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Last Updated: 12/12/2023

Transcript of Proceedings

UNITED STATES DEPARTMENT OF DEFENSE
OFFICE OF THE SECRETARY

In the Matter of:)
MEETING OF THE MILITARY)
MANPOWER TASK FORCE)
)

Arlington, Virginia

January 29, 1982

Acme Reporting Company

Official Reporters

1411 K Street, N.W.

Washington, D. C. 20005

(202) 528-4538

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UNITED STATES DEPARTMENT OF DEFENSE

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MEETING OF THE MILITARY : :
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MANPOWER TASK FORCE : :

Friday,
January 29, 1982

Room 3-E-928
Pentagon

The above-entitled matter came on for hearing,
pursuant to notice, at 4:18 p.m. o'clock.

BEFORE: CASPER WEINBERGER
Secretary of Defense

APPEARANCES:

MAJOR GENERAL THOMAS TURNAGE
Director of Selective Service System

TY MCCOY
Assistant Secretary of the Air Force

LT. GENERAL GORMAN
Acting Chairman, Joint Chiefs of Staff

WILLIAM NISKANEN
Council of Economic Advisors

MARTIN ANDERSON
White House
Office of Policy Development

EDWARD MEESE
Counsellor to the President

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JACK MARSH
Secretary of the Army

THOMAS STANNERS
OMB

JAMES GOODRICH
UnderSecretary of the Navy

REAR ADMIRAL NANCE
National Security Council

DR. LAWRENCE KORB
Assistant Secretary of Defense

P R O C E E D I N G S

1
2 DR. KORB: What we will do is put up the first
3 viewgraph that says what we are going to do and then move
4 to living and working conditions.

5 These are the topics that we want to discuss
6 today, and not that these are unimportant, but they are
7 probably of less interest. We will start with living and
8 working conditions and move to civilian manpower and
9 wait for Mr. Meese to come.

10 Jim, do you want to give us the first one on living
11 and working, please?

12 (Slide is projected on screen)

13 We know that living and working conditions is a
14 very, very critical thing in bringing people into the
15 service, and even more important in keeping them in. The
16 first area I would like to focus on is shipboard habitability.

17 In the '83 to '87 program, we have about \$820 million
18 for improving shipboard habitability. The viewgraph up
19 there gives you an example of some of the things that we
20 are trying to do.

21 As your briefing points out, sea duty will always
22 be austere, but there are things that we can do to make it
23 less austere and we feel that this type of program has a
24 very high pay-off in terms of retention.

25 SECRETARY WEINBERGER: It does not apply to

submarines, I take it?

2 DR. KORB: Yes, it would, to the extent that it
3 can.

4 (Mr. Meese enters the meeting)

5 MR. MEESE: I apologize for being late.

6 DR. KORB: Now, that is what we are doing for
7 snipboard. We have a very large problem ashore. Jim, could
8 I have the next viewgraph?

9 We have world-wide now a facilities funding
10 backlog of close to a little bit less than \$50 billion.
11 Of that, about some \$42 billion is for constructin; the
12 other is for maintenance.

13 The backlog is large because we just haven't spent
14 the money on facilities in recent years because they didn't
15 receive a nigh enough priority. About \$17 billion of the
16 backlog is overseas, with \$10 billion in Europe.

17 I know the Secretary has been, and Army secretary
18 has also been there and has seen some of the deplorable
19 living and working conditions in Europe. You have a situation
20 where nearly all of the Army, some 30,000 buildings in
21 Europe, were built before World War II and many were
22 constructed in the 19th Century.

23 You have almost 20 per cent of the people in
24 Europe who have to live on the economy. Also, in Okinawa,
25 the Marines are assigned there without their families

1 because no housing is available. Troops live in old, open-bay
2 barracks and work is in generally sub-standard facilities.

3 It is just not where they live, it is also where
4 they work. If you have ever been to Europe, you will see
5 troops working on vehicle maintenance knee-deep up in mud
6 because they don't have indoor facilities.

7 Hospitals there: only two of the Army's 11 hospitals
8 in Europe are accredited. Now, we have these problems.
9 They say we started with obsolete facilities. DoD and Congress
10 did not put it as a high enough priority. There was also
11 a feeling, particularly overseas, that we were only going to
12 be there temporarily.

13 We also have the problem that Congress feels that
14 the Allies should pay more. Now, as you can see here, we
15 do have a plan to deal with this situation. We are starting
16 with the backlog, when the Administration came into office.

