DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20350

March 20, 1978

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MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subj: SEAPLAN 2000 - INFORMATION MEMORANDUM

I am pleased to forward SEAPLAN 2000, the Naval Force Planning Study. I am extremely gratified by the outcome. The Study is not a universal solvent for all naval problems — no study can be -- but I believe that it provides a well stated and constructed framework within which to address our problems. To my mind it satisfies in a most constructive way the intent of the Study expressed in my memoranda of 14 July and 5 August 1977, and in the Deputy Secretary of Defense memorandum of 1 August 1977. I would like at the outset to express my appreciation to those members of your staff who served on and contributed so effectively through the Policy Review Group.

The Study set out to examine the most probable range of tasks for Navy and Marine Corps forces for the balance of this century, and how well we would be able to perform these tasks with forces sized on reasonable funding assumptions. In so doing the Study linked policy objectives with warfighting capability. By matching naval tasks with the capabilities of the forces we are likely to have to undertake them, the study set forth for you and the President its views of what the country may expect of naval forces now and in the future. While the Study Group admits the difficulty of predicting the outcomes of wars we have not fought, I believe the insights it contains are substantial, balanced, and will serve you well. Some insights that struck me as valuable are as follows:

First, the ability of naval forces to carry out their mission now and in the next 30 years is far more constrained than that to which this country has become accustomed over the past 30 years. The Navy faces a capable opponent at sea in the Soviet Navy. The Navy and Marine Corps will increasingly have to face these forces, as well as those of third countries, when they are called upon.

Second, it is evident that surface ships will become increasingly survivable through the 1980's, largely through the introduction of AEGIS and other new active and passive ship ASMD and ASW systems that are the fruits of earlier developmental investments. This is the time to make those investments pay off. Yet the study also indicates that we must pursue actions now to counter the impressive potential air threat that will likely beset us in the 1990's.

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Third, the Study illustrates well the importance of having naval forces that are flexible and in balance for a wide range of demands. The value of maintaining an offensive option against the Soviets is evident, for it retains for the nation at least one means short of a nuclear exchange of carrying the war to them. An effective offensive threat will also help protect U.S. and allied sea lanes by keeping the Soviets in a defensive frame of mind, with the high probability of tying up forces that would otherwise be given over to an offense against our sea lanes and airways, or against our friends and even our neighbors.

Finally, and of no less importance, is an increased awareness of the way that naval forces permit the President to respond to crises flexibly and to the degree appropriate to our aims and policies. In coping with those situations -- which are deemed more likely than major war with the Soviets -- the graduated presence or application of carrier and amphibious task forces is the best reassurance for our friends and deterrence for would-be enemies.

I would like to point out that SEAPLAN 2000 is complemented by the Sea Based Air Platform Study, forwarded on 17 February. SEAPLAN 2000 omits the details of individual platform variations. The Study makes no judgments on CVNs, CVVs, VSSs, or other sea based air platforms, nor the developmental track of future aircraft. It does not attempt to work out how tactical cruise missiles will be worked in to complement the sustained strike effect of aircraft. What it does is describe the tasks of Navy and Marine Corps forces with an offensive punch and the ability to go in harm's way.

I believe SEAPLAN 2000 merits close attention from you, the NSC, and the President.

W. Graham Claytor, Jr.
Secretary of the Navy

Attachment

SEA PLAN 2000

NAVAL FORCE PLANNING STUDY

EXECUTIVE SUMMARY

INTRODUCTION (U)

(U) SEA PLAN 2000 explores the rationale for general purpose naval forces. It addresses two sets of questions. First, what can a policymaker expect of naval forces? How do they contribute to U.S. interests? What is the connection between naval missions and U.S. national security objectives? Second, how capable are our naval forces of carrying out their missions? In assessing naval capabilities, three time frames were used: 1978, the late 1980s, and the 1990s.

The Difficulty of Naval Planning (U)

(U) It can take up to ten years for a new ship to go through the planning process, be authorized by Congress and built before it is introduced into the fleet. Further, ships remain in the fleet for 20 to 30 years unless they undergo service life extension programs in lieu of new procurement, in which case another ten years can be added to their useful service life. The naval forces serving this Administration exist today in the fleet or are already under construction. The ships that are procured--or not procured--will affect the latitude available to policymakers and thus American security interests decades

hence. Force elements with shorter lead times or shorter lifetimes can be planned to accommodate a specific scenario or an immediately pressing problem. But a near-term planning horizon is inappropriate for naval forces.

(U) For a variety of reasons it is necessary now to develop long range naval plans: this Administration is interested in and has a sense of responsibility with regard to the future; even in the near term, U.S. longer range policy planning has an important politico-military impact on allies, on potential aggressors and on the U.S. public; and finally, there is, in a real sense, a continuity between the present and the future. Recognizing these realities this Administration has directed that a study be undertaken of U.S. naval posture for the year 2000 and beyond. It is to that directive that this study responds. It does so by relating naval forces to national security objectives on the one hand and to military capabilities on the other.

(U) SEA PLAN 2000, through a series of policy and feasibility analyses, seeks to provide the policymaker with a framework for understanding the utility of naval forces. With this framework in hand, program decisions regarding the size and structure of the Navy can be made with more confidence and surety.

Past Uses of Naval Forces (U)

(U) The traditional naval functions of control of the seas and projection of power ashore have in the past included a broad range of actual missions. Judging from historical use, a primary mission, or "business," of naval force is the projection of American influence in situations where military means are appropriate. A second "business" is emerging, where the past is not prologue: that of countering Soviet influence which seriously threatens U.S. interest. A third "business" of naval forces is in support of land forces in a major war. Table A illustrates some past uses of naval forces in those businesses.

TABLE A (U)

HOW U.S. NAVAL FORCES HAVE BEEN USED

Projecting Influence

- Reassuring friends and allies (6th/7th Fleets)
- Lebanon (1958)
- Vietnam (Linebacker, etc.)
- Jordanian crisis (1970)
- Indo-Pakistani war (1971)
- Resupply of Israel (1973)
- Mayaguez (1975)
- Kenya-Uganda (1976)

Countering Soviet Projection

- Cuban missile crisis (1962)
- Cienfuegos (1970)
- Mideast war (1973)
- Horn of Africa (1978)

Supporting Land-Based Ground Power

- World War II: Battle of the North Atlantic/Pacific
- Korea (1950-53): Inchon
- Vietnam (supply lines, etc.)

(U) The point is that, given past uses of naval forces and the uncertainty of the future environment, naval planning should focus upon capabilities, not scenarios, and upon a range of measures, not a dominant force sizing criterion.

(U) There is no reason to believe that in the future the basic American security objectives will be substantially modified. A primary goal is the deterrence of nuclear threats or war against the U.S. and its allies. This study addresses the relationship between general purpose naval forces and three primary national security objectives:

- The maintenance of stability. Routine forward deployments are intended to reassure allies and strategic friends. Further, this use of naval forces serves to deter crises and constrain potential Soviet adventurism.
- The containment of crises. Critical to this is the ability to deal not only with low order crises, but also with those where the Soviets may choose to challenge U.S. capability and resolve.
- The deterrence of major war. The main elements of naval contribution to this deterrence include: a survivable SSBN force; protection for any SLOC in support of land campaigns; supporting allies, even if in proximity to the USSR; the capability to operate in forward areas and increase the risks for Soviet naval forces and capabilities; the capability to open a second front, especially in the Pacific, and possessing sufficient combat potential to hedge against the uncertainty of where and how a war of this magnitude would occur.

(U) During the course of this study, a series of measures of naval capabilities were identified. They should enable the policymaker to judge the worth of naval forces as measured against those three basic U.S. security objectives. The measures take into account the past uses, or "businesses" of naval forces. They are shown in Table B.

TABLE B (U)

POLICY-RELATED MEASURES OF NAVAL CAPABILITIES

Maintain Stability

- Forward deployments
- Perceptions of naval power

Contain Crises

- Capability to affect outcome ashore
- Superiority at sea versus Soviets

Deter Global War

- Protection of sea lanes
- Reinforce allies
- Pressure upon the Soviets
- Hedges against uncertainties

THE INTERNATIONAL ENVIRONMENT (U)

(U) In evaluating the worth of naval forces in meeting national security objectives, it was necessary to determine the environment in which they would operate.

