sure he would like to comment.

Admiral Moorer yesterday touched upon the fact that the pressures that North Vietnam had exerted on the south, and the South Vietnamese forces, have required them to respond, which in turn means that they have used up some of their stockpiles and their materiel faster than we had anticipated.

Mr. BENNETT. Is that all covered by the agreements of getting out? In other words, we are doing nothing today, and asking for nothing to be done, that we didn't agree to do when this thing was cooled?

Mr. CLEMENTS. Mr. Bennett, that is exactly what I was going to say. We are still operating under the Vietnam Peace Agreement, which authorizes a one-for-one replacement of the South Vietnamese stockpiles of war material. As they use those stockpiles and as their materiel is depleted—in airplanes, or artillery, or tanks, or personnel carriers, whatever it might be—our authority to replace this equipment cannot exceed a one-for-one replacement, and that is what we in the Department of Defense are now doing.

Mr. BENNETT. That is all you are doing?

Mr. CLEMENTS. Yes, sir, that is all we are doing.

Mr. BENNETT. Mr. Dickinson, hawks like you and me agree that is logical, but I don't want it extended into another war.

Mr. DICKINSON. I think we are on the same wavelength. Speaking for one member only, I very much resent only being involved as a member after the fact. Whether we are talking about Vietnam or whether we are talking about Southeast Asia, you, meaning the Department of Defense, and the executive, draw down our inventory on our supplies and capacity to defend ourselves, and then you come to the Congress and say we have to replenish the stocks. We didn't have anything to do with drawing them down. Then we are hit with the fact well, this is for us, we have to put it back in inventory because we are in bad and desperate straits because we have drawn down so heavily on our inventory.

I think somebody in the executive ought to take into consideration the day is going to come when you are going to draw down on the inventory and the Congress is going to say that is just tough, you just live with it because we didn't agree to it in the first place.

Mr. CLEMENTS. Mr. Congressman, really that is where we are right now.

Mr. DICKINSON. I know.

Mr. CLEMENTS. Unless we get the funds that we are requesting, we cannot draw down much further on our inventories; and until we receive from the sense of this committee a different approach to what we have been doing on a one-for-one basis, our instructions are to continue as we have been doing. But we are at the point now when we must have more funds, or we can't keep doing what we have been doing.

Mr. DICKINSON. I'm trying to raise a flag for you now, Mr. Secretary. Because if we continue in this way you will find you will come to the Congress one day, which won't be too long off, we will say to you drew down, put it back someplace else. We were not consulted

we weren't a part of it. Somebody else made the decision so somebody else can put it back.

Mr. CLEMENTS. I want to assure you that our attitude is one of complete responsiveness to this committee; and when you tell us what you just said, that is what we will do.

Mr. BENNETT. Well, I would like to kind of put my input on this too. It looked like to me possibly you could tell us in advance from now on that you estimate it will be so much, and we could authorize on that basis. Then you would not be embarrassed with this country, you would know in advance what Congress is going to do. So please give consideration to that line of thinking.

Mr. CLEMENTS. We will do that.

Mr. BENNETT. One thing is about Diego Garcia. That is, I notice in the press we are building up to a possibility of an awkward international incident if it hasn't already come.

One thing I'm not clear about in my own mind, I thought I was before we had the hearing yesterday, was I thought Diego Garcia was being established because the Russians had now a presence in the Indian Ocean and we wanted to be in a position where we balanced it. But I have been reading in the press the Indians are saying the United States is going to force Russia to have a presence there, and then yesterday I heard in your testimony that this is tied in with the canal in a way much deeper than I thought it was. I thought this was to be something whether or not the canal was ever opened. I didn't know it was contingent on that. Could you respond on that?

The CHAIRMAN. Mr. Bennett, if you will indulge me, I suggest that you withhold the answer to that until we go into executive session, so we will be at liberty to discuss it more freely.

Mr. BENNETT. My words of wisdom will be taken down and repeated at that time.

The CHAIRMAN. That is right.

Mr. Price.

Mr. BENNETT. That was a question.

Mr. MELVIN PRICE. I move for the consideration of classified items.

The CHAIRMAN. Mr. Price moves the committee go into executive session for further consideration of H.R. 12565.

Mr. Slatinshek, call the roll.

[Rollcall.]

Mr. SLATINSHEK. 25 members voting in the affirmative, none in the negative, Mr. Chairman.

The CHAIRMAN. 25 members having voted in the affirmative to go into executive session, a quorum being present, the committee is ordered into executive session and all unauthorized in the audience will please retire.

[Whereupon, at 10:28 o'clock a.m., the committee proceeded to executive session.]

The committee met, pursuant to recess, at 10:29 a.m. in Room 2118, Rayburn House Office Building, the Honorable F. Edward Hebert (chairman) presiding.

The CHAIRMAN. The committee will please be in order.

Now, Admiral Moorer, you may proceed to answer Mr. Bennett's question in executive session.

Admiral MOORER. Thank you, Mr. Chairman.

Mr. Bennett, yesterday in my briefing I indicated that the requirement for Diego Garcia was to facilitate both our transit of the Indian Ocean and also our operations in the Indian Ocean; in view of the fact that now our closest naval base—Subic—is some 5,000 miles away from Persian Gulf. The Soviet Union already has a very significant presence in the Indian Ocean. I outlined the longstanding and quite advanced base facilities that it has, primarily in Berbera in Somalia, [deleted].