17 By the end of our POM period, we will have cut
18 the backlog in half. In other words, we are taking care of
19 the present requirements at about \$3 to \$4 billion of the
20 money each year, and that will bring the backlog about in
21 half by the end of the POM period.

22 If we can keep that up, we will have eliminated the
23 backlog by 1993. This is about as fast as we can get the
24 money in to deal with what we feel is a very, very serious
25 problem.

1 Now, this is what we propose. It will be another
2 thing to get it through Congress. Congress feels that
3 particularly in this area, the Allies should contribute
4 more.

5 For example, we know have asked the Germans to
6 build three new brigade ~~base~~ camps that are need to implement
7 the Master Restationing Plan and to increase their contribu-
8 tion to infrastructure funding.

9 As we start to build up in Japan, the Philippines
10 and Korea, we may see similar problems. Our policy right
11 now is to press the Allies for help and at the same time to
12 convince Congress that these conditions are so bad that we
13 have to take the initiative and the lead in the area,
14 because it has a tremendous impact on retaining people.

15 Are there any questions on this particular issue?

16 SECRETARY WEINBERGER: Just a short comment, and
17 that is that the conditions are so bad that it is getting to
18 be difficult to get people to go over or to remain over,
19 and one of the strong arguments that the Army uses
20 occasionally as to why they should reduce our structure
21 and our force in Europe and the NATO countries is that the
22 conditions are so bad that it is one way of keeping those
23 people in the Army, to bring them home and to get them into
24 decent conditions.

25 This is a particularly sore point that I have with

1 some of our Allied friends, because I think that it is really
2 disgraceful. This backlog reduction is a planned program
3 and I hope we can carry on with it, but it is going to be--
4 bad conditions are going to exist far too long.

5 DR. KORB: Jim, let's go back to the first issue
6 now that we have everybody here.

7 SECRETARY WEINBERGER: Maybe I will make a short
8 statement now with everybody here.

9 I want to thank everybody for helping very much
10 with the Selective Service registration issue. It was a
11 difficult one and I think we got all of the views before
12 the President, and it was very important that that decision
13 was made and I think the way it was made, and the reaction
14 to it has been good.

15 We will have certain questions in connection with
16 enforcement and so on, but basically, the task force, I
17 think, performed very well in presenting to the President
18 a large number of differing views in giving him what he
19 should have, and has the opportunity to make his choice.

20 MR. MEESE: While we are on that topic, there has
21 been a request made by Senator Hatfield, I believe, to
22 make public the report, or at least to have it available
23 for Congress, which is roughly tantamount to making it public.

24 I wonder if there would be any objection to making
25

1 the report minus the page on which people indicated to the
2 President their recommendations, on the basis of the latter
3 being--the latter being excluded on the basis that advice
4 to a President is a confidential matter.

5 SECRETARY WEINBERGER: I sort of have instinctive
6 reluctance in anything in which we are giving advice to
7 the President, to release it. That one page is a critical
8 one, and I am sure we will get a lot more questions
9 thereafter.

10 MR. MEESE: Yes. But as far as the rationale
11 for the decision, I think it would be helpful to the
12 President, perhaps, to have that information either as the
13 report or extracted from the report available.

14 SECRETARY WEINBERGER: I guess everybody would
15 feel a little better if he personally approved it. If he
16 waives the basic privilege--

17 MR. MEESE: Yes, Oh yes. Before we go to him, I
18 wanted to get the sense of this group.

19 SECRETARY WEINBERGER: Any feeling about that?

20 MR. ANDERSON: What are you talking about: the
21 analysis?

22 SECRETARY WEINBERGER: The analysis; everything
23 up to the point--

24 MR. ANDERSON: There was a voting page in which
25 everybody checked their preference, and that we would

1 not transmit under this suggestion of Ed's?

2 MR. MARSH: What's the status of the individual
3 inputs that might have occurred? For example, the Joint Chiefs
4 each have a letter in there.

5 MR. MEESE: Those annexes would be deleted. I am
6 talking about the analysis portion of the front page

7 MR. MARSH: I mean, I don't care, but there are
8 other papers.

9 MR. MEESE: Yes.

10 SECRETARY WEINBERGER: I forgot. Did any of that
11 analysis indicate that the Joint Chiefs think this and the
12 Secretary of the Army thinks that?

