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FORCE STRUCTURE AND LONG-RANGE PROJECTIONS

Note 39

HEARINGS BEFORE THE TASK FORCE ON NATIONAL SECURITY PROGRAMS OF THE COMMITTEE ON THE BUDGET HOUSE OF REPRESENTATIVES NINETY-FOURTH CONGRESS

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Leonard Sullivan (ASD) (PATE)

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a 5-year projection of how much it would cost for you to maintain me, it would go up that 2 percent line. That is the most fundamental thing I am trying to tell you. Somebody will change the standards for loin cloths and what State they have to come from. The enemy will get a slightly longer spear and I will insist on it. Then we will adjust the materials. Then somebody will say "buy American," and I will stop buying Australian spears. Over time I will cost you 2 percent more a year. What you pay me stays constant and what you pay for my loin cloth and spear goes up at the rate of 2 percent a year. As a matter of fact, the quality index on clothing goes up by 2½ percent a year—the suits you buy.

Mr. HALL. It's 2 percent, I believe.

Mr. SULLIVAN. And it has for 15 or 20 years.

Mr. HALL. The average family house, just because of the quality, has a 2.1-percent-a-year rate of growth.

Mr. SULLIVAN. Without inflation.

Mr. HALL. Without any inflation in price.

Mr. GIAMINO. Because of what?

Mr. HALL. Because they are a little larger every year. The average goes up. Because it has a little different plumbing in it, and so forth.

Mr. SULLIVAN. You want air-conditioning that you didn't need before.

Mr. GIBBONS. To what extent does "buy America" inhibit you?

Mr. SULLIVAN. We estimate approximately \$500 million a year.

Mr. GIBBONS. In the whole Defense budget?

Mr. SULLIVAN. Yes, sir.

Mr. GIBBONS. In procurement?

Mr. SULLIVAN. Yes.

Mr. GIBBONS. To what extent does it cause you problems in dealing with NATO?

Mr. SULLIVAN. They simply do not believe that we are going to standardize with the rest of NATO unless they buy our stuff. And they have every reason to have that feeling. There are a couple of outstanding exceptions coming along: the Air Raider which is bought in Europe, which we have now; the Shorad system; the low-altitude defense system. We are going to make a carbon copy of the German and French design but manufacture it here. We are buying 100,000 chemical raincoats from the United Kingdom and they will be standard. But the whole area of standardization is going along very, very slowly.

Incidentally, we are the only NATO nation which has been decreasing defense expenditures in constant dollar terms.

Mr. GIAMINO. But you are talking about relative to the other NATO nations.

Mr. SULLIVAN. Yes, sir.

Mr. GIAMINO. That is because we have been insisting they get their ratio up.

Mr. SULLIVAN. But it isn't clear to me that we are paying more than our share.

Mr. COVE. The Chancellor of the Exchequer was on TV the other night and said in 1970 constant dollars Britain doesn't have a balance-of-payments problem. We get to the constant dollar and at some point it becomes a little meaningless.

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