Finally, the Soviets are building an airfield nearby, from which they could use Bear aircraft in their surveillance of the Indian Ocean. They also have access to such places as Aden, Socotra and so on. So I did not mean to imply, if I did, that the requirement for Diego Garcia hinged on whether or not the Suez Canal is open, because this is not the case.

The opening of the canal, we think, will bring about accelerated activity on the part of the Soviets in connection with what they have been doing already. From the long range point of view, we see the time coming when the sea lines of supply from the Persian Gulf over which that area's oil resources transit not only to Western Europe, and the United States, but also to Japan and China, are going to be of such vital importance in any kind of an emergency that the national interest of the United States, I think, requires that we establish the capability to operate naval forces in the Indian Ocean.

So that is what this is all about. As of today, we have no place in the entire Indian Ocean that we can use without making previous arrangements on a case-by-case basis. I think that is a very unsatisfactory situation.

Mr. CLEMENTS. Mr. Chairman, may I comment to Mr. Bennett also?

The CHAIRMAN. Yes, sir, Mr. Secretary.

Mr. CLEMENTS. Two quick points. The first is the one that Admiral Moorer made last, which is that Diego Garcia is the only place available to us at the moment. We do not have alternatives to Diego Garcia that are truly viable and that would give us this kind of support facility. I want to emphasize once more that we are not talking about an operating base. This is a support facility which will be used intermittently as these units come in and out of the Indian Ocean, and they will not be continuously there.

I would also emphasize in this same sense that the runway and the airstrip will probably be used primarily by the P-3 ASW aircraft, which will provide antisubmarine surveillance when our naval units are in the Indian Ocean. These aircraft need this kind of a support facility to protect those units in the Indian Ocean.

[Deleted.]

Admiral Moorer may know.

Admiral MOORER. Yes, sir, I was going to comment on this, because for a long time they employed their older diesel submarines. Recently they have deployed their most modern models of nuclear-powered submarines in the Indian Ocean. [Deleted.]

If I may backtrack, I would like to associate myself with your philosophy, Mr. Bennett, about winning a war.

Mr. CLEMENTS. One further thing about the Russian facilities in this general area—the one that you hear the least about, [deleted] is

the facility they have built during the course of the past 2 to 2½ years, which is right at the head of the Persian Gulf. Iraq made this facility available, [deleted].

Mr. BENNETT. The only observation I would like to make about it, is of course I don't have any objection at all to taking over Diego Garcia and doing with it what you planned as you explained it to me. I think we are coming out on the little end of the horn as far as public relations are concerned. I think sometimes public relations can be as important as anything else in international affairs and winning wars and so forth. I do think if we don't watch this carefully, we may get ourselves in a bad bind, because the press so far has been anti us doing this. This is some new gesture we are making that is going to stir everybody up and start some continuous process.

I would think at this point a great deal of input on the input of thinking with the public relations people as to how to present this, and the regrettable part of this, all you have said to me is secret, and some of it I am sure should be, but also I feel some you have said in secret would be helpful for us to have out, and would not have a defense aspect to it.

Mr. CLEMENTS. I couldn't agree more, Mr. Bennett. The more that we can get the kind of things that we are talking about right here out to the public in a full disclosure sense, so that they have a high degree of understanding of what we are doing and why we are doing it, the better off we are going to be. I heartily agree with you.

Mr. BENNETT. I would like to submit some questions for the record here. Perhaps some of those could be sanitized and made public.

The CHAIRMAN. Thank you, Mr. Bennett.

Admiral MOORER. May I say one thing, Mr. Chairman?

The CHAIRMAN. Certainly.

Admiral MOORER. I have tried my best to do just what you are suggesting in open congressional sessions and in press conferences. But it appears to me that we have a double standard here. No one got exercised at all when the Soviet Union acquired these bases. The British have now announced they are going to send a cruiser and five destroyers to the Indian Ocean by virtue of the change in the strategic situation after the Middle East war. The French assigned a naval chief in the Indian Ocean—that doesn't invoke a comment. But the minute the United States makes a move, we get the most opposition from inside our own country.

Mr. BENNETT. Without objection I will submit some questions for the record that will perhaps help in this.

The CHAIRMAN. Mr. Arends.

Mr. AREND'S. I was going to ask the Admiral why do you say that, what is the reason for that? Why do we get that kickback in this country?

Admiral MOORER. I wish I knew, Mr. Arends. I think it is partially due perhaps, to disenchantment over a long, relatively unsuccessful war. Also, I think there is a big effort in this country to degrade anyone in authority or any decision that is made toward defending the country. I think it is a very unhealthy situation. I don't know why people do it. If I knew, I would be much happier than I am now.

Mr. AREND'S. I still believe there are enough Members of Congress who are willing to face the facts and be realists about this whole matter.

Admiral MOORER. I agree with you, sir.

Mr. ARENDS. We are not lost yet.

Admiral MOORER. I assure you I have not given up by any means.

The CHAIRMAN. Mr. Bray.