13 DR. KORB: No, Sir.

14 SECRETARY WEINBERGER: Anything of that sort?

15 DR. KORB: We have scrubbed the confidential
16 material in the anticipation that somebody might ask us.
17 That is the one thing that we are concerned about.

18 SECRETARY WEINBERGER: Tom, do you see any problem?

19 GENERAL TURNAGE: I only have one concern. That
20 would relate to the fact that in the options that were
21 presented, there was a distinctive difference in view about
22 how long it would take for post-mobilization registration.

23 The Secretary, in his announcement, and you in
24 your announcement at the time it came out, if you recall,
25 we said it would save six to seven weeks. There may be some

1 second-guessing as to why the three-week option wasn't
2 accepted, and I couldn't subscribe to that, as you know,
3 we discussed earlier.

4 But some other people who would second-guess it
5 would, I'm sure. That is my only reservation.

6 SECRETARY WEINBERGER: You mean, Tom, the report
7 indicated if there were all this prepositioning in materials,
8 the savings of time would only be three-weeks?

9 GENERAL TURNAGE: Yes, Sir.

10 SECRETARY WEINBERGER: I don't have it before me,
11 and I don't really recall it, unfortunately.

12 DR. KORB: Basically the report said four to eight
13 weeks, depending on a number of factors, and I think--

14 SECRETARY WEINBERGER: Well, if it is that,
15 why don't we take a pretty careful look at it and then Ed
16 could get the President's agreement or not, and if he has
17 the President's agreement, and we scrub this down in a way
18 that will not create too many questions, why, we can let it
19 loose.

20 MR. MEESE: Okay. We will not do it before
21 Wednesday of next week to give ample time for checking, and
22 unless I hear from Tom that someone has objected, we will
23 present it to the President.

24 GENERAL TURNAGE: I also would like to take another
25 hard look at it.

1 SECRETARY WEINBERGER: Yes. Alright. I think
2 Larry is now going to brief on experience and pay-grade mix.

3 DR. KORB.: That's right, Sir, the first issue.

4 I guess it kind of follows. We were talking about
5 some of the reasons why people get out, and habitability
6 being one of them, what we have done here is show you the
7 shortage that you hear a lot about, about Non-commissioned
8 Officers and Petty Officers, and show you the numbers and
9 the percentage.

10 What you do is you compute the authorized, and each
11 service has their own way of determining what they need
12 because they each have different missions and different
13 technologies, and here is the actual and the shortage.

14 You see, you have the Army practically has taken
15 care of their shortage, while the Navy still has a shortage
16 of 10 per cent, or about 22,000. Many times you see that
17 figure quoted in the paper.

18 SECRETARY WEINBERGER: I think we ought to get that
19 out. That is pretty impressive. Those are manageable
20 shortages.

21 DR. KORB: That's right. We will show you as we
22 go through today some of them.

23 SECRETARY WEINBERGER: 22,000 Navy, however.

24 DR. KORB: That's correct. This is 194 to 216.

25 MR. MENGE: Could I ask the Service Secretary:

1 is this --well, the Navy, of course, has a serious problem
2 there, but is this largely due to the long time at sea? Is
3 this one of the major problems of people not making careers
4 out of it?

5 MR. GOODRICH: Yes, that is one of the problems.

6 SECRETARY WEINBERGER: Seven, eight month-cruises
7 in the Indian Ocean are long.

8 MR. GOODRICH: And it goes back, as Larry said,
9 nousing comes in, and they are leaving these mothers and
10 families while these men are out in the Indian Ocean six
11 or seven months at a time, which is a very serious problem.

12 MR. MEESE: And the other thing is, in the Army,
13 are people being promoted faster with less experience?

14 DR. KORB: We've got a couple of viewgraphs on
15 this and will show you that the forces are getting younger.
16 One other thing before I leave this: notice that each of
17 the services, or their E-5's to E-9's feel that they need
18 a different percentage. The Marines is only 31 per cent,
19 whereas the Navy, is the highest at 46 per cent.

20 MR. MARSH: Larry, do you get into mismatches in
21 the Army?

22 DR. KORB: Yes. I am going to mention this.

23 Could I have the next one, please?

24 Alright. Now, the Army NCO shortage is more severe.
25 With a lot of things being done by the Army, the shortage

1 is projected to just about go away over the POM period.
2 Now, this is a very key thing and you notice even in the last
3 years, we begin to move into here--Army readiness has gone
4 up as they have dealt with the shortage on a gross level.

