

STATEMENT OF SECRETARY OF DEFENSE CHARLES E. WILSON
BEFORE THE SENATE ARMED SERVICES COMMITTEE
THURSDAY, FEBRUARY 21, 1957

Mr. Chairman and Members of the Committee:

I am very glad to have this opportunity to meet with your Committee and together with Admiral Radford discuss our military program for the coming fiscal year. I have some general observations to make about the Department of Defense program for Fiscal Year 1958, and Admiral Radford will discuss the international military situation with the Committee. I also understand that in the next few days the Secretaries of the Military Departments and the Chiefs of the Military Services will go over their individual military programs in greater detail with the Committee.

Last year I reported to the Committee that the Joint Chiefs of Staff and the Military Departments had been requested to make a complete and careful evaluation of the size, nature and composition of the forces likely to be required for our security during the following three years. This longer range study was designed to provide us with a sound base for planning for our military procurement and other programs which necessarily extend over a period of years.

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In March of last year we began those studies looking forward to Fiscal Year 1958. At that time the Joint Chiefs of Staff held a meeting in Puerto Rico for a part of their deliberations. They concluded that our basic military programs were generally valid and that, so far as they could forecast at that time, would continue to be valid through the period 1958-60. The Joint Chiefs of Staff further pointed out that the maintenance of current military programs would, in their opinion, become increasingly costly in the period just ahead. They estimated that with careful management and continual review annual military expenditures during the period 1958-59-60 could be held within approximately 38 to 40 billion dollars if our present force levels and deployments were maintained. I concurred in this estimate although I recognized that we would have considerable difficulty in maintaining our programs within these figures, and so stated at that time.

The first estimates of assumed requirements made in June were excessive as is the case every year. There was also a staff study which became public and which speculated about the effect on the Military Departments if we should reduce military personnel over a three-year period by approximately 800,000 men. These estimates and staff studies

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did not in any sense represent the final judgment of the responsible officials in the Department of Defense as to what should be done.

It should be obvious that a sudden increase of our military budget by one-third to anything in the order of 48-1/2 billion dollars would be unreasonable and misunderstood all over the world. If it were to be done at this time, it would require the imposition of some types of controls on the economy, and in addition it would represent a major move toward mobilization. On the other hand, the sudden reduction in the number of military personnel by 800,000 was and is not justified considering the present international situation. Such a reduction would require important changes in overseas deployments and in the absence of sound disarmament agreements would have an impact abroad which the Free World could ill afford at this time.

The situation in the Middle East and the Suez Canal area, as well as the events that took place in Hungary several months ago, have added some additional complications to our military planning. The international situation, as it affects the military program, is difficult to evaluate but recent events seem to confirm the soundness of our decision to maintain great military strength for the long pull. They do not seem to justify major changes in our military planning or programs at this time.

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The situation as it appears at this time seems to dictate somewhat more emphasis upon forces in being and on instant readiness than upon longer-range programs.

Looking back upon the situation during the Suez crisis, I would like to pay a particular compliment to our military leaders and to the Army, Navy, Air Force and Marine Corps for the prompt way they appraised the situation and were prepared to do whatever might have been necessary to protect our national interests. In particular, the Sixth Fleet is to be commended for their splendid action in evacuating American nationals from critical areas.

In November the Joint Chiefs of Staff again reviewed our military posture and recommended that:

"in the light of the present international situation it appears desirable that our military programs continue to be based upon essentially the present force levels and personnel strengths as far as preparation of the Fiscal Year 1958 budget is concerned. It is recognized that should the situation markedly deteriorate it may be necessary to recommend increases in certain programs the exact nature of which cannot be determined at this time."

During November and December intensive reviews were made of the various proposals of the Military Departments, and it became apparent that the cost of maintaining our forces for Fiscal Year 1958 would be higher than for either 1956 or 1957. This increase is both a reflection

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of the higher cost of developing, procuring, operating and maintaining the newer and more complex weapons systems and equipment in the armed forces and the result of increased prices for materials and wages.