Mr. BRAY. As to the public opinion about the United States having a base in the Indian Ocean, India is apparently the guiding impetus on that matter. I can't think of a time when in my memory, the United States hasn't been very friendly to India. They have given India more, far more, than all the other countries in the world. The nicer we treat India, the worse they treat us.

Maybe if we showed a little independence they might like us. I for one am getting tired of American opinion being led by a country that cannot even feed its own people, that we supported, the worst ingrate of all times, and let them determine American public opinion. I am getting sick and tired of it.

The CHAIRMAN. Mr. Price, you had some questions yesterday I understand.

Mr. ROBERT PRICE. Yes, Mr. Chairman.

Mr. Secretary, I would like to continue some questioning I had on your testimony about the communications system that we are going to put on the island. I would like to know in depth and in detail what this will be used for? We are spending \$29 million. Is it going to be used for tracking, possibility of enemy movements, or just what is it to be used for?

Admiral MOORER. The \$29 million is not for the communications per se. It is for the entire installation, including the dredging, lengthening the runway and fuel storage. There already is an austere communications facility on the island. [Deleted.]

But there is nothing particularly unique about the communications. They would simply be necessary in order to operate and control forces in the area.

In sum, the \$29 million is not for the communications, it is for military construction on the island.

Mr. ROBERT PRICE. Then the communications would be nothing of a classified matter in connection with our satellites or anything of that nature?

Admiral MOORER. Yes, sir. I think the total communication equipment expansion for Diego Garcia is estimated to cost about \$9.5 million. We do expect in the near future to connect Diego Garcia—a matter of fact, the Indian Ocean, into the worldwide network via satellite. Right now, of course, we have the satellite primarily focused on the Atlantic and Pacific. But we expect to expand that as soon as we get the equipment, because we do have times when the communications are not as good as we would like—with ships in the Arabian Sea, for example—and the satellite will correct that. The relay probably will be through Diego Garcia.

Mr. ROBERT PRICE. Admiral, in our Research and Development Subcommittee we were told they wanted some \$31 million additional for satellites to upgrade our communications system. I have been told we spent close to \$100 million in the services to put a satellite that is still not operational in a sufficient manner to carry out what we need to do. Also, I have been told that there are other companies that have built satellites that are up there presently that we are leasing facilities from until such time as we can put up a satisfactory satellite.

In other words, there are already satellites up there working for Comsat and Telsat, and are operational and have been for 3 years, yet the services have not been able to put up a satellite that is workable and that is satisfactory for the defense of our country.

Admiral MOORER. I am not aware of the details of it. I would be very happy to give you a complete rundown on this, Mr. Price.

Our satellite communications currently in operational use are working quite well, but I am not aware of the specific point you are talking about. I would be very happy to give you the information.

Mr. ROBERT PRICE. I think it is real important, Admiral and Mr. Secretary. This is kind of the guts, if you don't have communication, you really don't have good defense.

Mr. CLEMENTS. There is no question about this. I will investigate it and be back in touch with you, Mr. Price, and discuss this at some length, because you should recognize and the committee should realize that one of the most important programs we have ongoing in the Department of Defense is our worldwide military command and control system—WWMCCS—the communications installation on Diego Garcia will be an important link in that system.

That is really what we need it for [deleted].

Mr. ROBERT PRICE. All right, Mr. Secretary. I will get my information available also, because if it is as questionable as I think it is, I think it is quite serious, if the services have not been able to put up a satisfactory satellite—I don't mean just using a few channels. When I think it is something that really needs to be looked into in depth.

Mr. CLEMENTS. I agree completely, and we will be back in touch with you on this. I am not aware of what you are talking about, and I need to check this out.

Mr. ROBERT PRICE. Right. I have hardcore information that are leasing space from them until such time that we can put up a satellite of our own.

Mr. CLEMENTS. All right.

[The following information was received for the record:]

MILITARY SATELLITE COMMUNICATIONS

The communications facility at Diego Garcia was implemented to eliminate gap in high frequency (HF) radio coverage in the Indian Ocean. [Deleted] further emphasized the need for the Diego Garcia communications to provide HF communications coverage in the Indian Ocean Area. However, recognized that HF communications is not the ideal communications anywhere in the world. It is disrupted by various atmospheric conditions and would experience complete black out during nuclear burst.

For these reasons, among others, the Navy is presently in the development phase of ultra high frequency (UHF) satellite communications capability FLTSATCOM. We expect to launch the first FLTSATCOM satellite in the earlier planning of this program it was anticipated that we would launch the first satellite sometime in early 1975. However, due to funding and design decisions the program has been delayed. In the interim, Navy has decided to lease from COMSAT UHF channels in two satellites, one over the Atlantic Ocean and the other over the Pacific Ocean. We expect the first satellite to be launched in December of this year with the second launched three months later.

Since this arrangement is a leased channel arrangement, there is no way to have the COMSAT satellite moved to the Indian Ocean Area to provide coverage in that vicinity. Even if it was possible to relocate these leased channels, there would be no connectivity between CONUS and the Indian Ocean satellite. This is why the FLTSATCOM Program is following a four in orbit satellite

system to provide worldwide coverage and the necessary connectivity for the various users.

