SECRETARY OF DEFENSE WILLIAM J. PERRY
INTERVIEW WITH REPORTERS REVIEWING 1994 AND CHALLENGES OF 1995, WITH PRESS COMMENTS
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Secretary Perry: I wanted to talk with you today about the most significant accomplishments of last year and what I see as the most significant problems coming ahead for next year. I've debated and rung my hands about how to present this, particularly with a diverse and probing group such as I'm talking with today, and I'm going to proceed on a sort of hazardous course. Instead of making an opening statement and then taking questions, I'm going to try to break my comments into three categories. The categories are the themes that I've used in various talks around the country, what I think my main jobs are. One of the categories being preventing the reemergence of the nuclear threat; a second category being managing the drawdown in the post Cold War era; and the third category being managing the use of military force in the post Cold War era. I see these as the three things, where I think of issues and problems I work on.

What I want to do is take them one at a time and each of them, briefly tick off what I think are the significant accomplishments for last year, the significant problems ahead the next year, then stop at that point and get questions on that issue, then go on to the next. We may not get to the second and third scene if we do it that way, but that's what I'm going to try to do anyway, and see if that works.

The first one is the reemergence of the nuclear threat. This has been a significant year in that regard, I think. The framework agreement with North Korea was certainly one of the big news items this year, and I think deservedly so. I think it's a very significant agreement.

Quite clearly, one of the significant problems the next year will be getting seriously into the implementation of that. Next year will be the big, the most significant year in actually getting that off the ground and getting it implemented. Significant problems in three different areas. Having the North Koreans carry out their part of the agreement and getting it launched, getting the support, and in particularly the very substantial financial support needed from the Japanese and the Republic of Korea. And third, getting the support from within the U.S. Government, particularly the Congress, for that agreement. Some members of the Congress have already highlighted this agreement as skepticism at least.

So one big accomplishment in '94 and a significant challenge ahead of us in '95, to get that program safely launched.

A related achievement has been the Project Sapphire which is getting the transfer of the fissile material from Kazakhstan to Oak Ridge. That particular event I don't see any special issues or problems in the coming year, but I do believe there will be other opportunities like that ahead of us, probably additional opportunities in 1995, and we intend to take advantage, to diligently search for and take advantage of those opportunities as they arise.

The Trilateral Agreement which was reached at the beginning of the year, in January, between the United States and Russia and Ukraine to remove the nuclear weapons from the Ukraine was, I think, a major milestone. There are comparable agreements made with Kazakhstan and Belarus.

Part of that accomplishment was the actual reduction that took place during the year. The transfer of the SS-25s from Belarus to Russia, the beginning of the transfer of the SS-18s from Kazakhstan, or the dismantlement of the SS-18s and the dismantlement of the SS-19s and 24s in Ukraine.

The big challenge ahead in the coming year, particularly with Ukraine, is to finish that job. We would like to see, would expect to see all three of those nations -- Belarus, Kazakhstan, Ukraine -- non-nuclear nations, and we have invested continual effort both at the detail level and at the political level to keep those agreements moving along, and we'll continue to take that effort in the coming year. A very important objective, in my judgment.

The Nuclear Posture Review I consider was a significant accomplishment during '94. It was the first time in several decades that we have really, [the first principles] review of our nuclear posture. The results that came out of that were not a revolutionary change from the trajectory we were already on, but it did present a strong rationale and philosophical basis on which all of our future

planning is going to be based. The challenge this year will be simply to move forward on that trajectory. I don't see that as being a terribly controversial issue except in one element, and I think the principal debate in the coming year will be on the extent to which we proceed on the anti-ballistic missile program.

One aspect of our Nuclear Posture Review is the extent to which we provide defenses against nuclear weapons being directed at the United States. The course we're on right now is to have a robust program moving towards theater missile defenses, and an R&D program for the defense of the continental United States on the theory that we have near term threats that affect our theater forces, but do not have near term threats against the continental United States. That will be challenged, and therefore, there will be substantial debate on that issue this year, attendant to the submission of our '96 budget to the Congress on what our anti-ballistic missile program ought to be.

Those, I believe, are the... Well, one other closely related issue is the whole notion of what I have called a pragmatic partnership, sustaining this pragmatic partnership with Russia. That's the course we've been proceeding on. Early in the year I laid that out in a speech at George Washington University. The philosophical underpinnings for that approach. It basically said that we believe that Russia as a primary nuclear survivor of the former Soviet Union, that it was in our pragmatic interest to maintain a constructive engagement with them not only to help them in the dismantlement of the nuclear weapons which is being done under the Nunn/Lugar program, but in assisting them in other ways, including our efforts in defense conversion, for example. That program has been challenged and will continue to be challenged by some of the members of the new Congress coming in. So I will have, as I see it, a very substantial task to persuade the new Congress that the course we're on, this pragmatic partnership as I call it, is the proper course, and that the benefits that come from that are well worth the price that we're paying.

In particular, I will want to defend the Nunn/Lugar program as being a program whose course... That we ought to stay steady on that course and proceed forward on the Nunn/Lugar program as being the vehicle by which this nuclear dismantlement is being done, and also the vehicle by which we are helping more broadly in the demilitarization. For example, our program of funding the Russian nuclear scientists so that they're not so apt to end up in Libya or Iraq or Iran.

I was reviewing the statements of a number of the new members of Congress who are going on to what used to be called the Armed Services Committee. Now it's called the House National Security Committee. A number of them have said that they favor stronger defense and favor spending less money in aid to Russia. I think

that means the Nunn/Lugar program, so I think, therefore, we'll have a number of the members of our committee, which is probably one of the most important to this Department, challenging one of the programs that we've proceeded on, so I consider I will have a substantial task in trying to persuade them that this program is a good program for the country and the Defense Department to proceed on.

That summarizes the introductory comments I wanted to make on this thematic issue of nuclear weapons and what we do to stop that nuclear threat from reemerging. So I want to stop at this point and entertain questions which I hope will be directed to this theme, with the idea that we'll be getting to other themes in a few minutes.

Q: You mentioned the ABM Treaty. As you know, a lot of the Republicans see the ABM Treaty as a [fetter] to building robust missile defenses. In a sense, some critics have said that the Administration's commitment to doing missile defenses within the ABM has made that treaty, in a sense, beyond the strategic aspect into a national theater missile defense treaty. In fact, the Republicans have said they're going after that treaty.

Do you think the ABM Treaty has outlived its usefulness?

A: No, I don't think that, Bill. I think we should consider what programs we need to meet our national security needs, and then determine whether those programs are a problem for the ABM Treaty. The programs that we are proposing in FY96 and beyond, and particularly these TMD programs, cause a problem of clarification in that treaty and we're seeking to get that clarified.

The clarification has to do with what constitutes a strategic ballistic missile defense as opposed to theater. Some people have claimed that the program that we're proceeding on can be used for strategic purposes or could be evolved into strategic systems, and therefore fall under the treaty.

Our objective is not to say we have to, therefore, throw out the treaty; but simply to get a clarification of the treaty with the other signatories of the treaty which says these programs are sufficient. If we were not able to get that clarification, then the point you're raising would be entirely correct.

Q: What you call clarification, others have called altering of the ABM Treaty as regards to boost-phase intercepts. Is that what you're talking about? I thought DoD wanted to change the ABM Treaty to specifically allow boost-phase intercepts.