(U) Overall, the trends do not indicate that the world will be more receptive toward American interests. The awesome American economic and military power which undergirded the stability of the democratic West in the first two decades after World War II has waned. The dollar is frequently under pressure on world money markets. The tragedy of Southeast Asia raised questions about the extent of U.S. military power, wisdom and foreign policy consensus. The alliances of the West have become less cohesive and overseas base rights are more limited. The Soviet Union has emerged as the world's second superpower whose international influence is basically derived from its steady and determined increase in nuclear and conventional military power, to which it continues to devote an unprecedented level of resources despite the inadequacies of its economic structure.

(U) The most certain aspect of the environment will be its uncertainty and volatility. There is no reason to believe that ethnic or national rivalries or irredentist claims, many of which predate this country's existence, will be amicably resolved in the next 20-30 years. The acquisition by Third World nations of sophisticated military capability (including nuclear technology) is not encouraging. Nor is the expanding world population and increasing demand on scarce resources needed for survival and national development.

(U) As the world has become more interdependent, the distinction between U.S. "vital" interests and "peripheral" interests has

blurred. The period when the U.S. was self-sufficient in natural resources and protected by a 3,000 mile wide moat has long since past. Its economic, political and military interests are, for better or for worse, intimately related to what happens elsewhere in the world. What happens in one region affects another. The West may choose to ignore Soviet or other disruptive actions on other continents; but the consequences of those actions cannot be avoided.

(S) The military capabilities of nations in areas where the West has both vital and peripheral interests are growing. As regards naval forces alone, antiship precision-guided munitions (PGMs) are in the hands of 30 nations, excluding the NATO and the Warsaw Pact. The main threat, the USSR, continues its steady naval growth in terms of blue water (at-sea sustainability) capabilities, ocean surveillance, and antiship missile improvements. The projections are that, over the next two decades, the Soviets will double their nuclear attack submarine fleet, move to an all-Backfire naval aviation (SNA) strike force, and deploy up to eight V/STOL carriers of 40,000-60,000 tons.

(C) In doctrinal terms, the Soviets have been a sea-denial force whose maritime strategy centered around checking the nuclear-delivery potential of the carrier and the SSBN. Increasing Soviet involvement in crises worldwide, however, indicates that their doctrine accommodates to ambitions and capabilities. Today Soviet maritime strategy includes the concept of force projection, although not in mirror-image fashion to U.S. projection capabilities.

(C) While the Soviets are manifesting a more ambitious worldwide involvement, the U.S. is no longer able to offset Soviet adventurism by reliance on nuclear superiority. Moreover the alliances of the West have become less cohesive and as a part thereof, base rights are more

restrictive. The central national security problem for the future will be effectively to control Soviet expansion of influence, hopefully without engaging in hostilities. To accomplish this will require a mix of political, economic and military means, one important portion of which will be our naval capabilities.

(U) The future will not be more secure for U.S. interests than the past.

BASIC STUDY FINDINGS AND TRENDS (U)

(S) What does the future promise in terms of U.S. naval capabilities? Basically, in terms of technology U.S. naval capabilities are improving relative to the projected threat. Naval science is dependent upon areas of expertise -- microelectronics, computers, nuclear physics, etc. -- where the United States holds considerable relative advantages over potential adversaries. Five ~~six~~ points deserve mention.

World Environment and Military Capabilities (U)

(U) Given an unstable world environment extending well into the future, the U.S. will require a variety of military capabilities. Trends indicate the world environment will not be more stable or more secure for U.S. interests in the future than in the past. The U.S. will face adversaries overseas, great (Soviet Union) and small (e.g., Libya); the U.S. must keep secure links to overseas allies (NATO, Japan, and others) and secure access to resources (e.g., Persian Gulf oil). The U.S. will require substantial military capabilities to maintain stability, contain crises and deter worldwide war. Because uncertainty increases as we look further into the future, military capabilities must be balanced and flexible to deal with a range of possible world environments. Primary among these capabilities will be

versatile naval forces, the centerpiece of which will continue to be carriers because they contribute heavily both to control of the seas in high threat areas and to the outcome of battles ashore.

(U) Aside from force projection, other naval missions of high priority will involve the projection of U.S. influence to reassure friends and allies and counter Soviet influence projection, the latter likely to be a growing threat.

Soviet Missile Threat (U)

(S) Soviet torpedoes are the primary threat to allied convoys in a major war. But Soviet missiles, launched from either bombers, submarines or surface combatants, are the principal threat to U.S. surface forces operating either during a serious crisis such as the 1973 Mideast War or during a major war. The Soviets currently have 100 submarines and surface ships equipped with antiship missiles; they are projected to have 150 by the mid-80s. They are moving towards a force of about 300 Backfire bombers, each of which can carry two large antiship missiles 2000 miles to sea around the rim of the Eurasian land mass.

U.S. naval forces must be able to cope successfully with that threat. National security is based on a forward strategy which links the U.S. with allies on both flanks of the Soviet Union. Contrary to popular opinion, properly employed carrier task forces are not highly vulnerable. They can, of course, be damaged. But they are not easy to put out of action and are even more difficult to sink. Detailed analyses are presented in the DoN Sea-Based Air Platforms Assessment as well as SEA PLAN 2000. Technology has not made U.S. surface forces the horse cavalry of the 1980s. This trend is due to

Antisubmarine Warfare/SLOC Defense (U)

(S) In antisubmarine warfare (ASW), systems of proven capability such as passive acoustic arrays and automatic data processing of acoustic signals are entering the fleet today. The analysis in this study indicates the defense of SLOCs (sea lanes of communication), especially in the North Atlantic, appears to be improving markedly. This is in part due to the new ASW systems. It is also due to revised intelligence estimates which substantially downgrade Soviet torpedo loads. Finally, SLOC protection is aided by allied naval capabilities to operate offensively in a major war, thereby forcing the Soviets to allocate to defense a substantial portion of their forces. Figure B illustrates the trends in SLOC protection of allied shipping in a major war.

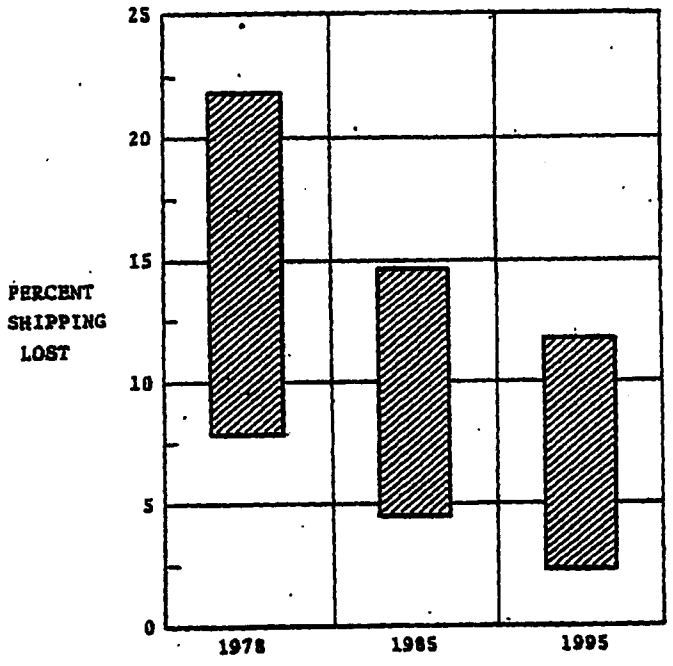

FIGURE B (S)

ATLANTIC SLOC SHIPPING LOSSES TO SUBMARINES

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a combination of fighter aircraft protection, area and point antimissile defenses (especially the new AEGIS air defense system), electronic warfare plus cover and deception tactics. Figure A illustrates this trend.

