

REMARKS BY
HONORABLE JOHN LEHMAN
SECRETARY OF THE NAVY
CURRENT STRATEGY FORUM
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HOW TO IMPROVE DETERRENCE: "DEORGANIZE" DEFENSE

NAPOLEON ONCE OBSERVED THAT, HAVING SIGNED A MAJOR TREATY, HIS COUNTRY WAS NOW IN A "BEAUTIFUL FIX" BECAUSE PEACE HAD BEEN DECLARED. A SIMILAR DILEMMA HAS CONFRONTED OUR NATION'S LEADERS AND POLICYMAKERS SINCE THE FOUNDING OF THE REPUBLIC. DEMOCRACIES BY THEIR VERY NATURE, FIND IT DIFFICULT TO "WAGE PEACE," TO DETER WAR THROUGH THE ESTABLISHMENT AND MAINTENANCE OF CAPABLE MILITARY FORCES. THE UNITY OF PURPOSE, THE RESOLUTION OF A FREE PEOPLE THAT, WHEN AROUSED, HAS PROVIDED THIS NATION WITH ULTIMATE VICTORY IN TIME OF WAR, IS OFTEN DEFEATED BY CONFLICTING OBJECTIVES, POLITICAL TORPOR AND WANT OF RESOURCES IN TIME OF PEACE.

THIS IS CERTAINLY NOT A PHENOMENON PECULIAR ONLY TO OUR PAST FEW DECADES OF GOVERNMENT. OBSERVERS OF OUR SOCIETY, FROM TOCQUEVILLE ONWARD, HAVE NOTED THE PARTICULAR RELUCTANCE OF THE AMERICAN PEOPLE TO ENDORSE LARGE MILITARY EXPENDITURES SHORT OF OUTRIGHT CONFLICT. EVEN IN THE YEARS FOLLOWING THE CIVIL WAR WHEN AMERICAN INTERESTS TURNED OUTWARD, THE NATION'S PREMIER STRATEGIST ALFRED MAHAN, CONSIDERED IT "YET AN OPEN QUESTION" WHETHER THE AMERICAN PEOPLE POSSESSED "THE FORESIGHT, THE KEEN SENSITIVITIES TO NATIONAL POSITION AND CREDIT AND THE

WILLINGNESS TO INCREASE OUR PROSPERITY BY ADEQUATE OUTPOURING OF MONEY IN TIMES OF PEACE NECESSARY FOR MILITARY PREPARATION." MAHAN CONCLUDED, "POPULAR GOVERNMENTS ARE NOT GENERALLY FAVORABLE TO MILITARY EXPENDITURES HOWEVER NECESSARY."

UNFORTUNATELY FROM THE STANDPOINT OF A DEMOCRACY'S ABILITY TO DETER A POTENTIAL AGGRESSOR, TOTALITARIAN STATES SUFFER LITTLE FROM THESE PEACETIME AFFLICTIONS. WITH RIGID CONTROL OVER BOTH THE MEANS OF PUBLIC POLICY FORMULATION AND MEANS OF PRODUCTION, THE LEADERSHIP'S DESIRES BECOME, WITH MINIMAL DISSENT, THE NATION'S PRIORITIES AND GOALS.

THUS WHILE THE UNITED STATES REDUCED ITS DEFENSE SPENDING AND SOUGHT WAYS TO CURTAIL ITS INTERNATIONAL OBLIGATIONS AFTER THE DEBILITATING EXPERIENCES OF VIETNAM AND WATERGATE, THE SOVIET UNION EMBARKED ON THE GREATEST PEACETIME EXPANSION OF A NATION'S MILITARY MIGHT IN RECORDED HISTORY. SINCE 1964, THE SOVIET UNION HAS TRIED TO SHIFT THE GLOBAL MILITARY BALANCE AGAINST AMERICA AND ITS ALLIES. THEIR STRATEGIC NUCLEAR RETALIATORY CAPABILITY, INFERIOR TWENTY YEARS AGO, TODAY SURPASSES OUR OWN IN SOME IMPORTANT RESPECTS. THE SOVIET ARMY HAS BEEN ENLARGED, MODERNIZED AND TRAINED AS AN OFFENSIVE FORCE. SIGNIFICANTLY, MOSCOW'S MILITARY PLANNERS HAVE ALSO BROKEN WITH THE MIND-SET OF A STRICTLY CONTINENTAL POWER, EVIDENCED BY THE CONSTRUCTION OF A BLUE WATER NAVY OF MORE THAN 1800 SURFACE COMBATANTS AND SUBMARINES. THE SOVIET ARMED FORCES TODAY COMPRISE THE MOST EFFECTIVE, AND PERHAPS ONLY EFFECTIVE INSTRUMENT OF SOVIET POWER IN THE WORLD. THEY REPRESENT A FORMIDABLE CHALLENGE TO WESTERN EFFORTS TO DETER SOVIET AGGRESSION AND COERCION.