A: I consider it a clarification. But if the other parties to the treaty did not consider it a clarification, then your point would be correct. That's going to be

determined in I think the next few months in the discussions with the other signatories of the treaty. If our attempt to resolve this through those kinds of discussions is not successful, then we will have to reconsider the question. But our first approach to this is try to resolve it by discussions with the treaty signatories. In my judgment that does not require a change in the treaty, but if it does in their judgment, then we're faced with a different problem.

Q: On the ongoing relationship with nuclear nations, Russia in particular, are you comfortable with keeping the relationship on that level, given what's going on in Chechnya?

A: I'm not sure I understand, Susanne. Can you try that again?

Q: Are you in any way troubled with the Administration's stance that this is an internal matter and that the United States should not be casting a... Saying nothing about it, basically?

A: I'm very much concerned about the crisis in Chechnya, but I do agree with the interpretation that this is an internal affair of the Russians. It's an internal affair which could loom large, though, if it turns out to be such a traumatic internal problem that it causes upheavals outside of Chechnya and throughout Russia. Then it could be a very important issue. But I do see this as an internal issue with Russia. Therefore, provided it's not destabilizing beyond the scope of that activity, provided we don't have that destabilization, I do not see it as affecting our desire to have a pragmatic partnership with Russia.

Q: The Russians have indicated that they aren't happy with the CFE treaty precisely because they want to (inaudible). Now there are other former Soviet Republics -- Ukraine, Moldova, and others -- have also indicated they're unhappy with the treaty. Is the treaty in jeopardy?

A: We're not considering renegotiating the treaty. That would be almost too difficult to conceive how you could get all of the nations back sitting down and starting on a whole new treaty agreement. There's no simple, straight forward way of renegotiating that treaty. There is some flexibility in the treaty for interpretation. The nations have been working together in London to try to see if they could come up with an interpretation which is mutually agreeable by the parties involved.

They have made some progress in that in the last number of months, but have not yet reached the stage where Russia is satisfied... They've narrowed the scope of the disagreement down quite a bit, but there still is, Russia still is unsatisfied with the position this leaves them in relative to being able to provide what they consider to be sufficient armored personnel carriers in particular in the southern region of the country.

So that's a problem that's going to be ahead of us for '95. It could well be listed as one of the challenges of '95, trying to get this resolved [inaudible] because we would very much like to maintain the CFE Agreement. I do not see the prospect of renegotiating that agreement, though.

Q: Your adviser, [inaudible] told [inaudible] this morning that there's probably a greater threat of the use of a nuclear weapon against us or someone else in the next ten years than there was during the Cold War. Would you agree with that statement?

A: The reason we have this very substantial emphasis on trying to keep the nuclear threat from reemerging is because we do see that the dynamics that are created by the break-up of the Soviet Union have caused weapons to appear in many different countries now. The dynamics caused by the internal stability in some of those countries creates an increased risk that fissile material, for example, will be transported across boundaries. Indeed, we've seen some instances of that in the last few months.

For those reasons, therefore, we have placed primary emphasis on trying to prevent that from happening. That's what the Nunn/Lugar program, among others, is primarily directed to try to minimize that risk.

This is a matter of substantial concern, and that's why it's listed as the first in our priorities, preventing this nuclear threat from reemerging. And it's not just a matter, as it was during the Cold War, of deterring the major nations and using nuclear weapons against the U.S., taking a whole set of actions that prevent the bombs, the fissile material, and the technology from spreading to many other countries. That's a primary objective of our program. That risk is higher today than it was five years ago.

Q: Can you talk about any repeats of Project Sapphire? There's been some speculation about what price had to be paid. Can you share anything with us on whether it's affordable to go around the former Soviet Union and buy up all these pieces of nuclear material?

A: I cannot share the information with you as to what price was paid, but I will tell you that if we had another opportunity like that, or even two or three more like that, I would recommend taking advantage of them. That is, I think the price paid was well worth the benefits achieved, the reduced risk.

Also, there will be some, in a sense, recovery of those costs at such time as we're able to process material and sell it for the use in conventional power plants. I

don't want to over-simplify that. There's a set of complicated issues in taking that next step, but at least there is the potential of cost recovery from that.

So some of that cost might be simply a price you pay for the benefit, but some of the cost will simply be putting the money down and then recovering it later on.

Q: Do you find it relatively plausible to wrap the Energy Department into the DoD?

A: I don't find that an attractive prospect at all. I hope it does not happen. I think DOE is doing a very good job of running the nuclear weapon program. There's a real synergism to the combination of nuclear weapons and nuclear power because of the similarity of the technologies involved and the processes involved and the facilities involved. We've got enough on our platter to worry about in the Defense Department without taking on that whole set of issues.

I'm ready to pivot over to the next subject now, if you are, which is managing the defense drawdown.

We've had several, I think, very important accomplishments this year and many real challenges ahead of us next year.

I'd start off with, this was the first year in which we really had to implement the Bottom-Up Review. That is we put together a budget based on the Bottom-Up Review, defended that budget, and then started executing programs based on that budget. I think in some ways, one of the more salutary achievements of the year was that we put in a budget which was honest. That is, it reflected our best judgment as to... We made the best comparison we could make between the request for resources and the programs that we said we needed to do. There was one qualification on that. The out-year budget, as you all know, had a wedge in it. To me, that was the biggest deficiency, the biggest limitation of that budget. In that respect, it deviated from my pledge to put together an honest budget. It was honest, but it had one part that was undefined, and that was unsatisfactory. Except for that wedge issue, it was a budget which was our best reflection on the resources needed to carry out the Bottom-Up Review.

So when I went forward to the Congress to defend that budget, I was able to provide a philosophical basis for what it was that, why we were requesting these extra funds, and I defended it on that basis.

This year I will be defending the budget again. This time it will be the FY96 and beyond budget. This time it will be a fully honest budget. That is, it will fully reflect, the funding reflected will fully reflect our best judgment of what it will take

to do these programs, and these programs, in turn, will reflect the Bottom-Up Review.

The only reason I'm able to do that is I was able to get the President to agree to this $25 billion plus-up late in the year, and also we got somewhat of a break in the inflation estimates in that the CBO estimates for inflation this year turned out to be slightly less than they were at a comparable time last year. By those two means we were able to put together a budget which not only removed the wedges from the budget. That is, everything was laid out in a congruent match between resources and programs, but we were able to include in that budget two initiatives which were very important to me, and which I announced to you earlier in the year. One of them was a quality of life initiative and the other was the so-called readiness initiative.

I reviewed the budget two days ago, Monday, with the Service Chiefs and the Service Secretaries -- the Army, the Navy, the Air Force. This is something we always do before I finally submit the budget to the President. The first question I asked each of them was in this budget as it now stands, for FY96, I was trying to focus my question on FY96, will you be able to maintain forces that will be ready? The answer to the question was "yes" from each of the four services, including the Marines. Each of them pointed out that if there were contingency operations during the year which had to be funded out of this budget, then those contingency operations had to be funded by supplementals.

The difference between that situation and the last quarter of FY94 where we ran into readiness problems last year was, first of all, the '94 budget was not funded as fully on readiness. That is, there were risks and chances taken in putting that budget together relative to the readiness, and secondly, the contingency operations which were going on in the 4th quarter of the year were not funded until after the year was over. So all of the services had to make a decision on what to do about that, and what they did about it was they simply canceled the training events which they dare not assume they were going to get funded the next month. So they canceled it.

