

REMARKS OF SENATOR BOB DOLE
RESERVE OFFICERS ASSOCIATION, CHAPTER 45
RICHARDS-GEBAUR AIR FORCE BASE
MARCH 2, 1974

IT IS A PLEASURE TO BE HERE THIS AFTERNOON WITH THE RESERVE
OFFICERS ASSOCIATION AT RICHARDS-GEBAUR.

AS CITIZENS OF THE KANSAS CITY AREA YOU ARE INVOLVED IN A WIDE
VARIETY OF OCCUPATIONS AND ACTIVITIES WHICH TOUCH ON EVERY ASPECT OF
COMMUNITY LIFE. BUT AS LEADERS IN A VITAL SECTOR OF OUR ARMED FORCES,
YOU ALSO HAVE A SPECIAL APPRECIATION FOR A SUBJECT WHICH IS VERY MUCH
OF CONCERN TO THE NATION AS A WHOLE AT THIS TIME OF THE YEAR.

FUEL SITUATION

AT THE OUTSET, LET ME SAY THAT I AM SURE YOU ARE AWARE OF THE FUEL
PROBLEMS BEING FACED IN EVERY SECTOR OF OUR SOCIETY.

THERE IS GREAT CONCERN OVER ADEQUATE GASOLINE SUPPLIES FOR BUSINESS AND FAMILY DRIVING. FARMERS LOOK FORWARD TO THE SPRING WITH MUCH JUSTIFIED WORRY ABOUT BEING ABLE TO OBTAIN THE FUELS THEY NEED AT THE TIMES THEY MUST HAVE THEM. BACK EAST THE LINES AT GASOLINE STATIONS ARE HOURS LONG IN SOME CITIES.

AS YOU KNOW, IN AN EFFORT TO DISTRIBUTE AVAILABLE FUEL SUPPLIES FAIRLY AND EFFICIENTLY, A MANDATORY ALLOCATION PROGRAM HAS BEEN ESTABLISHED. THIS PROGRAM IS COMPLICATED. AND IT HAS ONLY BEEN IN FULL OPERATION FOR ABOUT ONE MONTH. BUT, HOPEFULLY, IT WILL ENABLE US TO MEET THE REQUIREMENTS OF OUR COUNTRY AND AVOID FULL-SCALE RATIONING.

KANSAS ALLOCATION PROBLEMS

UNFORTUNATELY, ANY NEW PROGRAM IN SUCH A COMPLEX AREA AS THIS IS BOUND TO ENCOUNTER INITIAL DIFFICULTIES. AND THE ALLOCATION PROGRAM IS NO EXCEPTION.

AS YOU MAY KNOW, EACH STATE IS PROVIDED WITH AN EMERGENCY SET-
ASIDE FUEL SUPPLY EACH MONTH. THIS SUPPLY IS INTENDED FOR
ALLOCATION BY STATE GOVERNMENT TO MEET EMERGENCY AND HARDSHIP NEEDS
WHICH CAN BE EXPECTED TO ARISE.

FOR KANSAS, THE FEBRUARY GASOLINE SET-ASIDE AMOUNTED TO 3,199,098
GALLONS. AND AS EXPECTED MANY CASES DEVELOPED WHICH REQUIRED SPECIAL
ASSISTANCE TO FILL GAPS IN THE GASOLINE SUPPLY CHAIN. UNFORTUNATELY,
HOWEVER, DUE TO DEFICIENCIES IN THE STATE PROGRAM AND START-UP DIFFICULTIES
WHICH WERE ENCOUNTERED, SOME 729,098 GALLONS OUT OF THIS RESERVE SUPPLY
WERE NOT ALLOCATED. AND UNDER THE REGULATIONS AS THEY NOW STAND, THIS
THREE-QUARTERS OF A MILLION GALLONS OF GASOLINE WILL BE LOST TO KANSAS AS
MARCH ALLOCATIONS ARE MADE.