5 There is still some skill mismatches, but the Army
6 is projecting that they virtually will have eliminated it
7 by 1983.

8 MR. MEESE: But is this being done and maintaining
9 the same quality of NCO?

10 DR. KORB: Okay. Let's go to the Navy one, and
11 then we will get into that. We will show you the percentage.
12 Okay. Now, the Navy problem has existed for quite a period
13 of time.

14 It got worse in the middle 70's, as retention
15 rates went down, and we are expecting it to decline somewhat
16 down to about 15,000 from the present 22,000 by 1987.

17 MR. GOODRICH: It is important to note there, though,
18 that as we increase the number of the ships and the size
19 of the force, we will demand more people, but the number of
20 people goes down, so that the percentage decreases.

21 SECRETARY WEINBERGER: Now, does that tell us we
22 should do something about that? Does that mean that there
23 should be some special Naval benefits?

24 DR. KORB: No. One of the things that we are trying
25 to do is the Navy is trying to change its management

1 structure because what happens is you get people progress
2 in a certain skill; you overload it, and they want to move
3 them into the other.

4 The Army, for example, has instituted a new
5 re-enlistment policy that you can't just re-enlist anyplace;
6 you got to re-enlist where we need you, and if that skill
7 is blocked, even though you are eligible for re-enlistment,
8 they direct you into the other area.

9 Can I have the next one, Jim, please?

10 Now, the shortage is affected by a number of
11 things. One is the Service-unique methods for computing
12 grade requirement. Each Service decides on what their needs
13 are going to be, and as I will show you here, there will
14 be changes in promotion rates.

15 Now, this refers to the questions that Mr. Meese
16 and the Secretary were asking. We've also looked at trends
17 in the size and experience level of the career force, which
18 is what I think you were getting at, and let's take a look
19 at the next viewgraph, please.

20 Now, career force: we defined it as people who
21 have more than four years of service, and you notice that
22 the percentage--as a percentage of the total force, okay, it
23 is going up 71 to 87 at the end of our POM period. We
24 are projecting people--the career force--will be larger
25 for all of the Services.

1 The Air Force has a little dip up sown here in '81,
2 but comes up a little bit by '87. So that is the first
3 thing. We are going toward a larger career force and our
4 re-enlistment rates are such now that we feel those
5 projections will come about.

6 Now, that is one side of the coin. Jim, can
7 you put up the next viewgraph, and this is the question.
8 However, the career force--these are people with more than
9 four years of service--notice that the average age is
10 dropping for all of the Se-vices.

11 That means that they are promoting faster.

12 MR. MEESE: What does this do?

13 MR. MARSH: Well, there are a couple factors.
14 There is one thing that doesn't show up on the chart,
15 which probably needs to be brought out in reference to
16 Army.

17 We have a shortage of NCO's, but we have a
18 mismatch of NCO's, which is far larger than the shortage,
19 meaning we have NCO's who are Sergeants that might be, oh,
20 in the field of intelligence or over in Engineers, and
21 our shortages are over in Infantry and Artillery.

22 We are trying to cure that mismatch. We have an
23 overage in some of the spots and we are under in others.
24 I am not too concerned about the 10-year thing myself.
25 What is happening in the Army: we have instituted an

1 NCO school system that tracks the Officers' school system,
2 and that is beginning to take hold now, as a part of this
3 development of the NCO cadre, which, I think, will reflect
4 very favorably.

5 I think the quality of the NCO's is up over 1971.

6 SECRETARY WEINBERGER: Is this a product of very
7 generous retirement?

8 DR. KORB: That's part of the reason. Jim, put
9 up the thing on--Chart No. 9, if you would.

10 That is one reason. We had a large number of
11 people come in in the time of the Korean War, and then
12 they all got out en masse at the 20-year point, and here
13 was the problem.

14 These are your career people. We notice that
15 the retention rate dipped here in the mid to late-70's
16 and are now beginning to come up, but when these things go
17 down, it takes you a long time to make them up because if
18 a person gets out at, say eight or nine years, you got to
19 bring in somebody and kind of grow them to that particular
20 point.

21 So we are suffering. We have to, if you will.
22 The class of '79 had a very low retention rate. Those
23 people went out, and notice they went out even after
24 more than one tour in the Service, and it takes a while to
25 make that up.