This budget should accommodate that, but it still leaves the challenge of how do we deal with the contingency operations. The first way of meeting that challenge is we will put in a supplemental very early in the year, and in my discussions which I've already had with the heads of the congressional committees, I have gotten strong indications from them that they will support an early consideration of those supplemental requests. With the goal of having the supplementals funded in the April time frame. That will be soon enough that we

will not have to curtail any of the training activities that might otherwise have been a problem. So that's the first.

The second is that I also have discussed with the committee chairmen and the ranking minorities formulating some legislative initiative which gives us a better way of dealing with the funding of contingency operations. We don't have a formula for how to do that yet. We have several different ideas about how it might be done. All I can say at this stage is I believe I can get the committee chairmen and the ranking minorities working with me on a very constructive basis to try to find a legislative way of dealing with that problem more effectively.

Q: Does that cover warfighting as well as non-warfighting? When you talk about contingencies, you talk about non-warfighting, peacekeeping, and humanitarian? Or does that include...

A: It would be any contingency operation which would otherwise be funded out of O&M. A question which I haven't gotten to yet, another challenge is what kind of contingency operation we're going to do and how do we consult with Congress and get their support. I'll get to that point, Bill.

But from a point of view of simply avoiding the raid on O&M that hits readiness, it will have to apply to any contingency operation.

Still on the budget question, one of the interesting challenges that's coming up, an achievement in the FY95 budget, an achievement this year, was basically getting the budget we asked for, the level of budgets we asked for. I think that was partly because it was an honest budget and it was tied to something we could defend. But in any event, it's absolutely critical to be able to do intelligent planning in the Defense Department, to have some correspondence between the budget, the planning you do and the reality of the budget. That has not been the history in the Defense Department. For the last two years we have been able to achieve that, and I'm counting strongly on being able to achieve that in the coming year as well.

My challenge, then, will be to have this budget, the budget which is approved by Congress, closely resemble the budget we're submitting. That is going to be a challenge because, and many of the members of the new Congress have already told us they will challenge this budget, and to me in a very interesting way, by saying they're going to increase the levels in the budget.

I want to make three comments on the question of how would I respond to somebody saying how would you like to have another $5 billion or $10 billion. That is, I construe my job in budgeting, in programs as first of all, and most importantly, is resource allocation. The priority determination. That's primarily what I get paid

to do when I put budgets together is make judgments about which issues are more important and which are less important. That's what this whole process has been about for the last couple of months, making those kind of priority judgments. They're hard to make, but it's crucial we make those. We have developed, I know, a good system, and I believe, perhaps, the best system I've seen in operation in the Pentagon, and I've watched through many administrations, in actually making those priority determinations of how you allocate the resources. So at any level of resources, that is a crucial management task, and I think we are doing that, have done it very well and will continue to do it well.

The second is how effectively you spend the money. That's the second big part of the management job. I'm going to be talking about that one more precisely. But I think those are the two tasks which the Secretary of Defense and his team are responsible for. It's being a responsible steward for the taxpayers' money. The allocation of the resources and the management of effective spending of it.

The Secretary of Defense has not a whole lot to say about what the level of the budget is. He recommends, but he is not the final determinant. For that matter, the President is not the final determinant. The final determination is done in the Congress as to what the level of the budget is.

My responsibility relative to the level of the budget, as I see it, is primarily to give an honest description of what kind of defense can be achieved at that level. So that when Congress finally makes a determination and makes it on the best possible judgment of what it is they're going to get and what it is they're not going to get, and you have to, first of all, be competent to do that. You have to have really done your homework properly in putting it together. Second, you have to be willing to be honest inlaying it out for the Congress. This is what you'll get, this is what you won't get, and this is the consequence of not getting it. I'll do my best to do that.

If the budget is too low, that will involve being willing to send out warnings, danger signals. This is going to cause a very serious problem if this program is not done, if this level is not achieved. So that's what my responsibility will be in determining the level of the budget. That's giving the best description I can give of what the consequences of a budget, and when necessary and appropriate, sending the warning signals out that if you don't do this program these are the consequences and I strongly urge against it.

Let me get back briefly to the question of effective management of the resources. There are three accomplishments during the year which will require substantial follow-up and will have very big challenges in the coming year. The

first of those was acquisition reform. We got, I believe, landmark legislation last year. This was a result of very unusual and very effective cooperation between the executive and the legislative branch. That is, the joint program in putting this legislation together. Also, excellent cooperation between Republicans and Democrats. This was a true, bipartisan legislation. There was no coloring of parties in the Congress on their support for that legislation. So this is an area where we have good support.

The challenge is not getting the support in the Congress, the challenge is implementing it. It's a very difficult program to manage. That could change... It's not just a matter of changing a few regulations or procedures, it's changing the culture by which we buy equipment. We have a very major effort underway, have had for some number of months, even preceding the passing of this legislation, to make that change in the culture. We started even before we had the legislative change to change the way in which we, to pivot over from the use of military specifications to industrial specifications. That was the first step in the direction of going over to commercial buying practices and procedures. So that's going to be a major challenge.

We have in place now an acquisition team which I believe is the most competent that has ever been assembled, including back during the period when I was the Acquisition Executive. This team, I think, is better under Paul Kaminski who is an absolutely splendid Acquisition Executive, the Under Secretary of Defense. In each of the three services we have first class acquisition executives; and Colleen Preston, Deputy Under Secretary, is promoting acquisition reform. And most importantly, I believe we have the Service Chiefs and the Service Secretaries fully behind it too. so we have an opportunity to really make this happen.

The second area for improving the effectiveness of what we're doing is in reducing infrastructure. We made very good progress, I believe, last year in implementing the BRAC, the base closing, not only the '93 BRAC but the '91 and the '88 as well. One of the real innovations, I believe, of this Administration has been undertaking some real responsibility for helping the communities respond to base closing, helping them pursue the conversion that they had to go through in that area. We've put a very major effort underway to do that. It has been, I think, quite successful. I would cite, in particular, the establishment at Fort Ord of the new campus of the California State University. From the time we and the community decided this was a good thing to do to the time we actually conveyed the title and went through all of the legal changes that needed to be done, it was just a matter of really five or six months. That's going to be, I think, a showpiece of what

can be done in the conversion of these bases to very effective and very productive uses in the civil area.

We will have another, in '95 we have two challenges. One of them is continuing to execute on the previous base closures, and then, of course, we'll have BRAC '95 to go through with a new proposal for base closing. It's going to be of significant size. We've already closed all of the ones that were relatively easy to close so this will be a painful process, but it must be done. We have reduced the infrastructure less than 20 percent while we have reduced the size of the force more than 30 percent, so we have a disparity between those two and we need to make that further reduction or we will have a disproportionate amount of the defense budget going to overhead as opposed to being used for the fighting forces.

I think that's probably all I want to say in a preliminary way about that. Let me throw it open to questions.

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Q: ...base closing (inaudible) approval of the (inaudible). Have you met with them or are you going to meet with them? Do you see this as (inaudible)?

A: We've had some informal discussions with them at this point. I would forecast that we will have a successful BRAC '95. That is, the commission will come together. We will make the proposals to it, and I think ultimately they will be accepted by the Congress. But there's going to be some turbulence in getting from here to there.

Q: Do you still see it as the scope you predicted earlier, where it would be almost as much as the three previous rounds combined?

A: The services have not yet finished their proposals on this, but the general guidelines they were working on in putting it together would suggest a base closing about the size of last years. I don't want to make that as a forecast, because we don't have targets. We don't have goals as to what the size should be. Each service is looking at it based on what they see as their needs for getting infrastructure and overhead out of the system. But I think it's reasonable to expect that it's going to be approximately comparable to the size of the last one.