I THINK THIS WOULD BE MOST UNFAIR AND UNFORTUNATE. THERE IS LITTLE
DOUBT THAT ACTUAL EMERGENCY AND HARDSHIP CASES COULD HAVE EXHAUSTED THE

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FEBRUARY GASOLINE SET-ASIDE, AND I DO NOT FEEL THE PEOPLE OF KANSAS SHOULD BE PENALIZED BECAUSE OF SHORTCOMINGS IN A NEW PROGRAM.

EXCEPTION FOR KANSAS

THEREFORE, I HAVE WRITTEN ENERGY ADMINISTRATOR WILLIAM SIMON TO REQUEST THAT HE PERMIT A ONE-TIME EXCEPTION FROM THESE REGULATIONS FOR KANSAS. THIS EXCEPTION WOULD ALLOW THE STATE TO CARRY FORWARD NEARLY 730,000 GALLONS OF GASOLINE AND ADD IT TO THE MARCH SET-ASIDE SUPPLY.

I AM HOPEFUL THAT THIS REQUEST WILL BE GRANTED, BECAUSE IT IS CONSISTENT WITH THE SPIRIT OF THE ALLOCATION PROGRAM. PEOPLE IN KANSAS COULD HAVE USED THAT FUEL -- WHICH AMOUNTED TO NEARLY 25 PERCENT OF THE ENTIRE SET-ASIDE SUPPLY. THE DISPENSING MECHANISM WAS NOT PERFECTED, SO THOSE KANSANS WHO ARE IN DIRE NEED OF GASOLINE IN MARCH SHOULD NOT BE DENIED THIS FUEL.

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MARCH WILL SEE CONTINUED INCREASES IN THE DEMAND FOR ALL FUELS. THESE FUELS ARE ESSENTIAL TO OUR STATE. AND I AM HOPEFUL THAT THIS STEP CAN BE TAKEN, SO KANSAS DOES NOT SUFFER A NET REDUCTION IN THE FUEL SUPPLIES TO WHICH IT IS CLEARLY ENTITLED.

NEW BUDGET SUBMITTED

THE PRESIDENT'S YEARLY BUDGET FOR FEDERAL SPENDING WAS UNVEILED ON FEBRUARY 4. AND THE CONGRESS IS NOW BEGINNING ITS EXAMINATION OF THOSE PROPOSALS.

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THE PRESIDENT'S BLUEPRINT FOR SPENDING MORE THAN \$300 BILLION IS A COMPLEX AND CONTROVERSIAL DOCUMENT. IT REPRESENTS AN ENORMOUS AMOUNT OF WORK AND THOUGHT. BUT BECAUSE IT IS IMPOSSIBLE TO GIVE EVERY DEPARTMENT, AGENCY AND PROGRAM WILL THE MONEY IT CONSIDERS WORTHWHILE -- THE BUDGET IS A CHILD OF COMPROMISE WITHIN THE EXECUTIVE BRANCH. IT REFLECTS A GREAT NUMBER OF DIFFICULT CHOICES BASED ON A NECESSARY RANKING OF PRIORITIES.

CONGRESSIONAL CONSIDERATION

NOW, AS OUR CONSTITUTIONAL SYSTEM REQUIRES, THE CONGRESS IS STARTING TO EXAMINE THE BUDGET, JUDGING THE COMPROMISES WORKED OUT WITHIN THE ADMINISTRATION AND BEGINNING THE PROCESS OF ASSERTING ITS OWN PRIORITIES FOR THE WORK OF THE FEDERAL GOVERNMENT IN FISCAL YEAR 1975.

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IN THE COMING MONTHS WE WILL SPEND A GREAT DEAL OF TIME IN CONGRESS WORKING ON THE BUDGET AND ATTEMPTING TO REACH AGREEMENT WITH THE PRESIDENT ON THE SPECIFICS OF AMERICA'S AGENDA FOR THE COMING YEAR.

IT IS A LONG, DIFFICULT PROCESS. U BUT IT IS ONE WHICH IS VITAL TO OUR GOVERNMENT -- AND TO THE FUTURE OF EVERY AMERICAN.

AND THERE IS NO MORE VITAL AREA OF THE BUDGET THAN THAT WHICH DEALS WITH OUR ARMED FORCES. EACH YEAR THE PORTION OF THE BUDGET DEVOTED TO NATIONAL DEFENSE IS A SOURCE OF MAJOR CONCERN. AND THIS YEAR IS NO EXCEPTION.