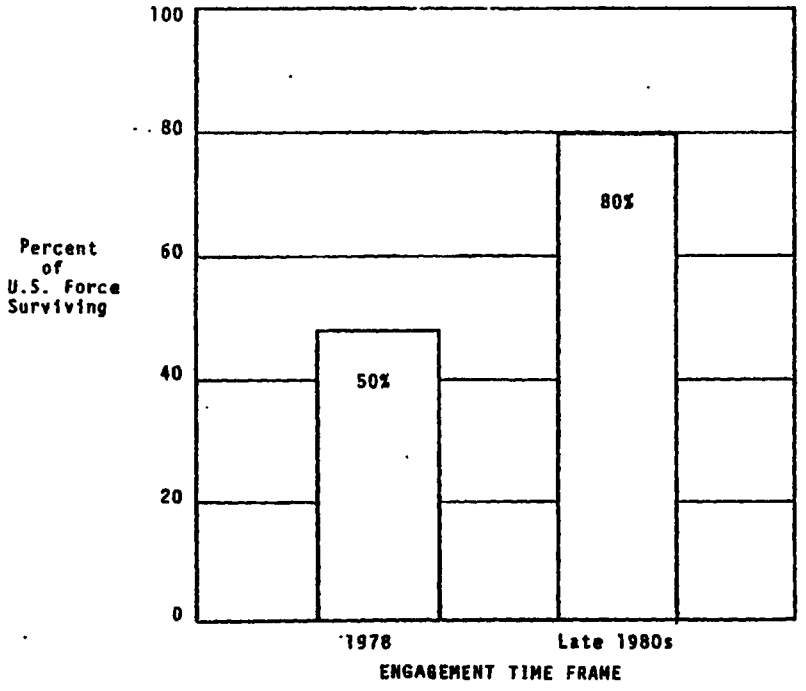

FIGURE A (S)

CARRIER FORCE SURVIVABILITY TREND
(4-5 CARRIER FORCE VS REPEATED SOVIET BOMBER AND SUBMARINE ATTACKS)

(S) While a worldwide war is extremely unlikely, the massive Soviet buildup of strategic, theater nuclear and general purpose forces will require a high level of U.S. preparedness. [redacted]

Exerting Pressure on the Soviets (U)

(S) Naval forces may have unique capabilities for assisting the flanks of NATO where otherwise the West is highly vulnerable. Analyses of forward operations in a global war indicate high uncertainty as to their success in 1978. The risks would be grave even with allied land-based air. By the late 80s, however, the U.S. capability to deal with the air/surface missile will have improved considerably, as previously shown in Figure A.

(S) Offensive naval air strikes may prove highly valuable, especially against the Soviets in the Pacific in tying down large Soviet forces which might otherwise be employed in Europe and in bolstering PRC and Japanese willingness not to accommodate to Soviet threats.

(C) The threat of opening a second front would help relieve pressure against the SLOC, complicate Soviet planning and give the Soviets pause before the initiation of hostilities. The policy worth of such operations probably resides more in their effects upon Soviet behavior in crises and upon the equilibrium of the worldwide power balance than in their employment in the remote possibility of a global war.

(C) In any major war, the destruction of the Soviet fleet and denial to the Soviets of access to any ocean is a basic objective. This requires the close coordination of surface, submarine and sea-based air assets in an aggressive naval campaign. Denying the Soviets access to the oceans provides the allies with post-hostility negotiation leverage. The ability to achieve this objective has a significant impact on the attainment of other important objectives, e.g., maintenance of important SLOCs and support for allies.

(S) Thus, naval capabilities, in conjunction with allies and land-based air, provide for the maintenance of maritime superiority in relation to the most powerful potential adversary, the Soviet Union -- a fleet which can prevail over Soviet naval forces in the key strategic areas of the world; the North Atlantic and NATO Flanks, the North Pacific and the Persian Gulf. Forward naval operations can have a decisive effect on the outcome of a land war in Europe by ensuring firmness of NATO flank states; relieving pressure on the SLOCs ensuring reinforcement and stiffening the will to resist of various NATO states; face the Soviets with the real possibility of truly unacceptable losses in Kola and their Pacific coast; and ensure that Japan remains a U.S. ally and the PRC does not ally with the Soviets in such a war.

Dealing with Crises (U)

(U) Most likely, however, serious military challenges to U.S. interests will come not in the industrialized heartland of the West but in other geographic areas where, despite U.S. preference, military force and violence are frequently the primary means of resolving policy disputes.

(C) The Soviets can currently target U.S. crisis response forces anywhere in the world. Further, should the U.S. draw down its forward deployments (e.g., in the western Pacific in response to a crisis in the Persian Gulf) this action could leave the USSR as the dominant naval power in the vacated region. As the Soviets perfect their V/STOL carriers, their ability to influence events ashore, psychologically as well as physically, will increase. It can be expected they will use this influence and gradually shed their image of a reactive navy and an autarkic, continental power.

Criticality of Fleet Size (U)

(C) Even with favorable technological trends, the overall fleet size is threatening to decline below the threshold of critical mass necessary for the containment of serious crises and the retention of flexible options for the deterrence of major war. Numbers are important. U.S. naval forward deployments are stretched taut. Further reduction in U.S. capital ships, when contrasted with the growing numbers of Soviet anti-ship missile combatants, is a matter for concern. In the 1980s, a serious crisis involving Soviet naval forces could occur to which U.S. naval forces would not respond effectively without withdrawing from sensitive areas such as in the Mediterranean or near Japan. As part of the deterrent to a major war, the credibility of naval force options to reinforce allies on the Soviet flanks or to hem in Soviet naval forces again depends upon massing sufficient numbers.

(C) Major reductions in carrier levels, the heart of U.S. naval capabilities, will reduce the ability of a President to respond rapidly to crises. Indeed, if levels fall below 12, removal of a carrier will be required from forward deployment in either the Mediterranean or the Pacific, with attendant high political costs.

Choices for the Future (U)

(C) The costs, on the other hand, to maintain a balanced naval capability, one which can project U.S. influence, counter Soviet influence and, if required, fight and prevail in worldwide war, can be met within a 3% real budgetary growth. New technologies will affect the naval capabilities on both sides but there is no basis to conclude that in balance they adversely affect U.S. interests. To the

contrary, the potential of the cruise missile, V/STOL, AEGIS, etc., if vigorously pursued, should open new opportunities for retaining U.S. dominance of the seas.

Summary (U)

(U) So, for naval force planning, the future offers both an opportunity and a challenge. The opportunity relates to the positive trends in technology. The challenge relates to the negative trends in the numerical size and the mission flexibility of the fleet. The issue is how to exploit the promise of technology and to procure the numbers of platforms at an affordable cost.

U.S. SECURITY OBJECTIVES: GENERAL (U)

(U) A primary goal is and will be the deterrence of nuclear threats or war against the U.S. and its allies. This study does not address forces for nuclear warfighting. It does, however, address the relationship between general purpose naval forces and the three primary national security objectives described earlier:

- Maintain stability
- Contain crises
- Deter worldwide war

(U) Since World War II, the U.S. has actively pursued the goal of worldwide stability. A principal means has been a forward strategy, linking U.S. forces and security to those of friends and allies across the Atlantic and Pacific Oceans. A second objective has been the containment of crises, even in regions not in themselves vital to U.S. interests. The purpose has been to avoid the unraveling of stability

-- a disintegrating process which would impact critical U.S. interests. A third objective has been the deterrence of another world war in this century. This goal requires not just strong allies, strong forces in place in Europe and the assurance of timely reinforcement. It also demands skill in containing crises and supporting orderly global change, for a world war would most likely stem from the failure of the West to respond appropriately to lesser conflict.

SECURITY OBJECTIVE: MAINTENANCE OF STABILITY (U)

Forward Deployments (U)

(U) A stable world order in which the nation states favor international cooperation rather than conflict is a reasonable national security objective. Naval forward deployments in sensitive areas are intended, as is U.S. troop commitment in Europe, to maintain stability and to deter serious conflicts in sensitive areas from arising.

(U) Since 1945, policymakers in successive Administrations have seized upon sea-based power as a means of affecting the behavior of decision-makers in other nations. On a daily basis, this influence is projected by naval forward deployments whose presence in a region is intended to reassure allies, deter enemies, ensure quick response, and demonstrate U.S. interest and resolve in the region. In a phrase: to undergird stability and to foster relationships favorable to U.S. interests.

(U) Except in war, the tempo of naval operations is driven by the pattern of forward deployments. These deployments center on the amphibious ships and the carriers, for they represent the ability of America to influence events ashore.

(U) The Sixth Fleet in the Mediterranean, with its two battle groups,* and one Marine Amphibious Unit (MAU), is not only the pivotal power reassuring U.S. allies on the Southern Flank. The Sixth Fleet is the single most powerful entity, American or otherwise, in a maritime region of 17 nations and 300 million people. Many of those states, while not within the NATO alliance, look to the United States for reassurance and support — states such as Spain, Morocco, Tunisia, Israel, Egypt and Jordan. The Sixth Fleet symbolizes American steadfastness in that region of the globe where the Soviets keep most of their forward deployed naval power. In the face of the improving Soviet Navy, it would be difficult to withdraw one of the two U.S. battle groups and believe the stability and the power balance of the region would not be affected.