Q: I'm not sure what your answer to that congressman would be when he says, "Mr. Secretary, I want to give you another $12 billion," as Senator Thurmond proposed yesterday. Are you going to say no, I don't want it? Or that's not within our target?

A: I'm going to say for the program that we are proposing to you, I believe this program will meet our national security needs. If I did not believe that, I

would not be proposing it. It will be easy enough to discuss on a program-to-program basis. If he proposes to add such and such a program, I can describe to him what are the benefits of adding that program. The question of what the size of the budget is is tied to what the size of the federal deficit is, what the tax programs are. It's a program really beyond the scope of any Cabinet member to make a determination on. I have to limit my comments on this to explaining to him that the program we're submitting to him is a program which, in my judgment, will meet the national security needs of the United States. If he would like, in addition to that program, to build 100 B-2s, say, I can describe to him what incremental benefit that will make with the national security of the United States, but I can also tell him that I do not believe that's necessary to the national security of the United States. I don't know how to deal with the question other than that.

Q: You're saying it's one of priorities rather than an overall level? Is that where the arguments are going to be?

A: I believe the primary debate is going to be on priorities. Many of the people who have criticized the defense budget are not criticizing the level of it so much as the content of it. They're saying you should spend more money on weapon systems and less on readiness, or O&M. Or you should spend more on weapon systems and less on environmental programs. That kind of an issue I'm perfectly prepared to debate because I do not believe we are proposing to spend unnecessary money on environmental compliance, or unnecessary money on Nunn/Lugar, for example. I believe those are very important to our defense.

I'm quite prepared to defend the content of the program.

Q: Legislation to ease the impact of contingencies on operations. Secretary Aspin proposed in his first budget a sinking fund which would do that, $300 million, I think, in the '93 request, precisely to prevent this. The committees turned him down more or less philosophically, that they did not want to have unallocated chunks of money out here for people to fool around with. How do you get around that basic problem? How do you get them to give you money in advance for things they don't know what it's going to be for?

A: That's what we will be discussing with them. They will want, I expect, to put some kind of strings on it. We'll have to discuss how you could craft a legislation which would make the money available and still let them feel they have some control over the way the money is being spent.

I have heard two or three different proposals of how that might be done, some coming from the Executive Branch and some from the legislation. There has been no convergence on that yet. There's no question over the next couple of months

we're going to be discussing that, and I'm fairly optimistic we'll come to closure on it.

Q: On contingency operations, in addition to the money there's also the human factor. Some Republicans in Congress have made the assessment that U.S. forces have simply been over-extended in the past year. You've visited several bases. I'm sure you've gotten some first hand opinions on that situation. Do you agree with that assessment? And how do you determine at which point the OpTempo becomes unacceptable in terms of the human factor?

A: I agree that some units and some specialties have been over-extended. The operating tempo has been too high either for the unit or for the individuals involved. My approach to that has been finding ways of dealing with that problem on a unit-to-unit basis rather than saying... I don't believe the only way to deal with the problem is simply having more defense dollars. Several of the particular things we're doing on that, one of which is making a greater use of our reserve forces to relieve active duty units that are over-extended. Another is fairly simply and straight forward to describe. It is rotating active units which are under-utilized to take the place of active units which are over-utilized. For example, A-10 units. In Europe they may be on a 60 percent use factor; whereas A-10 units in the United States may be only on 10 percent. So we are exploring ways of getting that equalized better. That involves deploying units from the States to Europe or to CINCPAC to relieve units that are being overly deployed.

The problem in Europe is fairly easy to describe. Five years ago when units went over to Europe, they went over there ad just hunkered down and stayed there for their tour. Now they go over, and that is a base from which they are forward deployed. They go from there to Provide Promise or Southern Watch or (inaudible) Warrior, and some of those units, by no means all of them, but some of those units are doing it at a very high risk factor, some of them as high as 60 percent. That's too high. Not only is there a lot of stress on the people involved because they're away from their families, away from their homes a high percentage of the time, but it takes them out of their training cycle. Even though pilots are flying, and you might say well, they're keeping their proficiency up because they're flying, they're not going through training in air-to-air combat. So some part of their proficiency is going downhill. That's the problem we're trying to solve, and I think we will make substantial progress on solving that within the levels of budget we're talking about.

There's no question if we had a larger force and more funds, it would be easier to solve, but that shouldn't relieve me and the Service Chiefs of the burden of managing our resources better to deal with that problem. That's what we're trying to do.

Q: In the context of adaptive force packaging, how do you evaluate it? Is it a success or a shortcoming for this year?

A: I thought the Haiti operation was a singular success in that regard. I say singular because it was adapted to that particular problem. We may never use that particular approach for any other contingency that we face.

What I liked about it was that it was just that, it was adapted to the very particular situation. It cut across service lines, it cut across organizational lines, and it gave us the opportunity not only to explore this in theory, but actually use it in an operation. So I think that was a particularly good example of it.

Let me use that to segue into the third theme, which is the use of force for national security interests. There have been some achievements during the year in that, and some very big challenges coming up for next year.

Let me go at the lowest end of the spectrum which is humanitarian operations. Rwanda, I think, was one of the times we sent our military forces out to deliver humanitarian aid. One of the achievements, I think, during the year was that we specified, we took that request for support to specify what are the conditions in which it is appropriate to use military forces for humanitarian aid. That criteria which was applied to Rwanda, will be applied to similar situations in the future. It has to be an emergency of substantial proportions, one in which the military has a unique capability to meet, one of which has at some time urgency involved with it, and one in which we can execute and then get in and get out again. Execute a specific set of objectives and then leave. All of those things were true in Rwanda.

I might point out that when I went over to the Congress to consult with them on Rwanda, many of the congressmen were opposed to that because they feared it was going to become another Somalia. It was going to be a sink for just putting in people and resources and never finding a way of ending it. When I told them precisely what our objectives were, and told them we were going to limit it to that, and then do the job and leave, they were open-minded, but still skeptical. Their skepticism was well placed. Indeed, the last few weeks in Rwanda, there were pressures from many directions to stay on longer, to do more, to do something else. While you're over there, why don't you do the following. There were substantial pressures to convert that into a peacekeeping operation. Our forces, just by their presence, provided stability. They did provide peacekeeping. But we went over there to provide pure water to stop the cholera epidemic. We did that, and then we sent our forces. We turned that function over to the relief agencies, which were then able to follow up on it, and then we left.

The fact that we successfully did that and stuck with our objectives I think is going to be very useful in future operations.

That gets back to the question you were asking earlier. I think the new Congress coming in has already challenged operations other than war. My belief on that is that another situation like Rwanda comes up and I go and explain again, here are the narrow circumstances under which we are going in, here is the in and out scenario, and look back to Rwanda. That's what we promised you and that's what we did.

I think we will be successful in getting approval for it. It's the sliding down the slipper slope from a humanitarian to a peacekeeping into a war that people I think were most concerned about. It's not that they were really opposed to our going over and stopping the cholera epidemic in Rwanda.

So I think we're going to be able to deal adequately with that one.

Now if I go the next level up, the peacekeeping operation we went into in Haiti, this was, I wouldn't say it was a suigenerous operation, that we're never going to be requested to do peacekeeping again, but it had some unusual and possibly unique features to it. It was in our own hemisphere. Therefore, we had a special concern and special interest in doing it. In fact the best demonstration of that is that the pressures to send peacekeeping forces into Bosnia we resisted all year long because it wasn't in our own hemisphere, and it was not the same immediacy of a problem to us.