A clear distinction must be made between the leased UHF communication capability, referred to as GAPFILLER, the FLTSATCOM and TELSAT and COMSAT. GAPFILLER and FLTSATCOM will use the UHF band which will allow small type, unsophisticated terminals to be installed on many mobile platforms (ships, aircraft, etc.) to be able to communicate with each other and fixed shore stations. The TELSAT and COMSAT (manager of INTELSAT) uses an entirely different frequency band which requires very complex earth stations. The majority of INTELSAT earth stations in operation today have antennas that are approximately 80 ft in diameter or larger. COMSAT conducted a test putting a smaller satellite terminal on an ocean liner to work in the INTELSAT frequencies; however, the size terminal used was much too large to be placed upon Naval ships. One additional distinction must be made between the GAPFILLER and the FLTSATCOM satellites.

[Deleted.]

We also in the military have a Defense Satellite Communications System (DCSC). This Program was started in 1966 with the launch of seven sub-synchronous R&D satellites. A total of 26 satellites were launched to support this R&D effort. There are 12 of these satellites remaining in operation presently supporting long haul communications into Diego Garcia. Although these 12 satellites do not provide 100% satellite availability to Diego Garcia because of the random drifting of each satellite, it was the only communications media available to the military other than HF. [Deleted.]

The random drift satellites have been replaced by DSCS Phase II Satellites. These satellites, like the commercial satellites are in synchronous orbit. We did have design problems with the first two of these satellites that were launched in November 1971. Because of these problems we put a hold on the program until a complete technical evaluation could be made. We have since made a number of design changes and on December 13, 1973 launched two more of the DCSC Phase II satellites. Although we had a few minor problems, both satellites are now operating perfectly, with the Pacific satellite being turned over to operational traffic on February 2, 1974 and the Atlantic satellite on March 18, 1974. However, these two satellites will not give worldwide coverage and therefore cannot support communications into the Indian Ocean. We do have two more of these Phase II satellites that were procured as part of the original contract. These satellites are presently being made ready for launch before the end of this year. When this is accomplished, the DSCS Phase II system would be able to provide long haul, high reliable communications into Diego Garcia.

As far as the question of the military fielding an operational satellite system, I believe we are doing a very good job and when considering the funding limitations and policies, I think it is an exceptional job. The Defense Department started in this field in the early sixties. As we previously mentioned, we developed and launched, commencing in June 1966, 26 sub-synchronous DSCS Phase I satellites. While we were still carrying out the R&D program, communications requirements into and out of Viet Nam dictated that we use this R&D system for operational traffic. Although these satellites had a five year R&D life expectancy, a number of these satellites are still providing service today.

In September 1968, DoD launched an ultra high frequency (UHF) R&D satellite called Lincoln Experimental Satellite Number 6 (LES-6). This satellite also had an R&D life expectancy of five years. Again because of pressing military communications requirements, this satellite was used for operational traffic. The LES-6 satellite provided exceptional communications support to the Mediterranean Fleet—for example, during the recent "Mid-East Crisis." This satellite is still carrying operational traffic today.

On February 9, 1969, the TACSATCOM satellite was launched and placed in the Pacific Ocean area. This satellite was also an R&D vehicle to test out the concept of a single satellite with both UHF and SHF frequency capability. This satellite was also forced into operational use because of communications requirements for Viet Nam and proved to be a vital link from CINCPAC to the Seventh Fleet. The design life of this satellite was 28 months yet it continued to provide UHF communication capability for 46 months.

Our first system that started out as an operational system rather than R&D system was the DSCS Phase II System. DoD went on contract March 1969 for six synchronous satellites. This program took advantage of the previous R&D programs and embarked in the development and production of a sophisticated satellite that would meet military requirements of the 70s. We launched the first

two of these satellites in November 1971 and we did have problems with them. In fact, both satellites failed before their three year life period. However, we took what we considered the necessary steps to identify and fix these problems. Because of the complexity of the problems and our concern to be absolutely certain of the fixes, we did not launch the next two satellites until December 1973. As I previously mentioned, these satellites are not carrying operational traffic in both the Atlantic and Pacific Area. We have two more of these satellites that we intend to launch before the end of this year. We also intend to procure additional satellites of this same design which will maintain our communications posture through 1979. Therefore, in view of the above, I do not see how anyone can criticize the military effort in the area of satellite communications.

In summary, the military satellite communications situation in support of the Diego Garcia are as follows:

(a) DSCS Phase I provides one voice and four teletype circuits into Diego Garcia. The HF facilities at Diego Garcia are then used to relay this information to ships in the Indian Ocean.

(b) DSCS Phase II—by the end of this year will replace the random drift satellites with a synchronous satellite worldwide. This will improve communications into Diego Garcia and increase the capacity of these communications links.

(c) FLTSATCOM—by 1977-1978 timeframe this System should be in full operational capability. This will allow direct communication to ships in the Indian Ocean from Naval Communication stations such as Guam and Naples.

What is the communications future of Diego Garcia? Although the Navy is turning to higher frequencies such as UHF and SHF to support communication to the fleet, there will always be a need for a very thin line, worldwide, critical HF communications capability. Diego Garcia will continue to be one of those significant locations in support of this thin line system.

