



OFFICE OF THE SECRETARY  
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SECRETARY OF DEFENSE  
SEC DEF HAS 5888

POM 79-85  
Navy

31 MAY 1977

2 JUN 1977

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MEMORANDUM FOR THE SECRETARY OF DEFENSE

Subj: Department of the Navy Program Objective Memorandum for  
FY 1979-1983 (POM 79) - ACTION MEMORANDUM

The Department of the Navy program presented in POM 79 reflects our best efforts to structure a balance between requirements for current readiness, fleet modernization, improved Fleet Marine Force capabilities, and maintenance of force levels. I have highlighted below some of the program which I am proposing as well as the most significant adjustments required to meet your fiscal guidance.

CVV. As we testified soon after taking office, the CVV has been substituted for earlier proposals of additional NIMITZ class carriers. This mid-sized carrier, capable of operating tactical aircraft in our existing inventory, and also well suited for VSTOL aircraft of the future, is an integral part of our plans to increase the availability and flexibility of air power at sea.

As a result of the recent Congressional disapproval of reprogramming actions for \$6M of preliminary design funds required in FY 77 it is not now feasible to start construction of the ship in FY 79. Therefore, the POM defers full funding to FY 80, but does include long lead funding in FY 79 which will minimize the delay in delivery and maintain an early commitment to the CVV program. I propose that we build two of these ships, one in FY 80 and one in FY 82.

AEGIS. Construction of four nuclear AEGIS cruiser derivatives of the VIRGINIA class is necessary to exploit the full operational potential of the nuclear powered aircraft carriers now in service and under construction. Compared to current air defense systems, this lower-cost substitute for the Strike Cruiser provides greatly increased task force defense against massed missile raids. The cruiser will also possess the high mobility and firepower required to operate independently in many crisis control and combat scenarios. This program is well along due to your support of long lead funding in FY 1978, and I strongly recommend that we build four of these ships during the POM period.

Auxiliaries. POM-79 proposes construction of auxiliaries by the Build and Charter method -- a major change in support ship acquisition procedures. Build and Charter reduces near-term funding required for shipbuilding and permits earlier starts for essential auxiliary ship construction. We will need your support in order to gain acceptance of this method of ship construction in OMB and the Congress.

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F/A-18. As we have discussed, the F/A-18 program is funded in POM-79 with a one year slip in production compared to the FYDP schedule. Although procurement is delayed, continued F/A-18 development ensures the availability of a tactical aircraft production base to sustain Navy and Marine Corps tactical aviation, though with some temporary reduction in aviation force levels through the 1980's. Because of severe near-term funding problems, and the resultant bowwave impact in shipbuilding and other areas, I am still concerned as to our ability to carry forward this program as planned, and, concurrently, to meet our other most pressing requirements.

VSTOL. POM-79 supports our current plan to develop a subsonic Type A, and a supersonic Type B, VSTOL. Multi-mission capabilities are envisioned for each of these types of aircraft to provide maximum commonality and minimum overall cost. In the interim, we intend to capitalize on Marine Corps operational experience with the AV-8A and plan the eventual conversion of their entire light attack force to the AV-8B. I plan thorough reviews, this year, of our VSTOL programs, including schedules, desired capabilities, and costs. I may recommend modifications to you as these reviews are completed.

Readiness. We have, in this POM, sought to sustain the momentum of fleet readiness initiatives now underway. Funding required to continue the improving trends in ship, aircraft, and Fleet Marine Force readiness is included. We are striving to make available the full capability inherent in the design of hardware. Progress is being realized. I urge your continued support for the readiness requirements identified in the POM.

Reductions. The \$6.2 billion fiscal guidance reduction from FY 79-82 FYDP funding levels and repricing to cover cost growth, together with the requirement to offset emergent essential improvements has, of course, caused major reductions in certain Navy and Marine Corps programs. In addition to reduced shipbuilding and development/procurement delays, combat aviation forces are directly affected. In order to fund the most critical modernization programs and to sustain required material readiness improvements, we have had to reduce temporarily the numbers of Navy tactical and patrol aircraft in the operating forces and to disband the major portion of the air reconnaissance force. Further, our strategic deterrent posture is diminished by the accelerated retirement of the POLARIS SSBN force and a one-year delay in introduction of the TRIDENT II missile.

Overguidance Programs. The total effect of the numerous decrements, delays, and omissions in our plan is, of course, a matter of concern. In response to your guidance, we have described the most urgent of these unfunded requirements in the Overguidance section of the POM. The following few items are illustrative of those contained in our Overguidance submission:

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- Restoration of certain shipbuilding programs contained in the FYDP, but which were unaffordable in the POM, including: 11 surface combatants, two amphibious assault ships, four mine counter-measures ships, and three support ships.

- Restoration of development schedule and introduction of TRIDENT II missile.

- Additional funding for energy conservation programs.

- Achievement of inventory objectives and prepositioned reserves of conventional munitions and sonobuoys.

- Development and procurement of F-14 replacement engine.

- Development and procurement of follow-on Carrier On-board Delivery (COD) aircraft.

- Procurement of LASER MAVERICK air-to-ground missile.

If, however, additional funding cannot be made available to reduce these and other serious shortfalls submitted overguidance I am convinced that the major modernization programs funded within fiscal guidance in POM-79 are of higher priority.

In summary, POM-79 conforms to reduced fiscal guidance while maintaining a balance between readiness and modernization or near-term and future capabilities. We believe that the naval services remain capable of fulfilling their mission. However, the reduced shipbuilding plan, reductions in aviation force levels, other aviation programs, and Research and Development cause the risk for the future to increase.