It's not clear to me that we're going to have the same pressures, the same requirements to send peacekeeping forces in next year that we had this year. This year was a very busy year for contingency operations. I would like to believe that maybe it was atypical in that regard. In any event, we had a very special situation with Haiti. We executed it, I think, well. We also were very diligent in having an exit strategy. We've gone from slightly over 20,000 troops down to just under 6,000 in a very short time. By the time the Congress meets again in January, we'll be down to only a few thousand. The debate, I think, of Haiti will be not over whether we did the multinational force part of this operation appropriately, but whether we should participate in the UN peacekeeping force which will go on some time early next year until the presidential elections which I think are January of '96.

So the challenge there will be to sustain our view that we should participate in UNMIH, the UN mission in Haiti to the extent of providing a few thousand troops and a commander for that force. I will advocate that we do that. I do expect

Two other challenges during the year. An achievement and then a challenge. The achievement, I think, was rescuing 26,000 Cubans at sea. The challenge is what to do with them. That's what we will be facing this year. I don't have much to say about that at this time except I regard that as a very important problem for the whole U.S. government to work on. The Defense Department has the task of being the custodians of them at this stage, but the problem of resolving them is a problem that is more in the Justice Department and State Department than in the Defense Department. We will work diligently with them to try to get a solution for that problem.

The last comment to make here, ending on a high note in Bosnia... The big accomplishment, it would seem to me, over the year was that stuck to our guns, so to speak, and did not become a participant in a war in Bosnia. We did not become even a participant in the ground UN forces, the UNPROFOR, the peacekeeping forces in Bosnia.

The problem, of course, is that with our very limited participation which was being one of the contact group and trying to promote a peace plan, and being one of the NATO force which, in a very limited way, could provide some, was designed to lower the level of violence in Bosnia, we had very limited objectives. I believe we achieved those objectives. But the objective of actually bringing about a peace agreement and stopping the war and stopping the killing, we have very limited leverage with those limited objectives to achieve that, and therefore it was not achieved.

So the challenge during this coming year will be to do what we can to try to achieve that peace agreement, but without taking the step of getting involved with a war in Bosnia, and without sending thousands of troops in on a peacekeeping operation for which there is no peace agreement. That is, putting a peacekeeping force in the middle of a war.

We have probably received as much criticism for the Bosnia operation as almost anything we're doing. But it's important to step back, and I hope this doesn't sound defensive. We have not made what I think would have been a major mistake of sending, of getting enmeshed, involved in the war there. We have not gotten involved in a peacekeeping, participating in the peacekeeping forces that are in the middle of a war. We have been successful in limiting the violence through our limited participation in the NATO operation. That's primarily through Deny Flight, which is never reported, because there aren't any bombings going on. But were we not conducting Deny Flight there would be bombings going on and you'd be seeing mass bombings of Bosnian cities.

were we not conducting Deny Flight there would be bombings going on and you'd be seeing mass bombings of Bosnian cities.

We can sincerely hope that through the efforts of the contact group and through perhaps the belief by the combatants that they have been fighting the war long enough, that there will be a peace agreement reached in Bosnia this year. But I want to stress again that there's nothing that we are doing that puts us in the position to force that outcome, to determine that outcome. We're only trying to influence it.

Q: Congress can influence that the wrong way by breaking the arms embargo. What's your feeling on that? Is there any chance of heading that off?

A: I continue to believe that as difficult as the UNPROFOR task is, it is providing a very useful benefit. That is, the war would be much worse and could possibly spread beyond Bosnia in the absence of UNPROFOR. Therefore, as frustrated as people are with UNPROFOR, I believe it is performing a valuable function.

If Congress forces a unilateral lifting of the arms embargo that would, without question, cause most of the nations supporting UNPROFOR to leave. It would probably lead a dissolution of UNPROFOR. I believe it would lead to a widening in the war and in intensification of the war. Therefore, I think it's an undesirable outcome.

We will make that argument as strongly and as effectively as we can to Congress, that unilaterally lifting the embargo is a bad idea. That's going to be one of the big challenges this year is trying to make that argument effectively, because the momentum in the Congress to move in that direction seems to me to be very strong. It's born of the frustration which is easy to identify with. The frustration that this war has been going on for almost three years now and hundreds of thousands of casualties and probably millions of refugees.

It's important, however, to distinguish between a frustration of that result and the belief that an action you're taking is going to improve it. My concern is unilateral lifting of the embargo will make that situation worse, not better. If we truly want to determine an outcome to that war and bring it to an end, we have to prepare to take an action which we're not prepared to take, which is sending in ground combat forces to force an end to the fighting.

Q: On Haiti, looking at the general success of the mission over the last several months, has it led you to reconsider the Defense Department's general opposition to that mission and your specific advice against (inaudible)?

A: First of all, Tom, I don't think I've ever commented and would not now comment on what advice I gave to the President on Haiti. I will be very clear to you that in my discussions with the President on Haiti, I laid out all of the difficulties of executing Haiti, all of the problems that could occur in Haiti, and laid out very clearly the resources necessary to accomplish it, which included an insertion of 20,000 troops, possibly under conditions which very likely be resisted. That is, we thought we were going to go in with forceful entry. Indeed, as you know, we were embarked on a forceful entry when we got the last minute agreement.

When I considered the downside, the problems that could occur, our planning did its best to try to anticipate those and head them off or be prepared to deal with them if they occurred. The results have been much more positive than I had expected, I think for three reasons. First of all, the fact that we were able to go in as friends instead of invaders made an enormous difference on the outcome; but getting the agreement that Carter and Nunn and Powell were able to get at the 11th hour substantially reduced the prospects of the down side.

Secondly, the planning for them, and preparing for those contingencies I think helped prevent... We went in with a very large force. Had we been more sanguine about how this was going to go, we would have gone in with a much smaller force. I think that overwhelming force that we went in with had a lot to do with it.

The third, which wasn't really a surprise except in the degree in which it worked out so well, the third was that we were very concerned about the fact that it wasn't just dealing with Port-au-Prince. There are hundreds of communities all over Haiti, and how were we going to bring the effectiveness of the U.S. military in maintaining stability during a transition period to all of those hundreds of communities? That has gone very well. We anticipated the problem, we put the right units to deal with it which was our civil military units of our special operations forces. We sent one and two squads of people out to each of dozens of towns out there. So we anticipated the problem, we took the right action. But that has worked out much better than I had anticipated it would. I think it's partly because we are regarded as friends, not as invaders, but partly because these units are very, very good.

It's an untold story of the Haitian war, and the media is not doing a good job on this at all. Some of ycu ought to go down there and spend a couple of days with some of these squads that are living out there and essentially managing a town of 10,000 people. Managing meaning seeing to the police department, the fire department, the sanitation department, the roads department, the water department, organizing the Haitians there to get all of those things done and

overseeing it properly. This will be maybe a squad of 12 people that just show up, perhaps headed by a lieutenant or perhaps by a first sergeant. Two or three of them will speak Creole.

The town that I visited there where that's being done, it's just some sort of minor miracle how well that's working.

Q: If we could ask you about, one of the first steps, I believe, when you came in was to realign some of the forces that were on the ground in Korea, and you had asked for some changes in terms of supplies, things sent in, aircraft, helicopters, that sort of thing.