Although Defense is implementing its own satellite communication capability, we will continue to use the commercial satellite capability to satisfy many of our operational requirements. There is no intent to eliminate all commercial leases because we now have a military system. We will reduce our leases somewhat but this will only be for those critical command and control circuits that must be under military control and that we feel are more protected in a military satellite because of its antijam capabilities.

Mr. ROBERT PRICE. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Price, I don't know whether you were here the other day when I announced the organization of a Communications Subcommittee, a special subcommittee, Mr. Mollohan, Mr. Jones and Mr. Hunt. I suggest you keep in touch with Mr. Mollohan, and you will be welcome to his committee meetings, too.

Mr. Secretary and Admiral, I think the fact that we have established a special subcommittee for this purpose, Mr. Mollohan in particular has been at this business for some 3 years' time, has been around the world on it, is very knowledgeable. So I suggest, Mr. Price, you talk to Mr. Mollohan, too, and he will welcome you to associate yourself with and work with the committee.

Mr. CLEMENTS. Who are the other members, Mr. Chairman?

The CHAIRMAN. Mr. Mollohan, Mr. Jones, and Mr. Hunt. It is a three-man subcommittee.

Mrs. Holt.

Mrs. HOLT. Thank you, Mr. Chairman.

Admiral and Mr. Secretary, I am concerned about this agreement that we didn't go into in great depth, but I have read that we have agreed with the United Kingdom that we would ask them for permission to take any kind of defensive or offensive action from Diego Garcia.

I just wondered if this is true, or has it gone that far?

Mr. CLEMENTS. No, ma'am. It is not true, because the agreement is not in its final form. The draft that had been negotiated with the previous British Government is now being reviewed and discussed at

cabinet level by the Labour Government. Therefore, that agreement is not final.

We have no reason at all to believe, however, that the arrangements finally agreed upon will not be satisfactory to both sides because there will be a joint use of the facilities.

Mrs. HOLT. That was the next question I wanted to ask. What use would they make of this facility, the United Kingdom?

Mr. CLEMENTS. It will be a joint-use facility, available to support their ships and aircraft as well as ours.

Perhaps, Admiral Moorer would want to elaborate on this. But, this generally is the outline of what we are doing.

Admiral MOORER. I would only add, Mrs. Holt, of course the facilities, would be the property of the United States.

Mrs. HOLT. Would we keep the P-3C aircraft there? Would they be kept there?

Admiral MOORER. No, ma'am, they would not be kept there permanently. They would be sent there intermittently, when we have ships in the vicinity and it is necessary to conduct ASW patrols in their operating areas.

Mrs. HOLT. I see. Thank you.

What have we done, or what effort is made to get any of our other allies or any other countries participating in South Vietnam? We seem to be shoudering this entirely alone, and maybe that is a naive question, but is anything being done?

Mr. CLEMENTS. Yes, there have been some recent discussions which are on a very close, confidential basis, with other countries, and we have reason to believe that they are looking with some favor on the possibility of assisting us in meeting the financial requirements of support to South Vietnam.

Now, this is not in any final state, and it really comes under the purview of the State Department, but I wouldn't be surprised if something doesn't come of this.

Mrs. HOLT. Does Japan have any concern?

Mr. CLEMENTS. Not to my knowledge.

Mrs. HOLT. Thank you very much.

The CHAIRMAN. Mr. Jones.

Mr. CLEMENTS. Mrs. Holt, excuse me, I thought you were talking solely in terms of military assistance. With regard to economic assistance, Japan has had teams in the area, and has indicated that they will give assistance of a more significant nature.

We have with us Mr. Dennis Doolin, who works in our International Security Affairs Office in the Department of Defense. He is a deputy there. This area is under his responsibility, and I would like for him to comment on this to you, if I may, Mr. Chairman. He has just returned from a recent trip to the area.

Mr. DOOLIN. Mrs. Holt, for fiscal year 1974, the projection is some \$40 million in nonmilitary assistance from other countries to South Vietnam, primarily from Japan and from France, with a hope that there may be some assistance from the Netherlands, from Australia and from the Asian Development Bank.

Mrs. HOLT. How much of that is from Japan?

Mr. DOOLIN. About half.

Mrs. HOLT. Thank you.

The CHAIRMAN. Mr. Jones.

Mr. JONES. Thank you, Mr. Chairman.

My question deals with the European situation. A special subcommittee of this full committee recently returned from hearings in Europe on our NATO commitment. There seemed to be a very solid administration line that now is not the time to have any unilateral withdrawal, et cetera. But the administration line seems to have changed, as the press conference of the President last Friday indicated.

Can you shed some light on that situation?

Mr. CLEMENTS. No, sir, I cannot.

The CHAIRMAN. Any more questions, Mr. Jones?

[Laughter.]

Mr. JONES. Mr. Chairman, I would say that closes off the questions. Thank you.

The CHAIRMAN. Mr. White.

Mr. WHITE. Thank you, Mr. Chairman.

Mr. Secretary, down at the tail end of a radio announcement or statement this morning, a short synopsis of the news, I heard at the very tail end something to the effect that there was a statement from England, from some source, that there was going to be a resistance to any more expansion on Diego Garcia.