DEFENSE IMPORTANT IN PEACETIME BUDGET

THANKFULLY, THIS IS THE FIRST TRUE PEACETIME BUDGET TO BE PRESENTED IN MORE THAN A DECADE. OUR COMBAT INVOLVEMENT IN THE VIETNAM CONFLICT

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HAS ENDED, AND WE ARE NOT ENGAGED IN HOSTILITIES WITH ANY OTHER NATION. WE HAVE A MORE CONSTRUCTIVE AND PRODUCTIVE RELATIONSHIP WITH THE SOVIET UNION THAN AT ANY TIME IN OUR HISTORY. AND WE HAVE BEGUN TO COMMUNICATE WITH CHINA AFTER MORE THAN 20 YEARS OF ISOLATION AND HOSTILITY. THESE ARE ALL GREAT ACCOMPLISHMENTS AND SOURCES OF HOPE FOR THE FUTURE.

BUT REGARDLESS OF THESE SUCCESSES AND THE POSSIBILITY OF OTHER PEACE INITIATIVES THERE ARE STILL GRAVE RISKS AND UNCERTAINTIES AT WORK IN THE WORLD.

THE END OF ONE WAR AND THE THAWING OF GREAT POWER RELATIONSHIPS IS SIGNIFICANT, BUT THEY HAVE NOT MEANT AN END TO THE UNITED STATES' RESPONSIBILITIES FOR PROVIDING LEADERSHIP AND DIRECTION AMONG NATIONS THROUGHOUT THE WORLD AND BECAUSE THESE RESPONSIBILITIES -- TO OURSELVES AND THE REST OF MANKIND -- HAVE NOT DIMINISHED, WE CANNOT RELAX OUR

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VIGILANCE. NOR CAN WE DIMINISH OUR COMMITMENTS TO SECURING THE LASTING PEACE WHICH IS OUR HIGHEST NATIONAL GOAL.

LIKE IT OR NOT, OUR MILITARY STRENGTH AND THE WAY OTHER NATIONS VIEW THAT STRENGTH ARE KEY ELEMENTS IN OUR POLICIES FOR PEACE. STRENGTH IS THE UNIVERSAL QUANTITY THAT IS UNDERSTOOD BY ADVERSARIES AND ALLIES ALIKE. SO, THE UNITED STATES MUST MAINTAIN -- NOT A GOOD MILITARY CAPABILITY, NOT AN EXPENSIVE MILITARY CAPABILITY -- BUT THE NECESSARY MILITARY CAPABILITY TO SECURE OUR OWN DEFENSE AGAINST AGGRESSION AND TO SERVE AS THE FOUNDATION FOR OUR DIPLOMACY.

DURING WARTIME OR IN THE FACE OF MAJOR THREATS TO OUR SECURITY, THE PROCESS OF AGREEING ON THIS NECESSARY CAPABILITY IS RELATIVELY EASY. SURVIVAL TAKES PRECEDENCE OVER ANY OTHER CONCERN, AND THE QUESTION IS USUALLY, "DID WE PROVIDE ENOUGH?"

COMPETING CONCERNS

BUT WHEN WAR IS PAST AND WHEN THREATS TO OUR SURVIVAL ARE DISTANT AND UNCERTAIN, THE PRESS OF OTHER CONCERNS COMPETES MORE STRONGLY AGAINST NATIONAL DEFENSE IN OUR DECISIONS ON SPENDING. AT THESE TIMES THE QUESTION USUALLY CHANGES TO "ARE WE DOING TOO MUCH?"

AND THIS IS UNDERSTANDABLE. THE REQUIRED \$85.8 BILLION FOR THE DEPARTMENT OF DEFENSE'S BUDGET IS A HUGE AMOUNT OF MONEY BY ANY STANDARDS. AND WHEN THE COST OF ONE AIRCRAFT CARRIER CAN BE TRANSLATED INTO SO MANY NEW SCHOOLS, EXPANDED POLLUTION CONTROL PROGRAMS OR ADDITIONAL CANCER RESEARCH, IT IS EASY TO SEE WHY MANY MAY QUESTION SUCH EXPENDITURES.