1 MR. MEESE: But there are more people--okay.
2 So this means that--I am not quite sure what this all means.

3 DR. KORB: What this means is notice how here
4 and here you are beginning to bottom out in '79. A lot of
5 these people got out, okay?

6 MR. MEESE: Yes.

7 DR. KORB: With between seven and ten years of
8 service, and even up to 14 years of service. Because of
9 the fact that the retention rate of those people went down,
10 even though this was going up with your youngest people,
11 it takes a while to move them up.

12 You are going to have that shortage and of course,
13 if you promote them more rapidly, then the average age
14 of the people in the career force will decline.

15 MR. MEESE: Okay, so with the people leaving,
16 you have more now at years one to six than you did?

17 DR. KORB: No. No. What this means is in the
18 past, in fact, since all of the steps that we have taken
19 since we've been in office, it is going up again, for all
20 of the Services.

21 The one to six is going up; seven to ten, and
22 eleven to fourteen.

23 MR. MEESE: Okay, but of the people getting out,
24 there are more in each of those categories. We have fewer
25 people getting out who have stayed 13 to 14 years?

1 DR. KORB: Well, yes. This is the draw of
2 retirement. Very few people get out up here. Notice that
3 your retention rate is practically close to 100 per cent.
4 Okay?

5 But this was the problem here in 1979, and it
6 has begun to turn around, particularly in the last year.
7 For example, our retention rates now for career people are
8 about 80 per cent.

9 Two years ago they were about 70 per cent. But
10 it takes a while to make it up.

11 MR. MEESE: I see. Okay.

12 DR. KORB: In other words, if you remember some
13 of the earlier things we talked about, the retention rates
14 are getting better but it takes a while to make it up.
15 What I am trying to explain to you is how we got the
16 shortage, okay, and then because of the steps we have taken,
17 you notice this is going up, this is going up, and this
18 is going up.

19 (Points to viewgraph)

20 MR. MEESE: Does that mean that 95 per cent--I
21 just don't understand what that means.

22 DR. KORB: 95 per cent of the people who re-enlist
23 between 15 and 19 years with the service stay on, so only
24 five- per cent of the people, once they reach the 15-year
25 point get out, okay?

1 What this means is that people who come up for
2 re-enlistment after ten years, but less than 15, right now
3 is close to 90 per cent of those people staying on. Okay?
4 This means that people with more than six but less than
5 ten, right now, is about 70 per cent.

6 This means first-term re-enlistment is about
7 40 per cent.

8 MR. MEESE: I see. Okay. Expiration of term of
9 Service doesn't mean they get out?

10 DR. KORB: No.No.

11 MR. MEESE: That means that at the end of that
12 term, this is what happens to them.

13 DR. KORB: That's right.

14 MR. MEESE: Okay. I see.

15 MR. ANDERSON: So does that also show that across
16 the board you are showing an increase now in retention at
17 all levels?

18 DR. KORB: That's right. We are. What I was
19 trying to do with this chart is where you see the dip here,
20 this is what caused the shortage and we explained the
21 problems that we have had in that course, and that caused
22 the shortage when that rate dipped down and is now almost
23 ten percentage points higher.

24 MR. ANDERSON: You've had a substantial increase
25 in the retention rate.

1 DR. KORB: We put this out several times and
2 the Secretary had a Press Conference on it and a background
3 briefing on it and it is continued into '82.

4 SECRETARY WEINBERGER: I use it in every speech
5 in case it doesn't get picked up.

6 DR. KORB: Okay. Now, if we keep this up, then
7 we will cure a lot of the shortage. That is the point.
8 Put the final viewgraph off if you will, Jim, on that
9 section, No. 10.

10 Okay. A summary of what we were saying: the
11 career force percentage has been increasing. It is a
12 larger percentage of careerists in the force compared to
13 when we had conscription.

14 The current force is less experienced, okay,
15 because as I mentioned, we had the Korean War cohort all
16 got out in the mid-70's. Okay. Low re-enlistment rates
17 during the Viet Nam period and in the late 70's. We had
18 a problem during Viet Nam.

19 And what we are saying: the career force in
20 the 80's, both in numbers and as the percentage of the
21 total force will reach a historically high level. However,
22 as Jack was just pointing out, certain areas are still going
23 to have some problems.