Number one, can you give us an update about the situation there involving the two pilots -- the return of the body, and the potential return of Mr. Hall; and also, are you concerned that this incident showed some problems in the ability of the forces there to conduct their operation?

A: The answer to the second question is no. It perhaps indicates a problem with rules which we're using for conducting those kinds of flights. As you know, those flights are being suspended by that battalion while we review that whole set of procedures. Whether we have strict enough safeguards. But that we need to conduct those kind of flights have no doubt at all. That's crucial to the effectiveness of helicopter operations, getting that terrain familiarization.

The first part of the question was on...

Q: The update on the situation.

A: The North Koreans have agreed to send... We had a meeting in Panmunjom yesterday. They will return the body of Chief Warrant Officer Hilemon tomorrow at 10:00 a.m. Korean time. He'll be returned to Congressman Richardson, and he and Warrant Officer Hilemon's body will return to the United States then tomorrow. That's half of it. The other is the negotiations are continuing about the release of Chief Warrant Officer Hall. We're pursuing that intensively on many fronts. I can't discuss the details of that. But you can be sure that our objective is to get him returned and returned very quickly.

Q: Any indication at all from them that they are prepared to release him quickly?

A: I don't want to answer that question, Charlie. I'll say that I have some hopes that that will happen soon.

Q: I take it you have reason to hope.

A: I don't want to be evasive on this question, I just don't like to talk about negotiations when he's still there. I don't want to say anything that might in any way compromise the discussions and negotiations that are going on. I'm particularly sensitive about discussing this issue while he's still there.

Q: One thing that wasn't in your themes, but I hope you can address this for a minute before you go. You've been involved in the Defense Department for a long time before you came into a highly public role. It seems to me in the few case that you've gotten into trouble have been not with saying things that were wrong, but saying things that were right. Too candid. Whether it was Gorazde or more recently with respect to Bosnia where people thought you were too candid on Meet the Press.

I wonder if you can reflect a little bit at the end of the year about how you see your role publicly as Secretary of Defense, tell us whether there's something wrong with the political culture that it seems like you get in trouble when you tell the truth, not when you evade it. (Laughter)

A: I plan to keep on telling the truth. That hasn't caused any problems that I haven't been able to deal with reasonably. I think it's possible for me to improve my interface with the media, and I intend to try to do that. Not with the idea of being less candid. I think it's important to try to phrase carefully what I say.

One of the important lessons, particularly in talking on camera, is to try to incorporate everything you want to say in one sentence... (Laughter) ...because you get subjected to five second sound bites in which the sound bit that's taken off says one thing, and the qualifying phrase that comes in the next paragraph never gets included.

So I hate to hedge and qualify everything I say, but when I need a qualification, it's important at least on camera to get the qualification right in there with the statement.

But it is important for the Secretary of Defense to understand that what he says will be interpreted not just within the government here but in other governments. And sometimes it will be interpreted based on a sound bite rather than on a carefully crafted statement. So I do have to be very sensitive. Particularly on on-camera interviews where not allowing statements to hang out there without an appropriate qualification on them or they may be sometimes deliberately, sometimes inadvertently misinterpreted, taken to mean something that they don't mean.

Q: One more brief question on Korea. Is the United States prepared to make a formal apology to Korea about this incident now or when the aircraft and both pilots are returned?

A: I'm not going to answer that question, Charlie. I will say that I believe we made, based on all the evidence we have available to us, I believe the pilot made a mistake, and for many reasons we regret that mistake. I do not believe the mistake warranted shooting down the helicopter, nor would we have shot down their helicopter under a comparable circumstance.

Q: Is that what happened?

A: We don't even have the detailed information on that, and probably will not until Mr. Hall returns. We have the North Korean statement that that's what happened, and that is consistent with the facts we have, but we do not have independent confirmation of that.

Press: Thank you very much.

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SECRETARY OF DEFENSE WILLIAM J. PERRY
INTERVIEW WITH REPORTERS REVIEWING 1994 AND CHALLENGES OF 1995, AS REPORTED IN THE PRESS
PENTAGON
DECEMBER 21, 1994

EUROPEAN
The STARS and STRIPES

Perry cautions against sending troops to Bosnia

By CHUCK VINCH
Washington bureau

WASHINGTON — Defense Secretary William Perry said Wednesday that sending U.S. ground troops into Bosnia as peacekeepers while the warring factions continue their 32-month-old battle would be a "major mistake."

Dec. 22, 1994

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In a wide-ranging interview with Pentagon reporters that was partly a review of 1994 and partly a look at the security challenges ahead in 1995, Perry defended the administration's decision to keep U.S. ground troops out of Bosnia.

Perry acknowledged that some European allies have called for greater U.S. involvement.

"We've probably received as much criticism for that as for almost anything we've done," Perry said. "But I think . . . it would be a major mistake to simply get enmeshed in the war there. The challenge is to get a peace agreement without putting thousands more peacekeeping troops in the middle of the war."

Perry pointed out that the United States has not turned a blind eye to Bosnia. He said Operation Deny Flight has saved thousands of lives by preventing the warring parties from carrying out mass bombing campaigns.

Perry contrasted the Pentagon's reluctance to send troops to Bosnia with other contingency missions that U.S. forces accepted in 1994, such as the humanitarian relief effort in Rwanda and the peacekeeping mission in Haiti.

The Haiti situation was unusual in that it took place in the Western Hemisphere and had the potential for a refugee crisis that would directly affect the United States, he said.

"We had a special concern and interest in doing that mission," Perry said.

He said the Rwanda operation was solely a humanitarian effort. The effort was designed to help save the more than 1.5 million Rwandan refugees who fled the mass slaughter in their country last spring and sought safety in neighboring Central African countries.

While the United States will continue to consider such missions, Perry acknowledged that some military units were overextended in the past year.

"This was a very busy year for contingency operations," Perry said. "I would like to believe it was atypical in that regard."

Defense Department leaders are taking several steps to ease the financial and human toll of such missions. On the budgetary side, Perry will send a supplemental funding request for contingency operations to Congress very early next year.

Swift approval of that request will head off the kinds of problems the services had at the end of fiscal 1994 in September, when training was curtailed because operations and maintenance funds were diverted to cover the costs of contingency operations.

To address the high operating tempo's human factor, Perry said the services will continue to develop plans for making greater use of reserve forces to relieve active-duty units whenever possible.

The services will also try to spread the contingency burden by rotating active duty units based in the United States and the U.S. Pacific Comd to Europe.

Those units would be used to relieve forward-deployed troops in the European theater who have repeatedly been used for missions in Iraq, Somalia, Rwanda, Turkey and Bosnia.

Overuse of a small number of units not only puts stress on military families, but also causes training deficiencies as troops miss out on their regular training cycles, he said.

"There's no question that if we had a larger force and more funds, this would be easier to solve," he said. "But I think we can make substantial progress toward solving this problem within our current budget levels."

On other issues, Perry said he:

- Will resist calls by some Republican lawmakers to resume funding for a strategic missile defense system and will instead argue that research and development funds should be focused on improving theater missile defenses for field units.
- Will continue to seek a "pragmatic partnership" with Russia, including such actions as providing funds to Russian nuclear scientists to deter them from working in places like Iraq and Iran.
- Fully supports the Clinton administration's view that the uprising in the Russian region of Chechnya is an "internal issue" as long as its effects do not spill outside Russia's borders.