WHEN PRESIDENT REAGAN TOOK OFFICE IN 1981, HE PLEDGED TO REVERSE THE PRECIPITOUS DECLINE IN AMERICAN MILITARY STRENGTH, THE LEGACY OF THE PREVIOUS DECADE. REBUILDING U.S. MILITARY CAPABILITIES WAS ONLY ONE PART OF A COMPREHENSIVE PROGRAM TO RESTORE AMERICA'S INTERNATIONAL POSITION. OUR RESPONSIBILITIES TO THE WESTERN ALLIANCE, AND OUR HISTORIC ROLE AS THE "LAST, BEST HOPE OF MANKIND" IN A WORLD OFTEN HOSTILE TO DEMOCRACY, DEMANDED NO LESS.

BY AND LARGE, THE PRESIDENT HAS SUCCEEDED. IRONICALLY, WE AS A PEOPLE ARE FINDING IT DIFFICULT TO LIVE WITH THAT SUCCESS. CONSIDER, FOR A MOMENT, THE RECORD AT HAND. AFTER YEARS OF DOUBLE DIGIT INFLATION, THE RATE HAS DECLINED TO AROUND FOUR PERCENT. INTEREST RATES, WHICH FIVE YEARS AGO WERE MORE THAN 21 PERCENT, HAVE NOW DROPPED TO LESS THAN HALF THAT NUMBER. AFTER YEARS OF STAGFLATION, WE HAVE SEEN A REAL GROWTH IN OUR ECONOMY OF ABOUT 7 PERCENT.

WHILE NECESSARILY DIFFICULT ECONOMIC REFORMS WERE UNDERTAKEN, THE AMERICAN PEOPLE DID NOT STINT WHEN IT CAME TO SACRIFICING FOR DEFENSE. THE RESULTING IMPROVEMENTS WERE DRAMATIC. FOR EXAMPLE, WITH AN AVERAGE ANNUAL GROWTH OF 7 PERCENT IN THE DEFENSE BUDGET OVER THE PAST FOUR YEARS, THE NUMBER OF SHIPS IN THE U.S. BATTLE FORCE HAS INCREASED FROM 479 TO 533, A GAIN OF BETTER THAN 11 PERCENT. AIRCRAFT READINESS HAS IMPROVED 42 PERCENT; IN BIN MUNITIONS LEVELS HAVE GROWN BY 37 PERCENT. FROM 91 PERCENT MANNING AND SHIPS THAT COULD NOT SAIL ON SCHEDULE BECAUSE OF A LACK OF PERSONNEL,

WE HAVE TODAY A FLEET THAT NOT ONLY IS BIGGER, BUT MANNED TO 100 PERCENT. ANY READING OF AMERICAN PEACETIME HISTORY WOULD SHOW THAT IN NO SIMILAR PERIOD HAS THERE BEEN SUCH AN UNQUALIFIED SUCCESS AT RESTORING OUR NATION'S MILITARY STRENGTH.

OUR DEFENSE CAPABILITY AND WITH IT, DETERRENCE, HAS BEEN VASTLY IMPROVED. YET ONE WOULD HARDLY KNOW IT FROM TOPICAL DISCUSSIONS OF DEFENSE ISSUES. CATERWAULS THAT DEFENSE SPENDING IS "OUT OF CONTROL," "WASTEFUL," AND "MUST BE CUT" ECHO FROM THE HALLS OF THINK-TANK ACADEMIA TO THE SHORES OF THE POTOMAC. CRITICS, SOME UNINFORMED AND SOME MISINFORMED, EVEN SAY THAT LITTLE HAS BEEN ACHIEVED.

IN RIGHTLY REJECTING THESE CRITICS, WE IN THE DEFENSE DEPARTMENT UNFORTUNATELY IGNORE THE FACT THAT WE COULD HAVE ACHIEVED MUCH MORE IN A SYSTEM LESS CONVOLUTED THAN THAT WHICH WAS INHERITED IN JANUARY 1981.