I have attached an overview of the POM for additional information.

*W. Arthur Clayton*

Attachment

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OVERVIEW

Department of the Navy fiscal guidance levels for the period FY 79-82 provide funding controls \$6.2 billion below those contained in the March FYDP. Reductions of this magnitude cannot be accommodated by marginal adjustments to the base program; therefore, in order to maintain a balance, the entire Department and all programs were reassessed during the development of POM-79. In the resultant POM, required reductions have been taken in those programs which, in our judgment, through and beyond the program years, would have the least adverse impact on our capability to deter war or to prevail in combat should deterrence fail.

Strategic Forces

The previously approved TRIDENT submarine and TRIDENT I missile programs are fully funded including shortfalls contained in the FYDP.

Principal reductions required to accommodate fiscal guidance include:

- A slip of TRIDENT II missile development approximately one year.
- Retirement of the ten-ship POLARIS submarine force is accelerated and scheduled for completion during the POM period.
- Continuation of the SEAFARER program in research and development, with emphasis on testing in Wisconsin and attainment of a follow-on test site in Michigan.

Shipbuilding Programs

POM 79 will build 37 fewer ships than contained in the March 1977 FYDP for FY 79-82. The declining trend in active fleet force levels is not, therefore, arrested. Our inability within available funding to sustain or rebuild numerical force strength, while providing for an adequate level of quality as well, results in a growing bow wave of unfunded requirements. Without near-term relief, this bow wave will increase and total fleet capability, measured quantitatively, may decline to unacceptable levels of risk. Within the constrained POM shipbuilding plan:

- The nuclear-powered AEGIS cruiser is included, with the lead ship in FY 79, and follow-on ships in FY 81, 82 and 83.
- The lead CVV aircraft carrier is funded in FY 80, with a follow-on ship in FY 82.
- SSN building rate is increased in FY 83.

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- Support ships are provided through Build and Charter procedures to achieve required force levels, while releasing near-term resources for other critical programs.

#### Aviation Programs

A combination of procurement changes and force level reductions has occurred:

- The F/A-18 program is slipped one year, delaying operational introduction until 1983. F-18's will be introduced first into active Marine squadrons, then into Navy carrier air wings, and subsequently into Navy and Marine Corps Reserve forces.

- Advance attrition F-14 aircraft will be configured and employed as reconnaissance aircraft.

- The decision to terminate A-7E procurement as reflected in the President's FY 78 budget, will require a temporary reduction in Navy light attack squadron strength from 12 to 10 aircraft while awaiting introduction of the A-18.

- P-3 squadron strength, both active and reserve, is reduced from nine to eight aircraft.

- USMC active fixed wing aircraft inventory is reduced by about 6%, equivalent to 24 operating aircraft.

- RA-5C aircraft will be retired after FY 78, leaving the Navy without a dedicated, all-weather reconnaissance capability.

#### ASW/AAW

POM-79 funds significant ASW and AAW improvements:

- LAMPS III funding has been increased.

- Deployment of tactical towed array systems has been accelerated.

- Resources for several important AAW area and point defense systems have been increased.

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However, tactical nuclear capabilities have been reduced or delayed; an austere SUBROC program for SSN's is proposed and nuclear SM-2 and nuclear HARPOON missile programs have been deferred.

Fleet Marine Force Programs

Fleet Marine Force programs are balanced to achieve force modernization while maintaining readiness for combat. Highlighting these programs are enhanced night, cold weather, ECM, armor/antiarmor, artillery and air defense capabilities.

Readiness

POM-79 funding provides for essential support and for improved personnel training. Additional funding is provided to accomplish reductions in overhaul backlogs, aircraft extensions, equipment awaiting parts or maintenance, and the component rework pipeline.

Total ~~DO~~ active duty manpower requirements have been reduced over the program years by a combination of Navy force level reductions and substitution of civilian for military manpower where feasible.

The Marine Corps has programmed a modest increase in end strength to improve manning of the Fleet Marine Force.

Both Navy and Marine Corps accession levels for women are increased to expand participation by women and to reduce requirements for male non-prior service accessions.

Overguidance Programs

In response to your guidance, we have identified the most urgent of our unfunded requirements in the Overguidance section of the POM. Included in this submission are:

- Ships lost from FYDP.
- Restoration of TRIDENT II missile development.
- Restoration of aircraft force levels.
- Funding to enhance Fleet Marine Force capability in a high intensity environment.
- LASER MAVERICK procurement.
- Selected Reserve End-strength.

- Energy Conservation Program.
- Ammunition shortfall..
- SCN for Build and Charter.
- SUBROC.
- Air Defense/Air Control Radars.
- Miscellaneous ground combat items.
- F-14 Re-engine.
- Carrier On-Board Delivery (COD) aircraft.

Program Assessment

While many significant improvements are reflected in POM-79, the required program reductions entail considerable risk in the Navy's ability to counter future threats. For instance, in the strategic area, deferral of the survivable hard target kill capability provided by the TRIDENT II missile could lead to a position of greater vulnerability in later years should SALT fail. General purpose force improvements, in many warfare areas, have been stretched, slipped, or cancelled. In some cases, gaps result between the termination of current capabilities and the introduction of the follow-on system.

In summary, POM-79 conforms to the reduced fiscal guidance with some reductions in current Navy capabilities and increasing risk for the future. Improvements which have been funded for current systems will maintain a reasonable level of capability through the early 1980's, and we believe that the naval service is still marginally capable of executing its mission under the national strategy and prevailing in a Case 4/1 scenario. However, the reductions in shipbuilding, aviation forces and programs, and Research and Development will make it increasingly difficult to meet the threat of the 1990's.

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