MOST RELIABLE INVESTMENT

BUT TO BE FAIR AND REALISTIC, I BELIEVE IT IS NECESSARY TO TAKE A LONGER VIEW OF THESE MATTERS. AND IN MY MIND, DEFENSE SPENDING -- AT

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THIS TIME -- IS THE MOST RELIABLE INVESTMENT WE CAN MAKE IN THE
FUTURE OF OUR COUNTRY.

OF COURSE, DIPLOMACY IS ALSO A NECESSARY ELEMENT OF OUR NATIONAL
POLICY. AND WE ALL FERVENTLY HOPE THAT IT WILL CONTINUE TO BEAR FRUIT.

BUT IN TERMS OF RELIABILITY, I DO THINK THERE IS SERIOUS QUESTIONS
WHETHER OUR DIPLOMATIC ACHIEVEMENTS -- TO THIS POINT -- PROVIDE US THE
DEGREE OF SECURITY AND ASSURANCE WE MUST HAVE AS THE FOUNDATION OF
AMERICAN FREEDOM AND WORLD PEACE.

I HEARTILY SUPPORT THE SALT AGREEMENT ON LIMITING ~~USSR~~ AND RUSSIAN
MISSILE STRENGTH. I BELIEVE THE NEGOTIATIONS ON REDUCING SOVIET AND
AMERICAN TROOP LEVELS IN EUROPE ARE TO BE ENCOURAGED. I APPLAUD THE
GREAT ACHIEVEMENTS TOWARD MORE NORMAL RELATIONS WITH CHINA.

BUT QUITE FRANKLY, I DO NOT BELIEVE THE RUSSIANS OR CHINESE HAVE
PROVED ANYTHING TO US YET. AND UNTIL THEY DO, I WILL PLACE A GREAT DEAL

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MORE CONFIDENCE IN THE MIGHT OF OUR ARMY, NAVY AND AIR FORCE THAN IN BREZHNEV'S SIGNATURE OR MAO'S HANDSHAKE.

THEREFORE, MY VIEW OF THE NATION'S INTEREST IS THAT DEFENSE MUST RECEIVE THE HIGHEST PRIORITY IN REVIEWING THE COMPETING CALLS ON OUR BUDGET RESOURCES.

CAREFUL SCRUTINY REQUIRED

THIS IS NOT TO SAY THAT THE ADMINISTRATION'S PROPOSALS, SHOULD BE ACCEPTED WITHOUT CRITICAL EXAMINATION. ON THE CONTRARY, CONGRESS HAS A CLEAR RESPONSIBILITY TO TAKE THE DEFENSE BUDGET APART AND SEARCH OUT UNNECESSARY OR WASTEFUL ITEMS. CONGRESS SHOULD QUESTION, PROBE AND EXAMINE EVERY ASPECT OF THE DEFENSE PROGRAM TO DETERMINE ITS JUSTIFICATION AND NECESSITY.

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THERE MAY BE SOME AREAS IN WHICH WE WILL DISAGREE WITH THE ADMINISTRATION AND EVEN THE SERVICES AS TO EMPHASIS, DIRECTION AND GOALS. AND WHEN THESE POINTS ARE IDENTIFIED CONGRESS HAS THE RESPONSIBILITY TO PROPOSE ALTERNATIVES, SUGGEST CHANGES OR REQUIRE REVISIONS.

PERSPECTIVE ON DEFENSE SPENDING

WHEN LOOKING AT THE COLD BUDGET FIGURES, A ONE-YEAR INCREASE IN DEFENSE SPENDING FROM \$79.5 BILLION IN FY'74 TO \$85.8 BILLION THIS COMING YEAR APPEARS QUITE SUBSTANTIAL. AND THERE IS NO QUESTION OF THIS BEING A SIZEABLE SUM. BUT A FEW PERSPECTIVES CAN BE PLACED ON THESE FIGURES BY LOOKING AT THEM IN TERMS OF CONSTANT DOLLARS WHICH COMPENSATE FOR THE INFLUENCE OF INFLATION. AND ON THIS BASIS THE 1975 DEFENSE BUDGET SHOWS A BASICALLY EVEN LEVEL OF EXPENDITURES WITH THE PAST TWO YEARS.