WASHINGTON TIMES Dec. 22, 1994 Pg. 1

Perry prepared to battle Congress over budget

Defense chief defends spending levels

By Bill Gertz
THE WASHINGTON TIMES

Defense Secretary William Perry said yesterday that he is ready to defend his budget from critics in the incoming GOP-led Congress who want more spending on weapons and less on non-defense items.

In a wide-ranging interview, Mr. Perry said the Joint Chiefs of Staff support the fiscal 1996 budget as long as additional contingency operations, such as peacekeeping and relief work, are funded quickly with supplemental money from Congress.

"My challenge will be to have . . . the budget which is approved by Congress closely resemble the budget we are submitting," he said.

Sen. Strom Thurmond, South Carolina Republican and incoming chairman of the Senate Armed Services Committee, said Tuesday that he would seek $12 billion more for defense spending next year than President Clinton has sought.

Calls for more defense spending pose an interesting post-Cold War challenge, and Mr. Perry said it is his job to set priorities for how defense money is spent and to be "a responsible steward of taxpayers' resources."

"My responsibility with the [funding] level of the budget, as I see it, is primarily to give an honest description of what kind of defense can be achieved at that level," he said.

The current defense budget is about $263 billion. For fiscal 1996, the budget is to be about $255 billion.

Mr. Perry said if Congress increases the budget by $5 billion or $10 billion, as Mr. Thurmond suggests, the question "gets tied to what the federal deficit is, what tax programs are."

Those issues are beyond "the scope of any Cabinet member," he said. "I have to limit my comments on this to explaining to [Mr. Thurmond] that the program we are submitting to him is a program which, in my judgment, will meet the national security needs of the United States," Mr. Perry said.

Should a Congress member decide to make the Pentagon build 100 B-2 bombers, "I can describe to him what incremental benefit that will make to the national security of the United States, but I could also tell him that I do not believe that's necessary," the defense secretary said.

The debate over defense spending is expected to be about "priorities," since critics are not challenging spending levels as much as what the money is being spent on, he said.

Republican Sens. John McCain of Arizona and John W. Warner of Virginia have asked the Pentagon to reprogram $8 billion in what they say are wasteful and unneeded programs, such as rounding up wild horses in New Mexico, toward new weapons and more training for the military.

Some critics say more funds should be spent on building weapons instead of on the military preparedness of U.S. forces, a top Pentagon priority, Mr. Perry said.

Other critics have said more money should be spent on weapons and less on defense-related environmental programs, he added.

"That kind of an issue I'm perfectly prepared to debate, because I do not believe we are proposing to spend unnecessary money on environmental compliance, or unnecessary money on Nunn-Lugar," Mr. Perry said.

Nunn-Lugar is the multimillion-dollar fund that provides former Soviet states with cash to dismantle nuclear weapons and facilities.

"I believe those are very important to our defense," he said. "I'm quite prepared to defend the content of the program."

On the 1996 budget, which will be unveiled next month, Mr. Perry said he met Monday with the military chiefs and service secretaries and asked if they could do their jobs with the next budget.

All of the leaders from the Army, Navy, Air Force and Marines said they could maintain adequate forces unless called upon to undertake unscheduled operations that would take away from funds earmarked for operations, maintenance and training, Mr. Perry said.

During the last three months of the fiscal year, which ended Sept. 30, U.S. forces had to cancel training in order to pay for extraordinary operations that drained the budget, the defense secretary said.

"This budget should accommodate that, but it still leaves the challenge of how do we deal with the contingency operations," Mr. Perry said.

He said the Pentagon would seek a supplemental appropriation to pay for peacekeeping and humanitarian operations by April in order to prevent a repeat of the readiness problem that hampered training.

Legislation also will be sought from Congress to fund contingency operations, he said.

In the interview, Mr. Perry also said:

- The Pentagon will examine jettisoning the 1972 Anti-Ballistic Missile Treaty if clarifications cannot be reached with Russia to permit testing and development of high-speed missile interceptors.
- The next round of military base closings, set for 1995, probably will close about the same number of facilities as proposed last year. The Pentagon recommended closing about 181 bases in 1993, most of which were accepted by the Base Closure and Realignment Commission.
- U.S. military forces successfully resisted pressure to expand the humanitarian relief operations in Rwanda into a peacekeeping operation and the overall effort demonstrated the military's new role in "operations other than war."
- The United States also resisted what would have been a "major mistake" to involve its forces in the former Yugoslavia. The defense secretary described as attempting "peacekeeping in the middle of a war."
- Plans for Congress to unilaterally lift the arms embargo against Bosnia is a "bad idea" that would force a pullout of U.N. forces and a spread of the conflict.
- The U.S. military operation in Haiti has gone better than expected because of the agreement that allowed U.S. troops to enter the country peacefully and because of the efforts of teams of U.S. special forces groups.

WASHINGTON POST Dec. 22, 1994 Pg. 10

Perry Vows to Fight Hill for Base, Nuclear Cleanups

By John F. Harris
Washington Post Staff Writer

While the Clinton administration has rushed to accommodate Capitol Hill's new leaders on issues such as tax cuts and abolishing federal agencies, Defense Secretary William J. Perry made it plain yesterday he plans to fight, not switch, on programs and policies under his domain.

Republican leaders in recent days have stepped up criticism of the Clinton administration's defense plan, arguing the Pentagon is not spending enough money and that it is spending unwisely on things that are not military programs. While the administration responded to the GOP's victory by adding $2 billion to this year's budget, Perry vowed he would battle Republicans if they try to scrap plans for environmental cleanup at military bases, or for aid to former Soviet states to help them dismantle nuclear weapons.

The so-called Nunn-Lugar program, a favorite of Perry's, gives about $400 million annually to Russia and other nations to encourage them to convert safely their Cold War nuclear arsenals.

"I believe the primary debate is going to be on priorities," Perry predicted. "That kind of issue I'm perfectly prepared to debate because I do not believe we are proposing to spend unnecessary money on environmental compliance, or unnecessary money for Nunn-Lugar, for example. I'm quite prepared to defend the content of the program."

Perry said he also will join the fight to persuade Congress not to unilaterally lift the arms embargo in Bosnia, a step that would risk a widening of violence in the Balkans.

Perry's comments came in a wide-ranging, yearend news conference in his Pentagon dining room. For Perry, it has been a remarkable 12 months.

Before being elevated to the job of secretary, he was an important but virtually anonymous figure as the Pentagon's No. 2 official. Many expected the former defense consultant, armed with a doctorate in mathematics, to be a bland figure, attending to custodial duties at the Pentagon. Instead, Perry has emerged as one of the administration's important foreign policy players, and its most effective senior spokesman on national security matters.

But the transition to a public role has not always been smooth, Perry acknowledged. His biggest political troubles have come when he gave candid answers when the administration for political reasons preferred ambiguity. Last spring, for example, Perry created unwanted headlines by stating the administration view it was not prepared to send ground troops to Bosnia, even if that meant the fall of the Muslim enclave at Gorazde. "I plan to keep on telling the truth," said Perry, but added he was working harder "to try to phrase carefully what I say."

On other matters, Perry said the U.S. intervention in Haiti has yielded "results [that] have been much more positive than I expected." While he never said so publicly, it was widely reported he and other Pentagon leaders were skeptical of using troops to restore deposed President Jean-Bertrand Aristide to power.

One problem of the Haiti intervention has been that it was paid for in part by robbing Army training budgets. This will be less of a problem in the future, Perry predicted, if he is able to strike a deal with Congress that would allow for a permanent fund to pay for military "contingencies" like Haiti and Rwanda as they arise.