DR. SAMUEL JOHNSON ONCE SAID THAT WHAT IS REMARKABLE ABOUT A DOG'S WALKING ON HIS HIND LEGS ISN'T THAT IT IS NOT DONE WELL BUT THAT IT IS DONE AT ALL. SUCH IS THE WONDER THAT SECRETARIES OF DEFENSE THESE PAST 15 YEARS HAVE PROVIDED AS WELL FOR THE COMMON DEFENSE AS THEY HAVE, GIVEN THE ENORMITY OF THE SYSTEM THAT BESETS THEM.

SECRETARY WEINBERGER WAS CHARGED BY THE PRESIDENT TO TAKE THE EXISTING INSTITUTION AND GET ON WITH REBUILDING THE NATION'S DEFENSES. THERE CAN BE NO DOUBT THAT HE SAVED A COLLAPSING BALANCE OF POWER, AN ACHIEVEMENT THAT DWARFS THE CURRENT COMPLAINTS.

BUT THE HORRENDOUS NATURE OF THE SYSTEM WITHIN WHICH HE MADE THIS PRODIGY HAS SUDDENLY BECOME TOPICAL. SURELY THIS IS FOR THE GOOD. THE HALLMARKS OF THAT SYSTEM -- CONGRESSIONAL

MICROMANAGEMENT, CORPORATE GREED AND BUREAUCRATIC ELEPHANTIASIS -- ARE LONG OVERDUE FOR REFORM. PERHAPS NOW A BIPARTISAN CONSENSUS CAN BE CREATED TO CHANGE IT.

THE FACT THAT SO MUCH SIMPLE-MINDEDNESS IS WRITTEN ABOUT HOW TO FIX THE DEFENSE DEPARTMENT BY ARMCHAIR EXPERTS INNOCENT OF ANY SERVICE IN GOVERNMENT SHOULD NOT BE ALLOWED TO DISCREDIT THE INSIGHT THAT SOLUTIONS TO OUR CURRENT PROBLEMS INVOLVE THE APPLICATION OF SIMPLE PRINCIPLES. FOR WHILE THE PROBLEMS OF DEFENSE ARE ENORMOUS IN NUMBER AND GREAT IN COMPLEXITY, THEIR CAUSES MAY BE TRACED TO A SINGLE ROOT: UNCEASING BUREAUCRATIC GROWTH IN CONGRESS AND THE DEFENSE ESTABLISHMENT OVER THE PAST 30 YEARS.

HAVE PROFITS BEEN EXCESSIVE IN DEFENSE INDUSTRY? YES, WHEN MEASURED AS A PERCENT OF ASSETS. FOR THE LAST TWO DECADES THEY HAVE AVERAGED NEARLY FOUR TIMES THE NORM OF NON-GOVERNMENT PROFIT. WHY? BECAUSE CONGRESS HAS WANTED IT THAT WAY FOR 30 YEARS, AND ITS LEGISLATION AND THE IMPLEMENTING REGULATIONS OFTEN REQUIRE THAT THE TAXPAYER PAY FOR THE CONTRACTOR'S CAPITAL ASSETS. DESPITE SECRETARY WEINBERGER'S PROGRESS IN DRIVING THAT RATIO DOWN, WHEN WE BUILD A TANK OR AN AIRPLANE, THE LEGISLATION, REGULATIONS AND APPROPRIATIONS STILL REQUIRE THE TAXPAYER TO BUY THE CONTRACTOR THE TOOLS, EQUIPMENT AND OFTEN THE BUILDING.

IS CONTRACTOR OVERHEAD EXCESSIVE? YES, OFTEN MORE THAN 100 PERCENT OF DIRECT COSTS. WHY? BECAUSE THOSE SAME STATUTES AND REGULATIONS INVITE PADDING AND BECAUSE AS EACH NEW BUREAUCRACY IS LEGISLATED INTO THE DEFENSE ESTABLISHMENT TO OVERSEE ENVIRONMENT, EQUAL-OPPORTUNITY, WORK SAFETY,

MINORITY BUSINESS, VALUE ENGINEERING, AD INFINITUM, CONTRACTORS MUST HIRE MORE BUREAUCRATS TO FILL OUT FORMS AND PASS THEIR COST ON AS OVERHEAD -- AND IF A FEW LEARJETS OR DOG KENNELS GET ADDED ALONG THE WAY, WELL, WHO'S TO KNOW?

HAVE CONTRACTORS PAID NO TAXES SINCE 1972? LARGELY TRUE FOR THE BIGGEST, BUT NOT UNIQUE TO DEFENSE CONTRACTORS. WHY? BECAUSE CONGRESS ENACTED LOOPHOLES TO MAKE IT LEGAL.