(U) On the other side of the globe, geography renders the vast Pacific a naval region. One battle group operates in the area of Japan, the PRC and the Soviet Far East. Another battle group operates sometimes in joint support near Korea, sometimes in the South China Sea, sometimes in the Indian Ocean. One objective of the Soviet Union in the Indian Ocean negotiations is to exclude this battle group from that body of water. This is the naval force most likely to be dispatched into a crisis in the Persian Gulf or East Africa, where, as in Northeast Asia, not all nations share the U.S.'s pursuit of stability. In recognition of the fact that friends and potential adversaries alike are watching U.S. actions in the Pacific following the announced withdrawal from Korea, the President has directed that there be no further force reductions. The Seventh Fleet remains the most significant manifestation of U.S. presence.

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* A battle group presently contains a carrier, four to eight surface combatants, from zero to two SSNs, and an underway replensihment ship.

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SECURITY OBJECTIVE: CONTAINMENT OF CRISES (U)

Background (U)

(U) In some crises a President may wish to commit U.S. troops immediately to preempt certain potential moves by an adversary or to rectify a time-urgent problem, such as evacuating Americans in jeopardy. Or he may wish to ferry quickly supplies to one side in a conflict, either to provide critical resources or to display American commitment. The quick response of airlift provides the President with a valuable tool. But airlift has limitations such as base availabilities or cargo size and weight restrictions. In some cases airlift may be the preferred implement, but in others it may not provide the flexibility demanded by a President.

(U) In many crises, naval forces are a preferred means of leverage for a policymaker. Forward deployed naval forces can be employed without being committed to battle and without committing allies. Such demonstrations manifest both U.S. concern and capabilities. In over 200 crises since 1945 in which the U.S. was involved, U.S. Navy and Marine forces were deliberately employed in 177 cases, while U.S. land-based air or ground forces alone were demonstrated in fewer than 90 cases.

(U) The reasons are obvious. From a domestic standpoint, naval forces may be the most acceptable form of responsive action by the U.S. in crisis situations. They can convey, if the policymaker chooses, calculated ambiguity and a calibrated response capability. Their presence does not irrevocably commit the United States to a given course of action. They do, however, seriously complicate the calculations of opposing parties in assessing the consequences of their

potential counteractions. The deployed naval force can be tailored to the mission and through its force components convey a clear message. If further steps are to be taken, U.S. fighting forces can be assembled for action without using bases in other nations. If the crisis is resolved satisfactorily, naval forces can be withdrawn with limited fanfare. Land-based troops and aircraft tend to become locked into longer-term commitments.

(U) In sum, naval forces provide a policymaker with vitally needed flexibility and a tool for orchestrating events.

The Calibrated Use of Force Against the Shore (U)

(U) This mission applies basically to marines and carrier air. Most crises do not peak overnight. The National Command Authority (NCA) will have sufficient warning time to deploy naval forces near the scene. This is frequently done with our amphibious forces. In 30 serious crises since World War II, Marines were deployed on 21 occasions.

(C) Each of the three Marine Amphibious Units (MAUs) constantly deployed can land 1,300 troops, most by helicopters to avoid or to envelop some fixed defenses. The organic firepower of a MAU will double between 1978 and 1985, and its antiarmor capability will triple. In a crisis setting, where the objective is to settle matters without escalation to major war, a thousand heliborne Marines who can range 100 miles from their logistics base at sea represent a substantial, self-contained fighting package. The presence of such a capability sends a clear signal to the other side (e.g., Lebanon, 1976).

(C) In regard to air, the striking power of a carrier force is a powerful weapon. One carrier, for instance, holds more and better aircraft than the combined Ethiopian, Soviet and Cuban aircraft currently involved in the Horn of Africa. The ordnance delivery capability per carrier is increasing, and given "smart" weapons the per carrier increase in effectiveness is even more dramatic. When in 1970 the Syrians with Soviet abetment were moving armored columns toward Jordan, a three carrier force was deployed just offshore. The air threat to Syrian armor was deliberately made apparent. The Syrians withdrew from Jordan.

(U) A primary use of naval forces—because they have the power to influence decisively the outcome--is to contain conflicts such as the 1970 Jordanian/Syrian crisis and so to prevent the outbreak of major conflict. Concern about such crises is not unwarranted. If a major conflict had occurred, stability throughout the region would have been affected. That naval forces can be brought to the scene in the time of crisis reduces the risk of conflict escalation.

U.S. Superiority at Sea in a Crisis Setting (U)

(U) A second mission related to the containment of crises reflects the new use, or business, of U.S. naval forces: how to counter Soviet influence adverse to U.S. interests. In the past, the knowledge that a President faced with a crisis could deploy a superior force enabled him to tolerate a period of tension. The question is how to maintain the benefits of that advantage for the future, given Soviet naval programs. The benefit of naval superiority was that it signaled to the Soviets and others that their adventurism overseas took place against the backdrop of superior, yet appropriate, U.S. power. This facilitated the U.S. use of diplomatic or economic

leverage, confident that the Soviets could not credibly counter with a military option. Regardless of whether the U.S. chose to deploy its applicable naval superiority, its existence enabled policymakers to maintain a stance of calculated ambiguity.

(U) However, the net effect of the Soviet and U.S. trends in naval forces is that the next decade will not look like this current one in terms of crisis management.

(U) The Soviets are building a sufficient number of submarines and surface combatants to challenge American seapower in key regions of the Eastern Hemisphere.

(S) A comparison of U.S./Soviet force deployment postures and transit times for representative crises in the Eastern Mediterranean, Persian Gulf, Southeast Asia, and Northeast Asia shows that the potential for regional maritime confrontation exists in all areas of interest. Neither side holds a large edge in expected response/reinforcement time. Nor do the Soviets have to threaten the employment of bombers flying from their homeland to challenge U.S. naval forces deployed to the scene of a regional crisis. Confidence that U.S. naval forces on scene would survive and that Soviet naval forces would not is essential to the avoidance of a Cuban missile crisis in reverse. By this measure of survivability, technology now in hand and programmed for the fleet will reduce U.S. surface ship vulnerability to missiles, be they fired from a submarine, bomber or surface combatant. Figure C displays this trend. In the current time frame no AEGIS are in the fleet. In the 1980s AEGIS is assumed. The cross-hatched area reflects the addition of a second AEGIS system to each battle group.

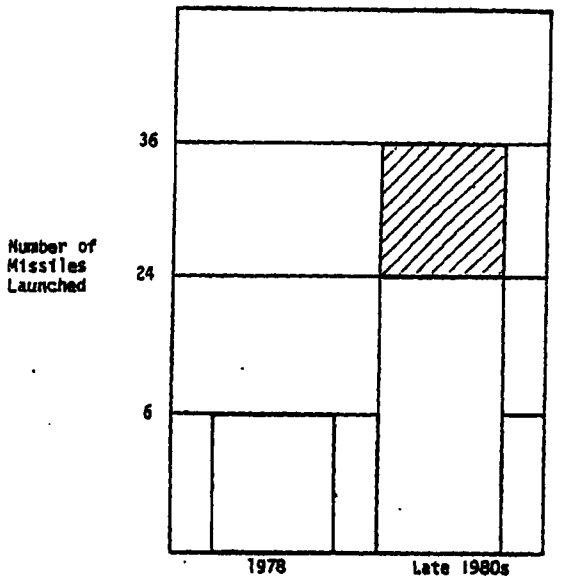

FIGURE C (S)

NUMBER OF SOVIET MISSILES LAUNCHED TO ACHIEVE ONE HIT ON A CARRIER

(S) Assuming the Soviets preempt, Figure C shows that today they stand a reasonable chance of hitting at least one carrier if they successfully launch six missiles.* In the next decade, they would have to mass enough ships to launch 24 to 36 missiles simultaneously to score one hit. This will greatly complicate Soviet command and control and reduce the probability of a successful preempt.

(C) Moreover, Soviet ships and submarines run grave risks today in such a conflict, due to U.S. carrier air and submarines. Those risks will become even larger as antiship missiles are installed on U.S. combatants which currently have no real antiship capability. Soviet land-based air, discussed below, presents a separate and serious problem.

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* One hit would not necessarily disable a carrier, of course. Vulnerabilities of differently sized carriers to different types and levels of cruise missile and torpedo attacks is dealt with in the recent DoN Sea-Based Air Platforms Assessment.