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AND WHEN COMPARED WITH 1968, THE PEAK YEAR OF VIETNAM WAR OUTLAYS, THE 1975 BUDGET ACTUALLY SHOWS A \$39 BILLION REDUCTION IN OVERALL DEFENSE SPENDING. AND IF YOU GO BACK TO 1964 -- BEFORE THE VIETNAM BUILDUP BEGAN -- THE FIGURES FOR 1975 REPRESENT AN \$8 BILLION DECLINE.

SO I BELIEVE IT IS ACCURATE TO SAY THAT AMERICA HAS REALIZED A SIZEABLE PEACE DIVIDEND. AND AS THE AVERAGE CITIZEN LOOKS AT THIS TAXES, DEFENSE SPENDING IN THIS BUDGET IS SET AT 29 CENTS OUT OF EACH DOLLAR -- COMPARED WITH 30 CENTS LAST YEAR, 41 CENTS IN 1965 AND 49.8 CENTS IN 1960.

THERE IS ALSO THE ADDITIONAL POINT TO CONSIDER THAT MANPOWER EXPENSES -- WITH THE ENDING OF THE DRAFT AND UP-GRADING OF MILITARY PAY RATES -- NOW ACCOUNT FOR 55 PERCENT OF DEFENSE OUTLAYS. THIS IS A 13 PERCENT INCREASE SINCE 1968, AND THE COMBINED MILITARY PAYCHECK IS NOW GREATER THAN THE TOTAL FOR ALL DEFENSE OPERATIONS, PROCUREMENT, RESEARCH AND DEVELOPMENT AND CONSTRUCTION.

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DEFENSE IMPACT ON FUEL CRISIS

AT THIS POINT, HOWEVER, FAIRNESS REQUIRES THAT WE ACKNOWLEDGE A FACTOR WHICH WILL MEAN A CERTAIN AND SUBSTANTIAL INCREASE IN THE COSTS OF DEFENSE -- AND IN EVERY OTHER GOVERNMENT AND CIVILIAN BUDGET. AND THIS IS THE FUEL CRISIS.

NO ONE IN OR OUT OF GOVERNMENT WILL BE EXEMPT FROM THE IMPACT OF THE ENERGY CRISIS -- MUCH LESS THE MILITARY. THERE IS NO QUESTION BUT THAT THE SITUATION HAS SERIOUS RAMIFICATIONS FOR OUR DEFENSE ESTABLISHMENT. AND I BELIEVE IT IS IMPORTANT THAT EVERYONE UNDERSTAND THEM.

THESE EFFECT HAVE ALREADY BEEN FELT BY THE ARMED SERVICES WHOSE REQUIREMENTS OF 637,000 BARRELS OF FUEL PER DAY CONSTITUTE APPROXIMATELY 4 PERCENT OF THE NATION'S DAILY DEMAND.

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SUPPLY DIFFICULTIES

IN SPITE OF A WORLDWIDE CONSERVATION EFFORT WHICH HAS SECURED A 7 PERCENT MILITARY FUEL SAVING -- ON TOP OF ANOTHER 7 PERCENT SAVED AS A RESULT OF THE VIETNAM DRAWDOWN -- THE ARMED FORCES ARE ENCOUNTERING MAJOR SUPPLY DIFFICULTIES.

UNDER NORMAL CONDITIONS APPROXIMATELY HALF OF ALL MILITARY FUEL REQUIREMENTS ARE MET BY OVERSEAS SOURCES. BUT THE ARAB EMBARGO CURRENTLY IS CURRENTLY HOLDING THESE SUPPLIES TO ABOUT 15 PERCENT OF NEED -- LEAVING SOME 265,000 BARRELS PER DAY WHICH MUST BE SECURED FROM DOMESTIC SOURCES. AND THIS AMOUNT COMES ON TOP OF THE QUANTITIES USUALLY OBTAINED THROUGH DOMESTIC CHANNELS.