ARE WEAPONS SYSTEMS OFTEN GOLD-PLATED AND IS THE BEST OFTEN THE ENEMY OF GOOD ENOUGH? YES. WHY? BECAUSE AUTHORITY ON ANY GIVEN WEAPON HAS BEEN DISSIPATED AMONG SO MANY MANDATED OFFICES AND ENTITIES OUTSIDE OF THE LINE AUTHORITY OF THE MILITARY DEPARTMENTS THAT THE CHAIN OF COMMON SENSE IS OFTEN DESTROYED.

HAS LEGISLATIVE OVERSIGHT BECOME ANARCHY? YES. HOW? TEN YEARS AGO FOUR COMMITTEES WROTE LEGISLATION ON DEFENSE. TODAY 24 COMMITTEES AND 40 SUBCOMMITTEES OVERSEE DEFENSE. BY ACTUAL MEASUREMENT, CURRENT LAW AND REGULATION ON DEFENSE PROCUREMENT FILL 1,152 LINEAR FEET OF LAW LIBRARY SHELF SPACE. THOUSANDS OF NEW PAGES ARE ENACTED YEARLY AND ALMOST NONE REMOVED.

IS THE DEFENSE ESTABLISHMENT OVERGROWN? YES. TO COPE WITH THIS AVALANCHE OF LEGISLATION AND REGULATION, EACH MILITARY DEPARTMENT HEADQUARTERS NUMBERS 2,000, AS DOES THE JOINT STAFF AND ITS APPENDAGES AND THE OFFICE OF THE SECRETARY OF DEFENSE STAFF. THERE ARE 10 DEFENSE AGENCIES NUMBERING 85,000 AND NINE JOINT AND SPECIFIED COMMANDS THAT EACH AVERAGE NEARLY A THOUSAND. NO INTELLIGENT HUMAN BEING WOULD PAY \$700 FOR A TOILET COVER: IT TOOK A UNIFIED BUYING AGENCY OF 50,000 BILLETS TO DO THAT.

THIS VAST BLOAT IN CONGRESS AND THE EXECUTIVE BRANCH HAS ALL BEEN DONE OVER THE PAST 30 YEARS IN THE NAME OF REFORMATION. WORSHIPPING AT THE ALTAR OF THE FALSE IDOLS OF CENTRALIZATION AND UNIFICATION, A GENERATION OF REFORMERS HAVE COMPLETELY "CLERICALIZED" THE PROCUREMENT PROCESS, DESTROYING AUTHORITY AND ACCOUNTABILITY AND CREATING AN ENVIRONMENT IN WHICH ONLY MONOPOLY, COST-PLUS AND SINGLE-SOURCE CONTRACTING PROCESSES FLOURISH IN A NATURAL STATE. COMPETITION, DISCIPLINE, AUSTERITY AND ACCOUNTABILITY ARE FORCEFULLY OPPOSED BY STATUTORY COMPLEXITY, BUREAUCRATIC INERTIA AND CONGRESSIONAL RESISTANCE.

SECRETARY WEINBERGER HAS BEGUN TO CHANGE THE HABITS OF GOLD-PLATING, COST OVERRUNNING AND CONTRACT SOLE-SOURCING THROUGH THE RESTORATION OF COMPETITION, ACCOUNTABILITY AND SHEER COMMON SENSE. THE RESULTS ARE ALREADY IMPRESSIVE. IN SHIPBUILDING ALONE COMPETITION HAS BEEN INCREASED FROM 15 PERCENT TO 84 PERCENT IN ONLY FOUR YEARS, WITH A PAYOFF OF \$2.4 BILLION IN COST UNDERRUNS.

WHAT MUST BE DONE NOW IS TO RECOGNIZE THE FOLLY OF CURRENT CALLS FOR MORE BUREAUCRACY AND CENTRALIZATION; TO LAY ASIDE THE SUGGESTIONS OF THOSE WHO SEEK TO USE THE CURRENT DEBATE TO SETTLE OLD POLITICAL OR IDEOLOGICAL SCORES; AND TO BEGIN TO APPLY THE LESSONS SO VISIBLE IN CURRENT HEADLINES.

WE NEED NO NEW LEGISLATION; WE NEED THE REPEAL OF HUNDREDS OF LINEAR FEET OF EXISTING STATUTES AND REGULATIONS.

WE NEED NO NEW BUREAUCRATIC ENTITIES; WE NEED A LARGE REDUCTION IN THE NUMBER AND SIZE OF EXISTING ONES.