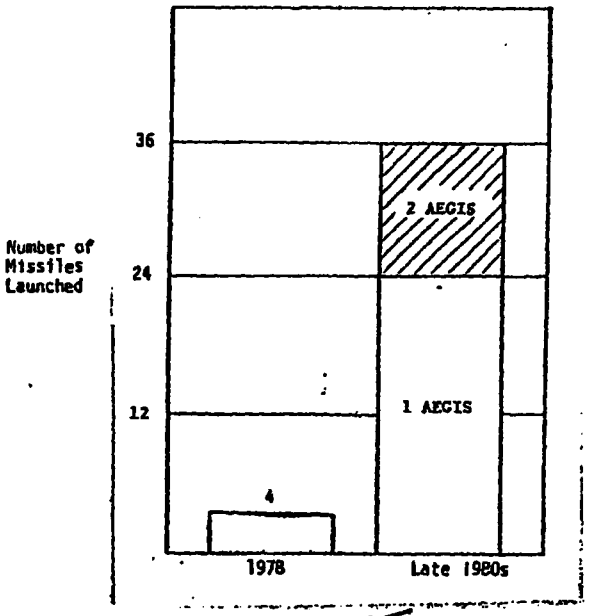

FIGURE C (S)

NUMBER OF SOVIET MISSILES LAUNCHED TO ACHIEVE ONE HIT ON A CARRIER

(S) Assuming the Soviets preempt, Figure C shows that today they stand a reasonable chance of hitting at least one carrier if they successfully launch four missiles.* In the next decade, they would have to mass enough ships to launch 24 to 36 missiles simultaneously to score one hit. This will greatly complicate Soviet command and control and reduce the probability of a successful preempt.

(C) Moreover, Soviet ships and submarines run grave risks today in such a conflict, due to U.S. carrier air and submarines. Those risks will become even larger as antiship missiles are installed on U.S. combatants which currently have no real antiship capability. Soviet land-based air, discussed below, presents a separate and serious problem.

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* One hit would not necessarily disable a carrier, of course. Vulnerabilities of differently sized carriers to different types and levels of cruise missile and torpedo attacks is dealt with in the recent DoN Sea-Based Air Platforms Assessment.

Summary (U)

(C) In past crises the U.S. has tended to dispatch carriers because their air power could be applied against the shore and also constituted the prime naval weapon for sinking Soviet surfac combatants. However, in serious crises, carriers must be massed (fro three to five in number) to provide around-the-clock operations and to hedge against Soviet opposition. As long as American naval power appropriate to crisis management remains concentrated in carrier battle groups, there are very finite limits to our response capabilities. Given the growth in Soviet naval power, in a serious crisis in the next decade, (comparable to Cuba in 1962, Jordan in 1970, or the 1973 Mideast War), American policymakers will have to take into account the effect of their actions or inactions upon regions of the world far removed from the scene of the crisis. To withdraw from one set of commitments, because of unduly constrained naval resources would upset one power equilibrium to rectify another, and would impact adversely upon the post-crisis position in the United States.

(C) Consequently, this study looked at the potential advantages of organizing non-carrier Surface Action Groups (SAGs).* The SAGs would consist of an AEGIS antimissile ship, several surface combatants with antiship missiles, some SSNs and no carriers. They would be designed to destroy Soviet surface ships and submarines, just as Soviet SAGs are designed today to attack carrier task forces. U.S. SAGs would increase the flexibility of the policymaker and permit him to retain a visible presence in several sensitive areas around the globe. For instance, the U.S. could credibly confront Soviet naval presence in the Persian Gulf region and in Southeast Asia, while at the same time carrier groups could be employed in more critical areas.

* In the future, the CVTG or battle groups could consist of two or more smaller carriers using either CTOL and V/STOL aircraft or even a larger number of strictly V/STOL platforms. A battle group composed of surface combatants and a V/STOL carrier (VSS) is also possible. The utility of developing V/STOL aircraft in order to disperse sea-based aviation to VSSs or other platforms was dealt with in the recent DoN Sea-Based Air Platforms Assessment and is not covered here.

listening system (SOSUS) is also a valuable aid. The battle groups and nuclear attack submarines used for area ASW indirectly aid the SLOC by keeping Soviet forces on the defensive.

(C) The Backfire bomber, while designed to attack battle groups, could also strike convoys going to Norway, France, Greece, Turkey, the Persian Gulf, Korea or Japan. Land-based air and battle groups are the main defenses against the Backfire.

Reinforcement of Allies (U)

(U) In addition to ensuring that supplies can move from America to Europe, naval forces contribute to deterrence of a global war by a clear demonstration of an ability to support allies or strategic friends on the flanks of the Soviet Union.

(C) In the Atlantic, it may be necessary to reinforce or regain Norwegian territory, a very difficult task in the face of Soviet Naval Aviation (SNA) and one which would be approached with careful tactics and strong land-based air support. Ideally, no allied surface naval movement would be made into the Norwegian Sea until the Soviet submarine and Soviet Naval Aviation (SNA) threat has been attrited. Unfortunately, it is by no means clear that land-based air could, as a practical matter, provide such attrition. Necessary bases are not now available nor is it likely for political reasons that they will be during peacetime. Moreover, the U.S. has not programmed either the major expenditures necessary to develop such land bases nor to provide the aircraft for such bases. Until and unless such problems can be solved, carrier air remains the mainstay of credible reinforcement. Aside from its military importance it carries high political and psychological value to the Norwegians (and to the other Scandanavian countries). While the U.S. may well wish to

explore land-based air as a long term alternative, neither political nor military analysis to date suggest this as a high probability solution. Fortunately carriers, while clearly vulnerable to some attrition, are believed capable of carrying out major military actions in the Norwegian Sea, despite the Backfire and submarine threat. Entrance into the Norwegian Sea places sea-based air within striking range of the Kola Peninsula, the richest piece of military real estate in the world. A threat to Kola would tie down some Soviet forces. The potential to operate effectively in the Norwegian Sea contributes both to deterrence of the Soviets and to political strengthening of the NATO alliance. Four to six battle groups would be needed for a North Flank campaign.

(S) Allied control of the Eastern Mediterranean in the face of SNA flying from the Crimea will require two to four (depending on the availability of USAF assets) battle groups. Clearly, before war's end, the West must control the Eastern Mediterranean, or see Greece, Turkey, Israel and Egypt under Soviet control. Extensive analysis of forward operations to reinforce these highly exposed allies (or in the case of China, allies of convenience) demonstrate that while difficult, carrier air can provide a reasonable degree of protection. Specifically, even assuming heavy land-based air assistance from allies and the U.S. Air Force, the analysis shows a considerable grouping of carriers is needed to attrite the Backfire bomber force without grave damage to the naval strike force. The battle group thereafter is at liberty to perform strike missions. Table C illustrates this. This is a shift in the trend of surface force survivability as significant as that which has led to the ASW advantage enjoyed by the West. Shifts in advantage by the mid-1990s are most difficult to predict. Figure D illustrates this uncertainty in the long term.

TABLE C (S)

EXPECTED NUMBER OF CARRIERS REMAINING OPERATIONAL
FORWARD CAMPAIGN VERSUS HEAVY SOVIET OPPOSITION

INITIAL NUMBER OF CVs	1978	1987	MID 1990s
2	0	0	0
3	.5	1.2*	.2-1.7*
4	1.0*	2.6*	.5-3.4*
5	2.6*	3.7*	2.6-4.6*
6	4.1*	4.8*	4.7-5.7*

* SNA FORCES SUFFER GREATER THAN 70% ATTRITION

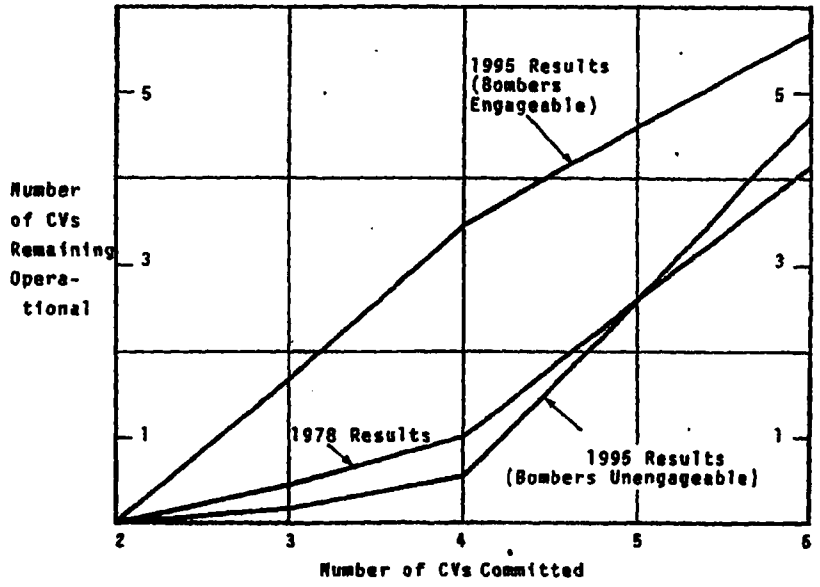

FIGURE D (S)
EXPECTED NUMBER OF CARRIERS REMAINING OPERATIONAL
(FORWARD CAMPAIGN VERSUS HEAVY SOVIET OPPOSITION)

If the Soviet bombers can be engaged and shot down, as they can in the mid-80s, then the carrier can be offered reasonable assurance not just of surviving but of carrying out its mission in protection of allies and in attacks against Soviet capability. There is no reason to believe that U.S. carrier aircraft cannot get to and destroy Soviet Naval Aviation before such saturation attacks can be launched.