FORTUNATELY, AMERICA, ALONE, AMONG THE FREE NATIONS OF THE WORLD IS CAPABLE OF DEALING WITH THIS PROBLEM -- WITHOUT SACRIFICING MAJOR DEFENSE PREPAREDNESS AND WITHOUT IMPOSING MASSIVE DISRUPTIONS ON OUR CIVILIAN POPULATIONS.

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THESE FUEL NEEDS OF OUR ARMED FORCES ARE BEING MET. THE DEFENSE SUPPLY ACT MAKES AMPLE PROVISION FOR SECURING ADEQUATE FUELS FOR DEFENSE NEEDS FROM OUR OWN SUPPLIES. BUT THERE SHOULD BE NO CONFUSION OF THE MATTER. WE ARE ROBBING PETER -- IN THIS CASE THE CIVILIAN SECTOR -- TO PAY PAUL -- THE MILITARY. AND THE RESULT IS ADDITIONAL STRESS ON ALL THE NON-DEFENSE CONSUMERS OF AMERICA'S FUELS.

RESERVE REQUIREMENTS

LET ME SAY AT THIS POINT THAT I DO NOT BELIEVE THAT WITHIN THE SERVICE THERE SHOULD BE ANY DISCRIMINATION OR SPECIAL TREATMENT BETWEEN THE FUEL ALLOCATIONS FOR RESERVE AND REGULAR FORCE OPERATIONS. EACH HAS ITS OWN IMPORTANT MISSION AND CONTRIBUTION TO MAKE TO OUR OVERALL DEFENSE POSTURE, AND IT WOULD BE EXTREMELY SHORTSIGHTED TO ATTEMPT ANY UNEQUAL FUEL DISTRIBUTION.

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I WAS INFORMED BEFORE LEAVING WASHINGTON THAT STRICT EQUALITY IS THE POLICY IN IMPOSING CONSERVATION REQUIREMENTS AND MAKING FUEL ALLOTMENTS. AND I HEARTILY CONCUR IN THIS POLICY OF DISTRIBUTING THE BURDENS OF FUEL CONSERVATION EQUALLY BETWEEN THE RESERVES AND REGULAR FORCES.

HOPEFULLY, THE FUEL SHORTAGE WILL ONLY BE A TEMPORARY PROBLEM. AMERICAN DIPLOMATIC EFFORTS THROUGH THE PRESIDENT, SECRETARY OF THE STATE, KISSINGER AND OTHERS ARE STRIVING TO SECURE A STABLE ARRANGEMENT IN THE MIDDLE EAST WHICH WILL LEAD TO AN END TO THE ARAB EMBARGO AT THE EARLIEST POSSIBLE DATE. AND WHEN THAT EMBARGO IS LIFTED, THE MILITARY WILL BE ABLE TO START DRAWIN ON ARAB-BASED FUEL SUPPLIES THROUGHOUT THE WORLD VERY RAPIDLY -- WHICH WILL IN TURN QUICKLY EASE SOME OF THE PRESSURES ON OUR DOMESTIC SOURCES.

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PRICE INCREASES

BUT, UNFORTUNATELY, THERE IS ANOTHER MORE LASTING AND MORE DIFFICULT FUEL PROBLEM. IT WILL NOT DISAPPEAR WITH THE EMBARGO, AND IT HAS SERIOUS LONG-RANGE CONSEQUENCES FOR THE MILITARY BUDGET. THIS PROBLEM CONCERNS THE PRICE OF FUELS.

FOR EXAMPLE, THE WEIGHTED AVERAGE COST OF THE DEFENSE DEPARTMENT'S PETROLEUM PRODUCTS IN FY'73 WAS \$4.93 PER BARREL. IN FY'74 IT HAS RISEN TO \$8.51. AND FOR FY'75 IT MAY GO AS HIGH AS \$13. TRANSLATED INTO TOTAL COSTS, THIS MEANS THAT THE FY'73 DEFENSE FUEL BILL OF \$1.4 BILLION WILL GO TO \$2 BILLION IN FY'74 AND MAY REACH \$3.1 BILLION IN FY'75. THAT IS A COST INCREASE OF 128 PERCENT OVER THREE YEARS -- IN SPITE OF A 15 PERCENT REDUCTION IN FUEL USE.