Mr. CLEMENTS. Mr. Congressman, I would caution you that sometimes the English newspapers are more reliable than ours, other times they are not.

I would think in my own considered opinion and judgment that the Labour Government will, as I told Mrs. Holt, reconsider, review and approve Diego Garcia. Now I could be wrong about this.

Mr. WHITE. Have you heard of this dissidence?

Mr. CLEMENTS. Yes, sir, I have.

Mr. WHITE. From what source is it coming?

Mr. CLEMENTS. I think that these are no doubt people in the United Kingdom who are in opposition to this just as there are in this country. [Deleted.]

But I am optimistic. I think the Labour Government will, in fact, endorse the plan as did the previous Government, and go forward with it.

Mr. WHITE. Is this dissent from any part of the Labour Government or just from other elements?

Mr. CLEMENTS. I can't really answer that. It is really just a newspaper report at this point. We have no official information whatsoever in this regard.

As far as I am concerned, it is strictly a newspaper report at this point.

Mr. WHITE. Thank you very much.

Mr. PIKE. Would the gentleman yield?

Mr. WHITE. Yes.

Mr. PIKE. Mr. Secretary, there have also been newspaper reports to the effect that Australia, or some people in Australia were unhappy about this. Have there been any official communications from the Australians in this regard?

Mr. CLEMENTS. No, sir. But when Secretary Rush was recently in Australia, there were some people there, both in the Government and outside the Government, who discussed this with him at some length.

Mr. CLEMENTS. Mr. Dickinson, a quick story I would like to share with the committee. After the hostilities had ceased in the Middle East, Jordan asked for some TOW's and we sent them some TOW's, and they arrived one afternoon—

Mr. DICKINSON. To Jordan?

Mr. CLEMENTS. To Jordan. [Deleted.]

[Laughter.]

Mr. DICKINSON. We are supplying TOW then to [deleted] to any country that wants it just about, is that right?

Mr. CLEMENTS. No, sir, we don't have any plans to sell these weapons to Syria.

Mr. DICKINSON. None to Syria.

Mr. CLEMENTS. That is right, and we won't sell TOW's to any country just because it might want them.

Mr. DICKINSON. Thank you.

The CHAIRMAN. Mr. Whitehurst.

Mr. WHITEHURST. Thank you, Mr. Chairman.

Mr. Secretary, I heard the answer you gave to my colleague, Mr. Jones, with regard to the President's statement last week. I am also a member of that ad hoc subcommittee, and I was also in Europe 2 weeks ago.

Let me see if I can turn the question around another way. The Defense Department, its policy toward NATO, is unchanged, is it not from what it was, let's say, 3 weeks ago?

Mr. CLEMENTS. Yes, sir, there has been no change to my knowledge.

Mr. WHITEHURST. I think we ought to have this on the record. I want it put on the record, in my own comments. Frankly, I was dismayed by the President's statement. We have some first-rate people over there who represent you all, whom we met, and we were impressed by their dedication, the sense of mission that they feel. Whereas I can't speak for my other colleagues, I came back firmly persuaded that the pending success of MBFR is that our forces should be retained at the level that they are, and I would repeat what General Davison said to us. He said if they were cut, he couldn't perform his mission. There are the people we have got to back up.

Mr. CLEMENTS. Let me comment, Mr. Congressman, because I didn't want to make too short an answer to Mr. Jones, but when he asked me to relate that particularly to what the President said, I don't have any information that will allow me to comment.

Mr. WHITEHURST. I understand that.

Mr. CLEMENTS. As I told you, there has not been any change, to my knowledge, and I would ask that the committee put into perspective whatever the President said in light of the fact that we have very serious negotiations going on with the Russians in SALT.

We also have MBFR discussions going on, and these negotiations are as complex as the SALT negotiations.

So I would caution the committee to take what the President said in the context of these negotiations that are going on with the Soviets.

Mr. WHITEHURST. I wish the President had those things in mind before the President made the speech.

Mr. STRATTON. I certainly share the gentleman's concern, and the concern of our subcommittee over the remarks that the President made, and, in fact, I have expressed myself to the White House on it

But I think we have got to be a little bit realistic about what happened here, and not get in a great tizzy. It is perfectly obvious the policy of the country is still the same. It has been the White House, the State Department, that have been on our necks trying to get some action taken to support the continuation of troops in Europe, and to find some way that the Jackson-Nunn amendment can be met so that we don't have any massive reduction at a time that is not particularly appropriate, and I think it is quite clear that there hasn't been any change in policy. I think the President's remarks were offhand, but, frankly, I think he expressed a kind of gut reaction that we all feel that if people are going to fool around with us the way the French have been fooling around, the fact of the matter is the American Congress is not going to support continued placement of troops in Europe regardless of what the Randall committee may recommend, and, if I read the papers correctly, the President's rather offhand remarks seem to have calmed down the French a little bit. Mr. Jobert, for a change, is talking diplomatically.

So it does seem to me that while I share the concern of the other members of the subcommittee that we don't need to get too disturbed, I think this may have had a salutary effect.

Mr. WHITEHURST. I hope you are right.

Mr. RANDALL. Would you yield the remaining time?