24 Okay. Are there any questions on this?

25 SECRETARY WEINBERGER: It is like a baby boom

1 passing through the system, so that you don't get-the
2 reflection of it for some years.

3 DR. KORB: That's right.

4 MR. MEESE: So the Navy is the one that has the
5 real problem?

6 DR. KORB: The Navy has the problem, but I think
7 one of the things to keep in mind is: the shortage will
8 go down, and the requirements are also going up. You notice
9 that they are going up quite sharply.

10 So even though we will be 15,000 Petty Officers
11 short in 1987, we will have a lot more Petty Officers than
12 today because the demands will be greater. We will have
13 more ships and more sophisticated ships.

14 MR. MCCOY: Larry, I would like to make just one
15 point. In the Air Force, it is 18 per cent of the requirements
16 we have for NCO's and 55 skilled--ammo handlers and
17 aircraft mechanics and things like that--we are 18 per cent
18 snort in those skills, which is our peculiar problem,
19 because computer technicians, skills, they sort of get
20 pulled out by industry, and of course, we do have some
21 means to counteract that: the so-called selective
22 re-enlistment bonuses, which are good.

23 We have a problem with the Congress on that this
24 last year where we used to be able to pay the selective
25 re-enlistment bonus all in a lump sum, which had a real good

1 high impact on keeping the troops in. The Congress has now
2 mandated that we can only pay half of the SRB in a lump sum,
3 and we have to pay the other half out over the period of
4 the re-enlistment.

5 We want to, I think, try to turn that around so
6 we can pay it as a lump sum again. I know that will help
7 the Air Force a lot. And so we in Air Force don't have
8 an aggregate shortage, but it is the peculiar skills that
9 are very short.

10 DR. KORB: Okay. Any comments on that?

11 MR. GOODRICH: I would just like to say for the
12 Navy that as . . . enlistments went up this last year, we
13 met our quota. As a matter of fact, the Air Force was
14 103 per cent of its quota.

15 Seventy-five per cent of the enlistees were high
16 school graduates, and about 80 per cent in the Marine Corps
17 were high school graduates, which means that as this is
18 increasing, these people are more trainable.

19 But going back to that CPO problem, it is going
20 to take five years from the time one of these individuals
21 comes in before he is going to be ready to move up into
22 CP rank.

23 SECRETARY WEINBERGER: Is there any kind of
24 practicality to a direct commissioning as a CPO, roughly
25 like the direct officers' program when we had shortages?

1 Would it be practical to try to do that, do you suppose,
2 that we run a special school for especially qualified
3 people and run them NRO?

4 Is the essence of a CPO a man who has served 50
5 years and comes up the ranks?

6 MR. GOODRICH: No. No. I think special training
7 would bring them bring them along more rapidly, although
8 we certainly have marvelous training schools and facilities
9 for this.

10 SECRETARY WEINBERGER: Oh, yes. No. We are not
11 curing that shortage fast enough.

12 MR. GOODRICH: No.

13 SECRETARY WEINBERGER: Particularly with the
14 increased number of ships.

15 MR. GOODRICH: That's correct.

16 SECRETARY WEINBERGER: That is a question we
17 always get at the hearings.

18 MR. ANDERSON: If I recall correctly, that was one
19 of the issues that was treated in the Gates Commission
20 Report.

21 MR. GOODRICH: Yes.

22 MR. ANDERSON: The basic question of a lateral
23 entry--

24 MR. GOODRICH: Yes.

25 MR. ANDERSON: --at various levels. It seems to

1 me that that is something where we get into real trouble
2 and when we go to war, we have a lot of lateral entry.
3 But there is a very strong tradition that resists that,
4 and I think one way to effectively alleviate the number of
5 your shortages--

6 MR. MEESE: I don't know of any Service that
7 can accommodate First Sergeants and CPO's as lateral
8 entries. Even in World War II, you may have had rapid
9 promotion, but you sure as heck never had lateral entry.

10 DR. KORB: One of the things that we are doing
11 that would accommodate both uses: we are taking a lot
12 of prior Servicemen back; people who have been in; got
13 out; the bad treatment in the 70's. Particularly the
14 Navy has got like 135 per cent of their quote this year.

15 That has helped an awful lot.

16 MR. MEESE: You can afford to have a Second
17 Lieutenant screw up, but you can't really afford to have
18 a First Sergeant screw up.