WE NEED NO MORE CENTRALIZATION AND UNIFICATION; WE NEED MORE DECENTRALIZATION AND ACCOUNTABILITY THROUGH WHICH THE STRONG SECRETARY OF DEFENSE CAN UNIFY ALL EFFORTS TO A CENTRAL POLICY.

WE NEED CONGRESS TO END THE CURRENT CHAOS OF SUBCOMMITTEES AND REASSERT AN ORDERLY, STRONG ROLE IN MEETING ITS CONSTITUTIONAL RESPONSIBILITIES THROUGH A REASONABLE NUMBER OF SERIOUS SUBCOMMITTEES.

BOTH CONGRESS AND THE DEFENSE ESTABLISHMENT MUST BE DE-ORGANIZED RATHER THAN REORGANIZED, TO LIBERATE THE THOUSANDS OF DEDICATED DEFENSE PROFESSIONALS IN BOTH INSTITUTIONS FROM THEIR BUREAUCRATIC BONDAGE AND ALLOW THEIR COMMON SENSE TO PREVAIL.

IF WE CAN ACCOMPLISH THIS DIS-ORGANIZATION, WE CAN MAKE PERMANENT THE GREAT PROGRESS OF THE LAST FOUR YEARS. WE HAVE GAINSAID THE CRITICS WHO SAID WE COULD NOT SUSTAIN A RECOVERY OF OUR MILITARY STRENGTH IN A TIME OF PEACE AND ECONOMIC AUSTERITY. WE HAVE SHOWN OVER THE PAST FOUR YEARS THAT THE BALANCE NEED NOT SHIFT IRREVOCABLY TOWARDS THE FORCES OF TOTALITARIANISM AND AWAY FROM THE FREE PEOPLES OF THE WORLD. HAVING SEEN WHAT WE CAN ACCOMPLISH, IT IS INCUMBENT ON US TO PLAN FOR THE FUTURE. WE NEED TO MAKE THIS DEFENSE RECOVERY DIFFERENT FROM PREVIOUS EFFORTS. WE NEED TO BREAK THE BOOM-OR-BUST CYCLE OF FIRST STRENGTH, AND THEN WEAKNESS. WE NEED TO MAKE THIS RECOVERY PERMANENT. WE MUST NEVER REGRESS AGAIN TO THE POSITION IN WHICH WE FOUND OUR ARMED FORCES IN 1980.

IF WE CAN DEFY THE CONVENTIONAL WISDOM, IF WE CAN PROVE THE CRITICS WRONG, THEN OUR NATION'S STRENGTH, CONFIDENCE, AND POSITION OF LEADERSHIP IN THE FREE WORLD WILL REMAIN STRONG. BY MAINTAINING OUR PEACETIME MILITARY FORCES IN READINESS TO ANSWER ANY CHALLENGE, WE CAN RETAIN THE CONFIDENCE OF OUR ALLIES IN AMERICA'S LEADERSHIP AND DEMONSTRATE TO THE SOVIET UNION THAT THEY HAVE NOTHING TO GAIN FROM THEIR ONGOING BUILDUP.

DETERRENCE REMAINS THE CORE OF U.S. STRATEGY. BUT FOR THIS STRATEGY TO SUCCEED, OUR ADVERSARIES MUST BE PERSUADED THAT THE RISKS AND COSTS OF AGGRESSION WILL FAR EXCEED ANY GAINS THAT MIGHT BE DERIVED FROM A SHIFT IN THE GLOBAL BALANCE OF POWER.

CLAUSEWITZ ONCE OBSERVED THAT BATTLE IS TO DETERRENCE WHAT CASH IS TO CREDIT IN THE WORLD OF COMMERCE. ONE MAY LIVE ENTIRELY BY PAPER TRANSACTIONS ONLY WHEN THERE IS NO DOUBT ABOUT ONE'S ABILITY TO SETTLE ACCOUNTS WITH HARD CURRENCY WHEN CHALLENGED. IF WE MAKE THE GAINS OF THE PAST FOUR YEARS PERMANENT FEATURES OF THIS NATION'S ARMED FORCES POSTURE, IF WE DE-ORGANIZE THE SYSTEM TO FACILITATE THE MAINTENANCE OF A STRONG NATIONAL DEFENSE AT MINIMAL COST, THEN THERE WILL BE NO DOUBT IN THE MINDS OF SOVIET POLITICAL AND MILITARY LEADERSHIP OF AMERICA'S FUTURE ABILITY TO SETTLE ACCOUNTS, ON BOTH LAND AND SEA.

THANK YOU.