Mr. WHITEHURST. I guess it is mine. I will yield to the distinguished chairman of the subcommittee.

Mr. RANDALL. Mr. Secretary, would it, at this point, faced with the necessity of report under the mandate of the House, it may very well be with the concurrence of our chairman, we plan to have a report next Monday to ask for some additional time and go on the floor and ask for unanimous consent to give us some additional time to determine, to call in some other witnesses to be certain that the Department of Defense position is as it always has been, that there has been no change.

I thank the gentleman for yielding, the gentleman from Virginia.

Mr. WHITEHURST. Could I just ask one question back on my own time, just one kind of a post script which isn't related to this.

What is the political relation of Diego Garcia to the United Kingdom? Is it just owned outright? Does it have any kind of status whereby it might change later on, such as some of these small islands in the Caribbean?

Mr. CLEMENTS. For over 150 years it has been under British control, originally belonging to Mauritius, then a British colony, and since 1965 as a part of the British Indian Ocean Territory.

Mr. WHITEHURST. There is no indigenous population, for example?

Mr. CLEMENTS. No, sir; there is not.

Mr. WHITEHURST. Thank you, that is all.

The CHAIRMAN. Mr. Arends.

Mr. ARENDS. I am terribly interested in some of those comments made here about the President's position in the statement he made the other day. I want to say to Mr. Stratton, I think this is something whose time has come, and it had to be said. I thought the reaction of the French indicated that maybe they are going to be a little bit more realistic about some of the problems that we face, and I am glad he said it.

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DEFENSE ADVANCED RESEARCH PROJECTS AGENCY
Civilian End Strength and Manyear Summary
and Computation of Pay Increase Costs

Appropriation: RDT&E, Defense Agencies	End Strengths				Current FY Manyears						
	6/30/73		6/30/74		Classified/	Admin Action	Wage Employees	Classified/	Admin Action	Wage Employees	Total
Civilian Personnel	Class	Wage	Action	Class	Admin	Wage	Class	Admin	Wage	Employees	
Full-time permanent employment	100	1		117		1					
Part-time, temporary and intermittent employment	5			5						5	5
Disadvantaged employment programs											
Other non-ceiling personnel											
TOTAL	105	1		122		1			120	1	121

COMPUTATION OF NET REQUIREMENT:

1. Basic average salary 31 December 1972 -----	20,125	20,125
2. Basic average salary 1 October 1973-----	22,008	22,008
3. Increase in basic average salary-----	1,883	1,883
4. Increase in basic average salary applicable to current fiscal year a/ -----	1,242	1,242
Pay raise effective 1 January 1973-----	(725)	(725)
Pay raise effective 1 October 1973-----	(517)	(517)
5. Total basic salary increase applicable to current fiscal year (Man-years X 4. above) (\$000)-----	149	149
6. Increases in overtime, holiday, and other variable pay due to pay increases (applies to object class 11.3) (\$000)-----	-	-
7. Civilian personnel benefits (applies to object class 12.1) (\$000)-----	13	13
8. Increase in direct pay and related costs (5.46+.7) (\$000)-----	162	162
9. Reimbursements to other accounts (+) (\$000)-----	-	-
10. Reimbursements from other accounts (-) (\$000)-----	-	-
11. Absorbed within available funds (-) (\$000)-----	-	-
12. Additional appropriation required (8.+9.-10.-11.) (\$000)-----	162	162 *

a/ Recognizes that 1 October 1973 pay raise effective for 9 months in FY 1974.