SO, ALTHOUGH THE BUDGET FIGURES DO REVEAL A SUBSTANTIAL PEACE DIVIDEND TO THE AMERICAN PEOPLE, IT APPEARS THAT ENERGY FACTORS WILL ERODE IT. IN FACT IT IS ALMOST CERTAIN THAT THE DEPARTMENT OF DEFENSE WILL BE REQUIRED

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TO SEEK A SUPPLEMENTAL BUDGET REQUEST TO COVER FUEL COST INCREASES IN
FY '74 AND '75.

I AM HOPEFUL THAT THE CONGRESS WILL RESPOND TO THESE REALITIES
AND TO THE EFFORTS BEING MADE IN THE DEFENSE DEPARTMENT AND EACH OF THE
ARMED SERVICES TO DEAL WITH THESE ENERGY MATTERS. THE ENERGY CRISIS
IS NO PLACE TO START TO HUNT FOR WHIPPING BOYS OR SCAPEGOATS -- AND
CERTAINLY NOT IN SUCH A VITAL AREA AS NATIONAL DEFENSE.

WE MUST MAINTAIN OUR DEFENSE CAPABILITIES -- IN TERMS OF FUEL SUPPLIES,
JUST AS IN TERMS OF WEAPONS SYSTEMS AND MANPOWER -- AT WHATEVER LEVEL
NECESSARY TO ASSURE OUR SURVIVAL AND BACK UP OUR POLICIES FOR PEACE AND
SECURITY.

IMPORTANT PROCESS

SO I BELIEVE THERE ARE SEVERAL WAYS OF LOOKING AT DEFENSE SPENDING
AND AT WHAT IT MEANS TO US AS A NATION AND AS INDIVIDUALS.

I WOULD HESITATE TO MAKE ANY PREDICTIONS AS TO SPECIFIC ACTIONS

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CONGRESS MAY TAKE ON THE DEFENSE BUDGET THIS YEAR. IT IS A BIT EARLY TO DETERMINE ANY TRENDS OF THINKING.

SECRETARY SCHLESSINGER AND THE JOINT CHIEFS OF STAFF STARTED MAKING THEIR PRESENTATIONS TO THE SENATE ARMED SERVICES COMMITTEE LAST MONTH. AND THE HOUSE AND SENATE COMMITTEES ARE JUST BEGINNING TO GET THEIR TEETH INTO THE BUDGET.

I CAN SAY, HOWEVER, THAT THE OUTCOME OF CONGRESS' WORK ON THE DEFENSE BUDGET WILL MEAN A GREAT DEAL TO THIS AUDIENCE AS YOU PURSUE YOUR CAREERS IN THE RESERVES.

IT MAY MEAN THE DIFFERENCE BETWEEN CONTINUED PROGRESS ON THE DIPLOMATIC FRONT TOWARD A STABLE STRUCTURE FOR PEACE OR A REVERSION TO COLD WAR CONFRONTATIONS WITH THE THREAT OF MILITARY INVOLVEMENT.

I AM HOPEFUL THAT CONGRESS WILL LIVE UP TO THE RESPONSIBILITY THIS PROCESS PLACES UPON IT. OUR EXAMINATION OF THE BUDGET MUST BE THOROUGH,

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OUR CRITICISMS MUST BE SOUND AND OUR SUGGESTIONS FOR CHANGES AND IMPROVEMENTS MUST BE CONSTRUCTIVE.

THERE ARE MANY COMPETING CONSIDERATIONS TO BE WEIGHED IN ASSESSING THIS FIRST PEACETIME BUDGET IN SO MANY YEARS. BUT I TRUST THAT WE SHALL NEVER LOSE SIGHT OF THE NEED FOR AMERICA ALWAYS TO BE UNQUESTIONABLY CAPABLE OF DEFENDING ITS VITAL INTERESTS AND FULFILLING ITS COMMITMENTS TO PEACE THROUGHOUT THE WORLD.