Congress "will want, I expect to put some kind of strings on it," Perry said. "We'll have to discuss how you could craft legislation which would make the money available and still let them feel they have some control over the way the money is being spent."

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BOSTON GLOBE Dec. 22, 1994 Pg. 14

Perry expects clashes with GOP over defense spending priorities

By Chris Black
GLOBE STAFF

WASHINGTON – Defense Secretary William Perry predicted yesterday that he would meet resistance from congressional Republicans over spending priorities, including programs aimed at reducing the threat of nuclear weapons in the former Soviet republics.

In an interview on what may lay ahead in the new year, Perry acknowledged that differences with the new Republican majority in Congress over how the Pentagon spends money may be a major headache in 1995.

Perry said he remains committed to missile programs that protect the immediate threat to forces in a military theater and opposed to the Republicans' latest proposal for a high-tech "Star Wars" system to protect the continental United States from a missile attack.

He said he expected to address how the government pays for contingency operations. Congress now pays for them afterward with supplemental appropriations. But this year that practice created a cash-flow problem. To cover the cost of military operations in Africa and Haiti, the Army reduced training for some divisions, causing a temporary decline in combat readiness at the end of the federal fiscal year.

Perry said he faced a "substantial challenge" in persuading Republicans of the merit of programs that foster what he called "a pragmatic partnership" with Russia and other former Soviet republics. He cited some Republican opposition to foreign aid programs designed to stabilize Russia, which controls most of the nuclear weapons developed by the former Soviet Union.

In the last five years, nuclear controls have slipped because of the breakup of the Soviet Union. Bombs, nuclear materials and nuclear technology can more easily cross national borders now and fall into unfriendly hands, he said.

While some federal departments are being forced to cut spending to finance a middle-class tax cut, the Defense Department is faced with the likelihood of getting more money than it requests.

Sen. Strom Thurmond, Republican of South Carolina, who will be chairman of the Armed Services Committee, wants Pentagon funding frozen. But, adjusted for inflation, that amount would represent a $12 billion increase over the $254 billion budgeted for fiscal year 1995.

This could put Perry in an awkward position with his own administration. While Perry declined to say he would reject extra money, he said he was prepared to argue that the amount budgeted by the Clinton administration was sufficient for national security.

AVIATION WEEK
& SPACE TECHNOLOGY

Jan. 2, 1995

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PERRY TO FIGHT FOR DEFENSE PLAN

JOHN D. MORROCCO/WASHINGTON

U.S. Defense Secretary William Perry is preparing to do battle with Congress this year over Defense spending priorities, including Republican proposals to develop a national missile defense system while cutting funding for environmental cleanup and nuclear dismantlement in the former Soviet Union.

In a preview of this year's upcoming debate on the Fiscal 1996 budget, Perry acknowledged that the Pentagon's spending plans would face resistance on Capitol Hill. Republicans are arguing that the additional $25 billion the White House wants to add to the Defense budget over the next five years, only $2 billion of which will come in Fiscal 1996, is not enough (*AW&ST* Dec. 12/19, 1994, p. 21).

SEN. STROM THURMOND (R.-S.C.), who is taking over as chairman of the Armed Services committee, has called for freezing the Fiscal 1996 budget at the 1995 level, a $12-billion increase over the Administration's plan.

Perry predicted, however, that the political debate will center on spending priorities rather than the top-line budget number. Much of the criticism coming from Republicans has been aimed at the content of the Defense budget, he said at a year-end meeting with reporters. "They are saying you should spend more money on weapon systems and less on readiness, or operations and maintenance. Or you should spend more on weapon systems and less on environmental programs."

Perry said he is ready to debate these issues "because I do not believe we are proposing to spend unnecessary money on environmental compliance, or unnecessary money on Nunn/Lugar, for example. I am quite prepared to defend the content of the program."

Perry said the Nunn/Lugar program, which provides funds to Russia and other former Soviet republics to facilitate nuclear arms dismantlement, is a key element of the Pentagon's top priority—preventing the reemergence of the nuclear threat. He defended spending funds on efforts that extend beyond just scrapping nuclear weapons, including assisting in defense conversion activities and funding Russian nuclear scientists so they do not "end up in Libya or Iraq or Iran."

The risk of fissile material and nuclear arms technology spreading to other countries is higher than it was five years ago, due to increased internal instability in the former Soviet Union, according to Perry. He cited incidents in recent months of such materials being smuggled across national boundaries.

PERRY DEFENDED the Pentagon's record on readiness, which has come under heavy attack by Republican lawmakers. He said most of the readiness problems uncovered late last year were the result of underfunded operations and maintenance accounts and late supplemental payments to cover contingency operations. The Joint Chiefs of Staff have assured Perry that readiness accounts in the budget request for Fiscal 1996 are fully funded. And Perry is working with congressional leaders on legislation that would deal better with the issue of funding unexpected contingency operations.

But Perry's emphasis on readiness is coming at the expense of modernization, a funding imbalance which has also drawn the ire of Republicans and will be a major issue for debate in Congress this year. The Clinton Administration's $25-billion increase to the Pentagon budget over the next six years is supposed to help rectify the situation. But most of the money earmarked for modernization is not scheduled to be available until the end of the decade.

The Pentagon also faces the prospect of having to pay General Dynamics and McDonnell Douglas more than $1 billion to settle claims on the A-12 program. A federal Claims Court judge ruled last month that the Navy terminated the contract for convenience, not for cause. That means the Navy will either have to work out a settlement with the contractors or go to trial later this year and let the court set the damages. Either way, the Navy could end up with a big hole in its procurement budget.

The infusion of new money by the White House did temper plans for weapon program cuts, announced in August by Deputy Defense Secretary John Deutch, which were expected to slice as much as $20 billion from the six-year budget in order to free funds for readiness. Last month the Pentagon laid out program cuts amounting to $7.7 billion over the same period.

Only one of the nine programs targeted—the Tri-Service Stand-Off Attack Missile—was canceled. The Pentagon has decided to cut its losses on TSSAM, which has been plagued by development problems and a high unit price tag.

THE ARMY'S Comanche helicopter program was transformed into a technology project that will lead to construction of two prototypes but no production aircraft. The Joint Primary Aircraft Training System remains on track. Although the total number of aircraft to be bought is expected to be trimmed, some Pentagon officials are expressing new optimism that these cuts may be avoided through the efforts of the new Republican majority.

The Air Force's F-22 fighter had its Fiscal 1996 research and development funding trimmed by 10%—about $200 million, which will delay initial operating capability by "six months or less," according to Defense Dept. officials. "It's no big deal, [and] part of the cut may be made up from the management reserve."

Perhaps the most upbeat aspect to the modernization changes for industry was the commitment to produce versions of the V-22 Osprey for both the Marine Corps and Special Operations Forces.

WITH THAT DECISION, combined with the successful completion of a critical design review on Dec. 13, Bell Boeing officials believe the tilt-rotor aircraft has finally passed the last hurdle. "I think we are off and running, once and for all," Stuart Dodge, Bell Boeing's V-22 program director, said.

The review froze the production design and endorsed some minor changes, including the addition of a wing strake intended to eliminate buffeting uncovered during tests (*AW&ST* Aug. 22, 1994, p. 26). Bell Boeing is also making space, weight and power provisions to fit a gun in the aircraft's nose.

Dodge said the contracting team is "357 lb. below where we thought we would be at this point in the design." The aircraft's cost is down to $33.4 million per copy. The goal is $29 million. ■