Pressure upon the Soviets (U)

(C) The possibility of offensive options would help relieve pressure against the SLOC, complicate Soviet planning and give the Soviets pause before the initiation of hostilities. The policy worth of such options probably resides more in their effect upon Soviet behavior in crises and upon the equilibrium of the worldwide power balance than in their employment in the remote possibility of a global war. Two offensive options suggest themselves.

(S) The first is the threat to open up a second front in the event of Soviet attack in Europe. The Soviets are spread thinly in the Far East; Petropavlosk is the only open-ocean port; communications centers and naval-related facilities are few. CINCPAC has seriously examined the option of offensive pressure against the Soviets in the Pacific and it is not infeasible. Combined land-based and sea-based air strikes against Soviet targets could destroy a portion of the SNA and other important military facilities. It would be an inducement to the Chinese to continue to pose an implicit threat to the U.S.S.R., tying down major Soviet assets, since the results in the Pacific could not be foretold. It would help to insure that the sea link to Japan and Korea was maintained. Above all, knowledge that in this troubled time U.S. military planners felt strong enough in their Pacific forces to comtemplate a second front should help to allay Japanese and Chinese concerns about the correlation of forces in the Pacific.

(S) This would require massing -- to avoid heavy losses -- 4-5 battle groups to attack Petropavlovsk. Alternatively, if three land-based fighter wings are available, with as few as two battle groups, the SLOC from the Philippines to Japan might be held open despite the Backfire threat, permitting some U.S. naval forces to "swing" to other theaters. This assumes that this U.S. land-based tactical air is available, that Korea is quiet, and that the Philippines are used as an active ally. Previous studies, however, have doubted that two battle groups constituted a prudent threshold of force, since if even one is placed out of action by air or submarine attacks, the other must withdraw.

(S) The second option is the destruction of the Soviet fleet and the denial to the Soviets of access to the ocean. There are two means. One is land-based and sea-based tactical air strikes. The other is U.S. SSNs operating close to the Kola Peninsula, Petropavlovsk and perhaps within the Sea of Japan. Through all time frames examined in the study, the SSN appeared able to keep a large margin of superiority (e.g., 6 to 1 or better exchange ratio) over Soviet submarines. The SSN is valuable in crises for tracking Soviet submarines armed with antiship missiles. In a deadly serious crisis, U.S. underwater advantages also have high bargaining potential.

Hedge Against Uncertainty (U)

(U) In planning for the long term, hedges against what is not known cannot be neglected. Four particulars (although a contradiction in terms) bear mention. First, an assumption of some losses on D-day is prudent. So, too, is recognition that some naval forces may continue to be tied down at the scene of the original crisis after the global war has begun.

(C) Second, the Persian Gulf region cannot be ignored. It may be a dormant theater. But it may erupt, if the Soviets acquire an overseas base, drive for the well heads or try to close the SLOC.

(C) Third, before the end of this century the Soviets may acquire one or more overseas bases. These would have to be taken out in a global war, or the host nations dissuaded from permitting Soviet usage. In the future, the capability for an amphibious assault on a Soviet overseas base could become an additional role.

(C) Fourth, naval air support could be called upon for the major land battle.

(U) In summary, a worldwide war is extremely unlikely, fraught as it is with danger of nuclear war. If it ever occurred, it would most likely evolve slowly, following from a complete unraveling of stability as the U.S. failed to contain crises and keep the West together.

SECURITY OBJECTIVES AND NAVAL MISSIONS: A SUMMARY (U)

(U) Naval forces contribute to national security objectives across a broad spectrum of missions. Prominent among them are:

TABLE D (U)

OBJECTIVES AND MISSIONS

Security Objective	Naval Mission
• Maintenance of Stability	• Forward deployments
• Containment of Crises	• Calibrated use of force against the shore • Superiority at sea in a crisis setting

TABLE D (U) (Cont)

• Deterrence of a Global War	• SLOC defense • Reinforcement of allies • Pressure upon the Soviets • Hedge against uncertainties of the distant future

(U) No priority among the missions is advocated. The maintenance of stability, the containment of crises and the deterrence of global war are as tightly interwoven as are the international politics and economics of today's world. It is imperative that the U.S. neither lose control of events at the crisis level nor give the appearance of losing control. The unraveling of stability just prior to World War I is an example of the consequences when nations lose control of events. The flexibility of U.S. naval forces enables the President to contain crises outside the Eurasian land mass which threaten to shatter the international equilibrium. And, so far as Europe itself is concerned, clearly the area of first importance to U.S. interests, the ability to support allies separated by a vast ocean remains of vital importance.

(U) That other nations believe the U.S. has appropriate controlled power, with a will to use it if required, is equally important. World War II stemmed from small aggressions which the West had neither the will nor the capability to resist. In the final analysis this led to a major world war, an experience we would repeat at our own peril.

(U) In order not to neglect any of the seven missions set forth in this section, all three major options for a long term naval force goal presented in the next section keep a balance among their force types.

FORCE/FUNDING OPTIONS (U)

(U) SEA PLAN 2000 suggests that a policymaker should have in mind a long-term plan for naval forces -- their direction and purpose - before becoming immersed in program and shipbuilding details. This report tries to develop the framework for such a plan. U.S. naval force capabilities are examined in terms of their contribution toward three basic national security goals: maintenance of stability; containment of crises; and deterrence of war.

(U) To assess the naval missions explained in the preceding section, the quantitative and operational analyses of the study used a naval force assumed to have 3% real growth in the mid-80s and mid-90s time frames. This starting point stemmed from President Carter's decision that the overall resources for national security required about 3% a year real growth, given the trends in the threat. Two other force levels are also evaluated: a decremented force of little or no real growth; and an incremented force of about 4% per year real growth. These force options are shown in Table E. This study concentrated upon the capabilities of naval forces to carry out different missions. The column on type of ships is not intended to substitute for specific program tradeoffs: i.e., for CV one can substitute CVV, or VSS, etc.; for SSNs, the 637 class or a SSN-X may be preferable for a given amount of dollars to more 688s, etc.

(U) These options represent long term planning goals. All three options keep a balance among their force elements. None advocates a sudden, radical force change. The situation with naval forces and new technologies is analagous to the maintenance of a trust fund for one's heirs. A balanced portfolio provides the optimum insurance against uncertainty. Blue chip stocks that have demonstrated a good return on investment are not divested without the reasonable certainty of a better investment. New issues are sampled as possible blue chips of the future

TABLE E (S)

ALTERNATIVE FORCE LEVELS

Type	Option 1 1%	Option 2 3%	Option 3 4%
CV 1/	10	12	14
AEGIS ship	10	24	28
Cruiser/Destroyer	74	100	114
Frigate	136	152	158
SSN	80	94	98
SSBN	25	25	25
Amphibious ships	52	66	78
UNREP ships	38	46	55
Support ships	49	60	61
Total ships	474	579	631
MSC/NRF	- 35	- 44	- 46
Total active ships	439	535	585
Total SCN (1979-1995)	$106.1 B	$148.8 B	$161.2 B

1/ CV levels do not include a carrier in SLEP. (Service Life Extension Program). Thus, total carriers would be 11, 13 and 15 in the three options.

(new technologies). The most exciting technologies relate not so much to platforms as to weapon systems. AEGIS-type antimissile defenses and electronic warfare show special promise in the near term.

ASSESSMENT OF SEA PLAN 2000 FORCE ALTERNATIVES (U)

(U) The options are evaluated in accordance with the missions.

Security Objective: Maintenance of Stability (U)

Forward Deployments (U)

(C) Option 1 would eventually require either additional homeport basing overseas -- a doubtful hope -- or the withdrawal of a battle group and a marine deployed unit. It is not clear that U.S. interests would be consistent with such a withdrawal, given the highly uncertain future environment.

(C) Options 2 and 3 would continue the current set of forward deployments and in addition would provide for an added margin of insurance, should a prolonged conflict or simultaneous crises develop.