The revised budget requests of the three Military Departments which were presented for final review in early November represented the best estimates of the requirements of the individual Military Departments as they appraised their problems. Their presentations and budget analysis were the best that have been presented to me since I have been Secretary of Defense. Nevertheless, when we added up all the requests and the costs of the individual projects in all programs, it became clear that they could not all be financed under a reasonable total budget and some further reductions were necessary. We found we cannot afford to, nor do we need to push every program as rapidly as the individual advocates of each program would like to see done. Even our great and prosperous country cannot finance all the hopes and fears, dreams and ambitions of all the people engaged in our defense effort.

The budget for the Department of Defense for Fiscal Year 1958 was finally arrived at after discussions with all responsible officials, both military and civilian. After this careful review of our military programs and their cost for Fiscal Year 1958, recommendations were presented to the

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National Security Council and the President. The estimated expenditures of 38 billion dollars are 2 billion dollars more than the estimated expenditures of 36 billion dollars for Fiscal Year 1957. Only by careful action by the responsible officials in the Department of Defense to make all possible savings can our expenditures be held within these levels.

The Department of Defense is very conscious of the impact of defense procurement and employment throughout the country, and the adjustments we will be required to make will be accomplished in an orderly manner. The new obligational authority being requested of 38-1/2 billion dollars is 1-1/2 billion dollars more than the 37 billion dollars available for Fiscal Year 1957.

During the summer and fall of 1956 we carefully reviewed a number of important problem areas in order to clarify the roles and missions of the armed services so that those clarifications could be reflected in the 1958 budget. In particular, we made decisions in regard to the use of aircraft by the Army; the adequacy of our strategic and tactical airlift; the operational use of the Intermediate Range Ballistic Missiles; the tactical air support of the Army and in the field of air defense. I feel that the decisions made will clarify these problem areas and will result in the elimination of certain duplications which would tend to become increasingly expensive in the years ahead. I am convinced

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that the decisions will be found to be constructive. I know that they were made after a very careful review. They do eliminate unnecessary duplications. They provide adequately for the needs of the individual services. They are basically sound for either peacetime or combat. With the permission of the Chairman I would like to place in the record at this point a copy of the memorandum addressed to the Members of the Armed Forces Policy Council dated November 26, 1956, which explains these decisions in greater detail.

It is impossible to go through a year of study and review of matters of this kind without realizing that never in the history of the world have there been such rapid changes in military weapons nor have the weapons been so relatively expensive. Our top military people have a great responsibility in trying to appraise our new weapons systems and determine what can be done with them to weight their cost in relation to their military effectiveness. I understand this and have a great sympathy for our military leaders as they struggle with this problem. I also understand the tremendous burden which our defense budget imposes on the nation. I feel that the budget which we are presenting this year represents a sound resolution of these conflicting demands. It provides the maximum in balanced national security while at the same time takes into account the basic economic well being of the United States which stands back of this security.

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We ended Fiscal Year 56 with active forces of 2,806,441. Our active duty strength at this time is about 2,800,000 men and women. We are financing this strength for the next Fiscal Year and expect to have an Army of 1,000,000, a Navy of 675,000, a Marine Corps of 200,000, and an Air Force of 925,000. Nevertheless, we will continue our efforts to make manpower savings wherever possible through better utilization of personnel and reduction of headquarters staffs and elimination of unessential activities.

The ceiling authorization of 2,914,208 which the President established a year ago remains in effect so that the Department of Defense has a measure of flexibility should circumstances dictate and full justification exist for any increase above the 2,800,000 now programmed.

The over-all combat effectiveness of our forces will continue to grow during Fiscal Year 1958 as more effective weapons are delivered and the general level of experience of the active forces increases.

Closely associated with the active forces is our loyal civilian work force. We ended Fiscal Year 56 with direct hire civilian employees of 1,179,500. This is essentially the employment we now have. We expect to continue our efforts to achieve better utilization of civilian manpower and expect to make some reduction in this area through improved efficiency and the finishing up of certain work.