FY 1974 DRAFT BUDGETAL PROJECT																					
I. CURRENT YEAR		MILITARY CONSTRUCTION PROJECT DATA				II. DEPARTMENT		III. INSTALLATION													
10 JAN 1974	1974	P.L.	411.10	3 31 13 N	NAVY	NAVAL COMMUNICATIONS STATION	IV. STATE/COUNTRY														
V. PROPOSED AUTHORIZATION		VI. PRIOR AUTHORIZATION		VII. CATEGORY CODE NUMBER		VIII. PROGRAM ELEMENT NUMBER		IX. PROJECT TITLE													
\$ 29,000,000		-		411.10		3 31 13 N		DIEGO GARCIA, CHAGOS ARCHIPELAGO													
X. PROPOSED APPROPRIATION		XI. BUDGET ACCOUNT NUMBER		XII. PROJECT NUMBER		XIII. EXPANSION OF FACILITIES				XIV. SECTION A - DESCRIPTION OF PROJECT											
\$ 29,000,000		-		P-004		SECTION B - COST ESTIMATES				Physical Characteristics of Primary Facility											
XV. TYPE OF CONSTRUCTION		XVI. DESIGN CAPACITY		XVII. GROSS AREA		XVIII. PRIMARY FACILITY				XIX. EXPANSION OF FACILITIES											
X. PERMANENT		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. SEMI-PERMANENT		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. TEMPORARY		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. COOLING		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. TYPE OF WORK		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. NEW FACILITY		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. ADDITION		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. ALTERATION		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. CONVERSION		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. OTHER (Specify)		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. REPLACEMENT		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. TYPE OF DESIGN		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. STANDARD DESIGN		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. SPECIAL DESIGN		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. DRAWING NO.		X. DESIGN CAPACITY		X. GROSS AREA		X. LENGTH				X. NO. OF BLDGS		X. NO. OF STORIES		X. FLOOR		X. UNIT COST		X. QUANTITY		X. COST (\$000)	
X. QUANTITATIVE DATA (U/M NOT APPLICABLE)		X. REQUIREMENT FOR PROJECT		SECTION C - BASIS OF REQUIREMENT																	
X. TOTAL REQUIREMENT		X. EXISTING SUBSTANDARD		MISSION AND PROJECT: The Naval Communication Station provides Fleet broadcasts, tactical ship to shore and point to point communications, and is a critical link in the Defense Communications System. A new mission is being assigned to this station to support periodic presence of an Indian Ocean Task Group. This project provides facilities to improve Diego Garcia for logically supporting the Task Group.																	
X. EXISTING INADEQUATE		X. FUNDED, NOT INVENTORY		REQUIREMENT: Recent events in the Middle East, the energy crisis, and the potential for hostilities in an area subject to chronic instability has necessitated a re-evaluation of U.S. national interests in the Indian Ocean area, problems that may affect those interests, and the adequacy of the means now available for their protection. These national interests which could require an occasional increased Navy presence are: (1) free access to and transit in the Indian Ocean, (2) protection of U.S. nationals, and (3) protection of sea lines of communications. These events and interests are the basis of a requirement to provide logistic support facilities to support a task force operating in the Indian Ocean area.																	
X. INADEQUATE ASSETS (C+D)		X. UNFUNDED PRIOR AUTHORIZATION		(Continued on DD 1391c)																	
X. INCLUDED IN FY		X. PROGRAM																			
X. DEFICIENCY (B+C-D)		X. RELATED PROJECTS																			
X. CLASSIFIED BY: CNO OP-40		X. FORM 1391																			
X. GEN/TECH GDS: E.O. 11652		X. DATED 31 DECEMBER 1983																			
X. AUTOMATICALLY DOWNGRADED AT TWO YEAR INTERVALS		X. OCT 1980																			

FY 1974 SUPPLEMENTAL PROJECT

1. DATE 30 JAN 1974	2. FISCAL YEAR 1974	3. MILITARY CONSTRUCTION PROJECT DATA (Continued)	4. DEPARTMENT NAVY	5. INSTALLATION NAVAL COMMUNICATIONS STATION, DIEGO GARCIA
6. PROJECT NUMBER P-004	7. PROJECT TITLE EXPANSION OF FACILITIES			

Block 25. REQUIREMENT FOR PROJECT (CONTINUED)

REQUIREMENT: (CONTINUED)

Facilities to be provided are the minimum required to support surface and air operations. The additions to present facilities are a [redacted] fuel farm on fill land adjacent to the present fuel facility causeway, expansion of the aircraft parking apron, a maintenance van hardstand, aircraft arresting gear installation, a ready issue ammunition magazine, an airfield transit building adjacent to the apron, a hangar, a 4,000' runway extension, a POF/general purpose pier, and an expansion of the power plant to meet the electrical requirement of the POF facilities.

CURRENT SITUATION: Facilities constructed and currently programmed for Diego Garcia have been closely tailored to the requirements of the communications mission. With the exception of the C141-capable runway, all other facilities have negligible capacity available to logistically support a task force in the Indian Ocean.

IMPACT IF NOT PROVIDED: If this project is not provided, there will be no fixed site to support carrier task force operations in the Indian Ocean area.

ADDITIONAL: Construction will be accomplished by the Naval Construction Force.

DD 1391c

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DEPARTMENT OF DEFENSE - MILITARY
FAMILY HOUSING, DEFENSE
OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

IDENTIFICATION CODE 07-30-0701-0-1-051	FY 1974 Presently Available	FY 1974 Revised Estimate	FY 1974 Proposed Supplemental
11.1 PERSONNEL COMPENSATION:			
11.1 PERMANENT POSITIONS	11,971	11,971	
11.3 POSITIONS OTHER THAN PERMANENT			
TOTAL PERSONNEL COMPENSATION	11,971	11,971	
12.1 PERSONNEL COMPENSATION	11,971	11,971	
12.1 PERSONNEL BENEFITS: CIVILIAN	1,117	1,117	
21.0 TRAVEL AND TRANSPORTATION OF PERSONS	194	194	
22.0 TRANSPORTATION OF THINGS	2,717	2,717	
23.0 RENT, COMMUNICATIONS, AND UTILITIES	79,214	79,214	
25.0 OTHER SERVICES	535,855	535,855	
26.0 SUPPLIES AND MATERIALS	30,824	30,824	
31.0 EQUIPMENT	31,713	31,713	
32.0 LANDS AND STRUCTURES	369,416	369,416	
41.0 GRANTS, SUBSIDIES, AND CONTRIBUTIONS	116	116	
43.0 INTEREST AND DIVIDENDS	58,181	58,181	
SUPPLEMENTAL REQUIRED FOR WAGE-BOARD PAY INCREASES	-2,701		2,701
SUPPLEMENTAL REQUIRED FOR CIVILIAN PAY INCREASES	-1,165		1,165
99.0 TOTAL OBLIGATIONS	1,117,452	1,121,318	3,866

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