Perceptions of the U.S.-Soviet Naval Balance (U)

(C) The current trends in perceptions of naval power favor the Soviet Union. This perception is reinforced by Option 1, which will force continued visible reductions in U.S. naval forces in a world less disposed to American interests and more aware of growing Soviet power.

(C) In contrast, Option 2 halts the trends, while Option 3 improves the naval balance. The implementation of either option

should, over several years, reverse the negative trend in perceptions about naval power.

Security Objective: Containment of Crises (U)

Calibrated Use of Force Against the Shore (U)

(C) Option 1 provides 7 ready carriers and 7/9 MAF lift.

(C) Option 2 provides 8 ready carriers and 10/9 MAF lift.

(C) Option 3 provides 10 ready carriers and 12/9 MAF lift.

Superiority at Sea in a Crisis (U)

(S) Option 1 provides 1 AEGIS ship per CV task force, forcing the Soviets to coordinate the successful firing of 24 missiles (vice 4 today) to obtain one hit on a CV.

(S) Options 2 and 3, with 2 AEGIS ships per CV, drive that number to 30 missiles. Where in a serious crisis Option 1 could deploy a maximum of eight battle groups and no SAGs, Option 2 could deploy ten battle groups with one AEGIS each and ten SAGs with one AEGIS each. Option 3 could deploy 12 battle groups and 12 SAGs.

(S) In a serious crisis, under Option 1 the Soviets could target seven of eight CVs and still have considerable forces in reserve. The U.S. would have insufficient naval forces to cover some key areas, such as near Japan. Figure E illustrates this.

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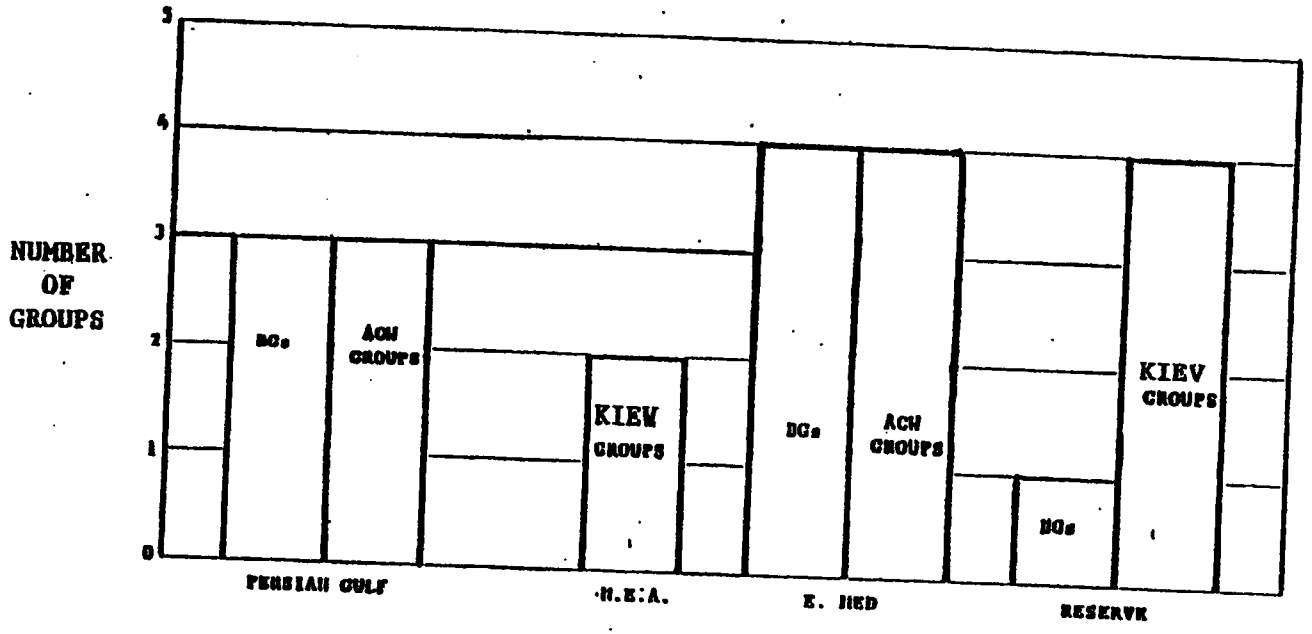

FIGURE E (S)

CONTINUITY OF COMMITMENTS IN A CRISIS

Worldwide U.S.-Soviet Naval Balance with Crisis in Persian Gulf

(Option 1 - 1990s)

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(S) Under Option 2 the Soviets can target five of ten ready CVs (see Figure F); in Option 3, five of twelve. Under Options 2 and 3, in no sensitive region of the world where there are currently U.S. forward deployments must the U.S. withdraw. This is an important consideration, since the probability of a serious crisis is not independent of Soviet assessment of U.S. capability and willingness to respond.

Security Objective: Deter a Global War (U)

SLOC Defense (U)

(S) In all three options, protection is better than it is today. More Soviet submarines can challenge the SLOC under Option 1, however, because allied naval offensive actions against Soviet naval forces are limited.

Reinforce Allies (U)

(S) It is assumed a crisis will precede the global war. Under Option 1, seven of the eight ready CVs will be in crisis postures and targeted by the Soviets. It is assumed two of the seven will be placed out of action on D-Day; one CV in Options 2 and 3 are assumed put out of action (since fewer CVs are targeted under those Options), as well as one SAG in each option out of action.

(S) Option 1, with six ready CVs in two oceans, does not have the credible power to enter the Norwegian Sea, and successful transit of the Eastern Mediterranean or the Northwest Pacific would require strong land-based air support.

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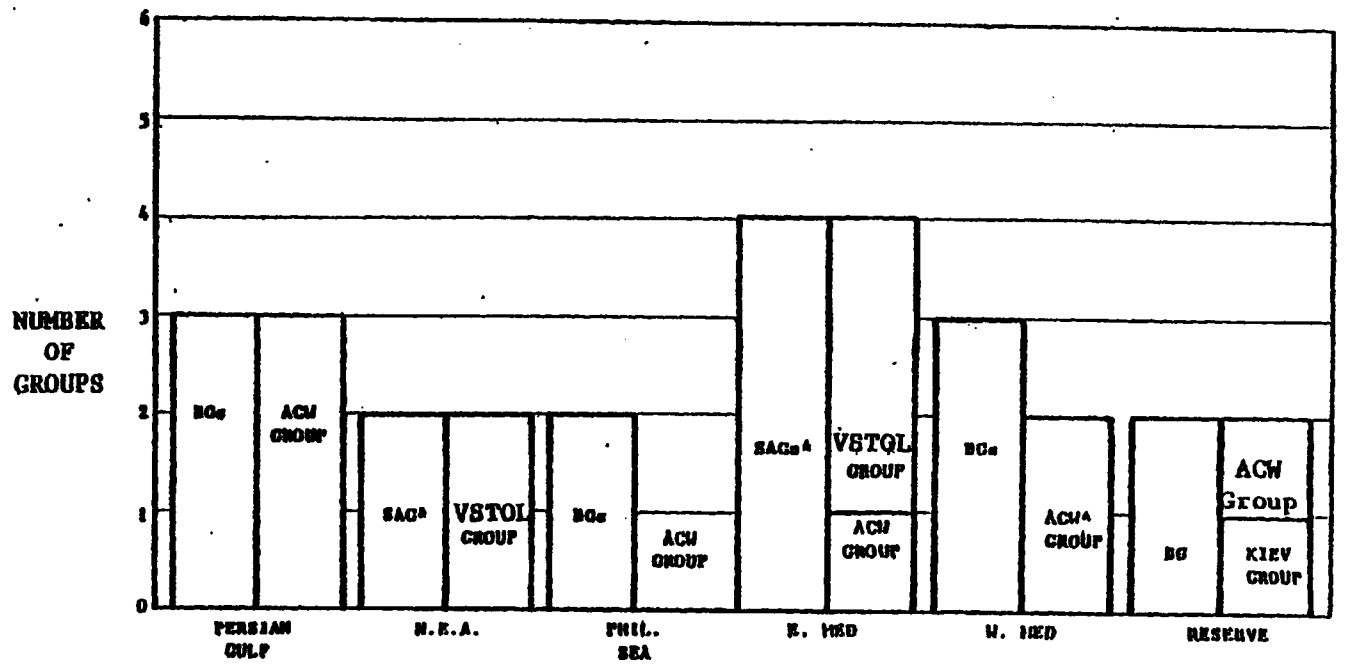

FIGURE F (S)

CONTINUITY OF COMMITMENTS IN A CRISIS

Worldwide U.S.-Soviet Naval Balance with Crisis in Persian Gulf

(Option 2 with Emphasis on SAGs - 1990s)

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(S) Option 2 with nine battle groups worldwide, poses a threat either to the Norwegian Sea or to the Eastern Mediterranean in one theater and to the Northwest Pacific in the other theater. In the Atlantic, if one campaign is conducted successfully and the SNA badly attrited, the allied naval forces may then be able to proceed to the other flank.