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Much of the personnel legislation sponsored by the Department of Defense and enacted by the last Congress had the objective of reducing personnel turnover in the Armed Forces. The firm support of this Committee was essential to passage of the Career Incentive Act and other major laws on Survivor's Benefits, Dependent Medical Care, Regular Officer Augmentation, and Doctor's Career Incentives. Many other laws of importance to our service personnel were also enacted.

These laws have all been implemented and aggressive information programs conducted. This legislation has better enabled the Services to meet their numerical manpower requirements. The Defense Department greatly appreciates the effective and constructive understanding of our manpower problems on the part of this Committee. Working together I am certain we will continue to develop and put into effect sound manpower policies for the armed services and our civilian employees.

Our over-all reenlistment rate has already increased from the unsatisfactory low of 23.7% in Fiscal Year 1954 to 43.6% for Fiscal Year 1956. Preliminary reports show that we are holding at about this same rate thus far in Fiscal Year 1957.

Retention of officers after obligated service has also improved from the post-Korea low of about 1 out of 6 to the present ratio of 1 out of 4.

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We have had clear indications of a reversal of loss trends with our doctors. The numbers of regular medical and dental officers have slowly increased in the last year and the resignations from our regular medical and dental personnel have sharply declined.

The Military Services are making good progress in implementation of the Regular Officer Augmentation authority. Applications for regular commissions are being received in significant numbers and the process of selection and integration of the best qualified officers will begin shortly.

From the over-all point of view, we believe that much progress has been made toward our objective of stabilizing our personnel. The problem of getting the required numbers of personnel to meet the strength objectives has been reduced to manageable proportions.

Our emphasis has shifted to the retention of individuals with the special military qualifications to meet the increasing demands for technically qualified individuals and competent leaders. Indeed, we have had some improvement in reenlistments in our "hard skill" areas but we still face the problem that the complexity of equipment being delivered advances faster than the ability of our personnel to take care of it and get full returns from its engineered capabilities.

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And when we look inside our research and development activities and at the drawing boards of industry, we can foresee equipments that require additional action now if we are to have qualified people ready to handle that equipment when it is delivered. We are just as much in need of personnel lead time as industry is in need of lead time to shift to new designs.

Last May I appointed Mr. Ralph J. Cordiner, the President of General Electric, the chairman of a Department of Defense Committee on Technical and Professional Compensation. Mr. Cordiner and the distinguished civilian and military membership of his committee have energetically considered this problem the solution of which is so important to the effective and efficient operation of our Defense Department. They have travelled extensively, sampled the opinion of all segments of the military community, and analyzed the most progressive practices of industry. Their findings and recommendations are being processed in the Department of Defense at the present time as they are being received although the Committee has not made its final report. We expect to get this final report within the next few days and process it promptly.

We have proceeded vigorously with implementation of the Reserve Forces Act of 1955. The total of reservists in paid drill status

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has increased, but the quality of our Reserve Forces in general remains below the level required to meet time-readiness goals of current mobilization plans.

We still have significant numbers of individuals in our Reserve Forces who are not basically trained, and existing programs permit continuation of this undesirable condition. To correct this situation we are taking administrative action within the framework of the law, designed to achieve Reserve Forces capable of fulfilling the mission mandated to them by statute. We hope to make some real progress in this area.

We do not foresee at this time any major changes in the over-all level of our military forces during the next few years. There will, however, be continuing changes in the nature and composition of our forces, in line with scientific and technological progress and changes in the international situation.

Under the program which we are recommending and which the President has approved, we will continue to have military forces of tremendous striking power which in my opinion adequately provide for our national security at this time. It is also my feeling that these powerful United States forces will continue to make a major contribution to peace and stability in the international field. I hope that our efforts in that direction are fully understood by the people of all nations as well as by our own people.

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