(S) Option 3, with eleven battle groups, provides hedge against losses which Option 2 does not have.

Pressure Against the Soviets (U)

(S) Option 1 does not allow such pressure with surface forces. Allied attack submarines are at risk because the Soviets can use surface and air, as well as submarines, to fend them off.

(S) Option 2 is more credible, although one or two losses of CVs early in the war would place this force on the defensive.

(S) Option 3 provides a hedge against such losses.

Hedge Against Uncertainty of the Year 2000 (U)

(S) Option 1, with 6 ready battle groups after a D-day shoot-out, provides lesser forces to hedge against uncertainties ~~that~~ than exist today.

(S) Option 2 provides 9 battle groups and up to 9 SAGs.

(S) Option 3 provides 11 battle groups and up to 11 SAGs.

Summary Assessment of Naval Force Alternatives (U)

(S) Option 1 is judged to be a high risk option with a low degree of flexibility, with minimal capability across the range of naval tasks.

(S) Option 2 hovers at the threshold of naval capability across the spectrum of possible uses, given the risks associated with technical and tactical uncertainties.

(S) Option 3 provides a high degree of versatility in the form of a wider range of military and political actions at a moderate increase in cost over Option 2.

(S) This assessment is summarized in Table F below.

TABLE F (S)

COMPARISON OF SEA PLAN 2000 FORCE OPTIONS

Measure	Option 1	Option 2	Option 3
Maintain Stability	• Relax current forward deployment • Reduced U.S. visibility	• Maintain current deployment • Resolve versus Soviet growth	• Current deployment at objective rotation • Enhanced perception
Contain Crises	• Crisis/deployment tradeoff • High D-day shootout loss	• Sustain forward deployments during a crisis • Create SAGs	• Sustain forward deployments during crises • Significant residuals
Deter Global War	• Some SLOCs • No forward ops • At best, defensive	• Protects SLOCs • Enables 2-4 forward ops • Second front option	• All-around superiority
Risk Assessment	High risk; minimal capability; not flexible	Minimum acceptable risk; maintains selective superiority vs. Soviets	Lower risk; provides hedge and options

FISCAL ASSUMPTIONS (U)

(C) Certain fiscal assumptions have been made with regard to the three force level options for an FY 2000 Navy. The key assumptions, applied to all options, include the following:

- The current operating to investment allocation of DoN dollars will remain at about the current 52.5 : 47.5 ratio.

- Historical trends in shipbuilding real cost growth due to technology of 4% per year will continue into the future.

- Historical trends of an additional 4% real cost growth in shipbuilding due to increase in ship size can be arrested by better management as attested to by recent constraints on ship size.

(C) Using these assumptions it has been determined that some real growth in DoN funding will be necessary to attain each of the levels examined (Option 1: 1%; Option 2: 3%; Option 3: 4%).

(C) Clearly any variance in these assumptions can have a significant effect on the attainability of any force level. If the operating to investment ratio increases, e.g., to 60 : 40, then one of two decisions must be made:

- Hold constant to the number of ships needed and increase funding; or
- Hold constant to the percent of real growth and accept the risk of operating a smaller force.

Figure G is an example of what happens to the force level, holding constant the 3% real growth in DoN funding, but varying the assumption: The shaded area indicates the range of uncertainty associated with this funding. The upper limit of this range represents force levels which could be achieved if:

a. A total real DoN TOA grew at a 3% annual rate (assuming FY 1979 funding of $41B as a base);

b. The operating accounts were held to 50% of DoN total funding (allowing 15% of TOA for SCN);

c. Shipbuilding cost growth was held to a 4% annual increase.

The lower end of the shaded area represents the force level which would result from:

a. The operating accounts rise to 60% of DoN TOA, allowing 10% for SCN; and

b. SCN real cost growth continues at 8% a year.

Two other force lines are shown in Figure G. The bottom line, Line B, shows the effect of stopping all future shipbuilding, although programs already authorized increase force levels up to the mid-80s. The top line, Line A, shows the force levels OSD projected in the NSC Shipbuilding Study ("U.S. Strategy and Naval Force Requirements") in January 1977. The line shows a rapid increase to nearly 600 ships (592 in 1990).

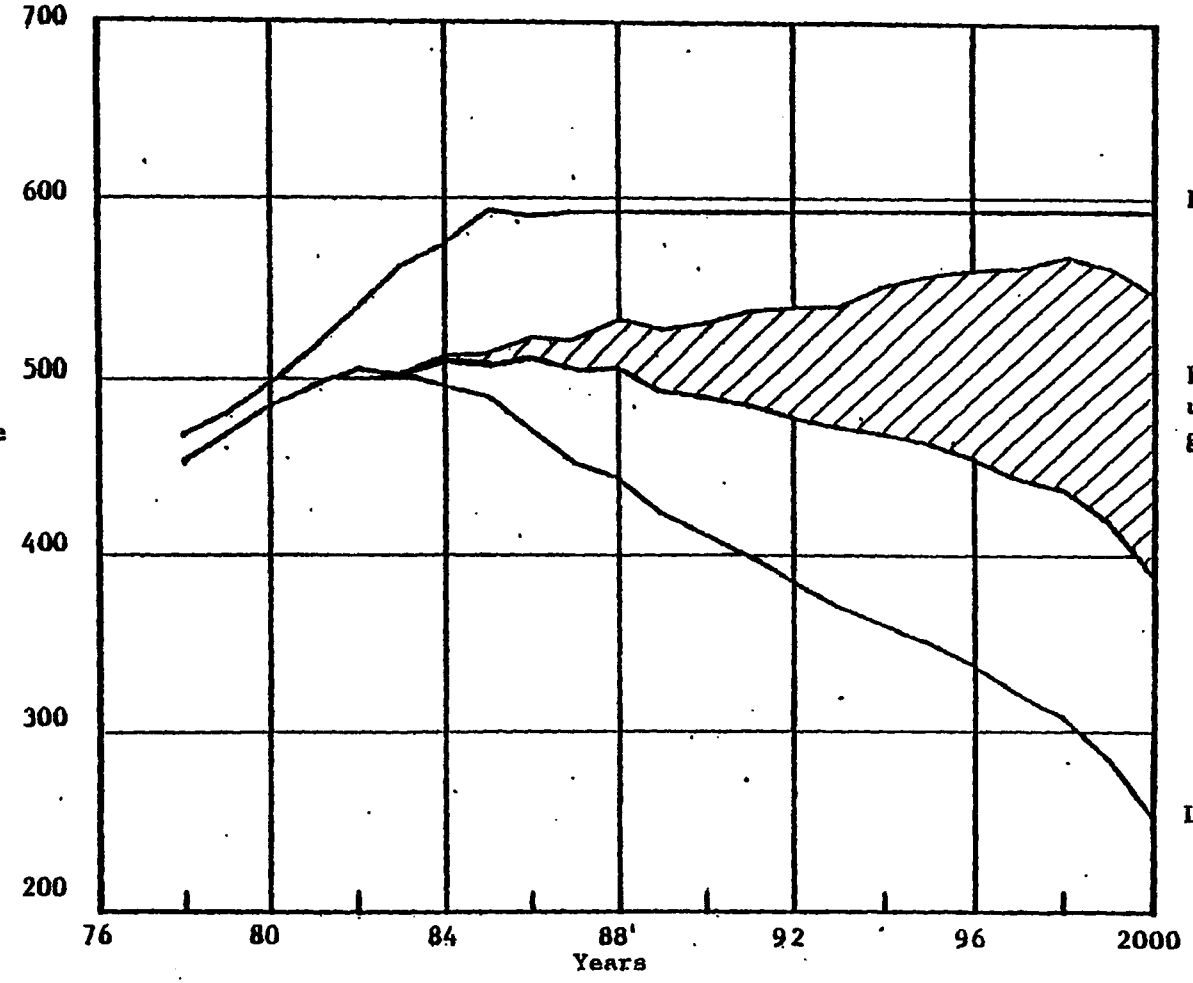

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FIGURE G (5)

ACTIVE USN SHIP INVENTORY FOR VARIOUS FUNDING OPTIONS