19 (Laughter)

20 So the conclusion is on this part is that we have
21 a serious NCO problem in each of the Services, but it is a
22 different problem in each of them. In the Navy, it is an
23 overall shortage.

24 In the Army, it is a miss-match of skills. In
25 the Air Force, it is a shortage of skilled technical.

1 people, huh?

2 MR. McCOY: Yes.

3 MR. MARSH: We don't consider the miss-match to be
4 that serious.

5 SECRETARY WEINBERGER: Well, the numbers are very
6 manageable in the Army.

7 DR. KORB: I think the overall message is thanks
8 to a lot of the things that have been done, things are getting
9 better, much better than they were, but it will take time.

10 SECRETARY WEINBERGER: Well, this is one of the
11 things that we will want to address.

12 MR. STANNERS: Well, very often, isn't it true
13 though that in the Navy, they are lengthening the promotion
14 time, so part of the story is the decision on the part of
15 the Navy to lengthen the time between promotions?

16 DR. KORB: That's correct. Each Service manages
17 its own policy and make their own decisions on these things.

18 MR. NISKANEN: Well, in addition, it should be
19 recognized that the Services have used a somewhat different
20 method of estimating requirements, -so that the percentage
21 shortages are not quite comparable across the Services.

22 The Navy has used a more demanding standard or
23 requirement than the Air Force and the Army.

24 DR. KORB: Any other comments?

25 MR. MESE: One thing in the Army: is the

1 Specialist Program still working?

2 MR. MARSH: Um-huh. Yes.

3 MR. MEESE: The division between NCO's and
4 Specialists?

5 MR. MARSH: Yes.

6 MR. MEESE: Does the Air Force have a similar
7 program?

8 MR. McCOY: The Air Force just goes with strictly
9 the stipes. We don't have the Specialist rank. We just have
10 the NCO's and do them by AFSC. We don't have that same
11 program.

12 DR. KORB: Let's move onto discipline, Jim.

13 Discipline, or indiscipline, reflects readiness
14 and fighting capability and receives a lot of publicity.
15 What I would like to do now is show you where we have been
16 and where things are going, based upon the indicators of
17 indiscipline.

18 As you notice, the non-judicial punishments--
19 these are things that can be given by the Commanding Officer
20 without going through court martial: unauthorized absences
21 and desertions.

22 It went on very much during the war in Viet Nam
23 and has begun to drop back in all of the indicators. The
24 indiscipline, if you will, rates with these are about the
25 same as they were during the period of conscription before

1 the war in Viet Nam.

2 Non-judicial punishments are higher, but as I will
3 show you later, one of the reasons is we are taking a much
4 more vigorous prosecution effort toward drug offenders,
5 and that results in a lot of the non-judicial punishments.

6 Okay. Could I have the next?

7 Now, drug and alcohol abuse in the military is
8 about the same as in civilian life. Remember, we get these
9 people from this particular population. Now, that's not to
10 excuse the problem or say that we can deal with it.

11 But it is to set the stage to show that in the
12 military, based upon surveys of civilians and military
13 people, this is what it looks like. People use a little
14 bit less marijuana, a little bit more amphetamines,
15 and notice, too, that alcohol usage is much higher than
16 drugs, but it doesn't receive the same publicity, and of
17 course, it is not illegal, but it is a serious problem
18 because it does, as I will show you, contribute to--has an
19 impact on work impairment.

20 This is a key thing. Can I have the next one?

21 MR. MEESE: Before you get away from that, isn't
22 that a pretty serious indictment of the discipline system,
23 that in a highly disciplined environment, you are no better,
24 and in some cases worse than the rest of the population?

25 For example, if a Second Lieutenant or an Officer

1 was found to use marijuana, would he be dismissed from the
2 service?

3 DR. KORB: Yes he would. This is enlisted, though.

4 MR. MEESE: How about an NCO?

5 DR. KORB: Each Service has--Paul, you might want
6 to speak to that.

7 GENERAL GORMAN: Of course, it would vary by
8 Service, but that NCO of which you speak would be handled
9 under the Code of Military Justice and his case would be
10 judged on the evidence and the punishment would have to be
11 proportionate to the crime.

12 SECRETARY WEINBERGER: His point was that after
13 he had been in the Army awhile, he should be doing better
14 than the civilian.

15 ADMIRAL NANCE: He probably is. You see, this
16 is the numbers that are caught. You are going to catch
17 more sailors than you are civilians.

18 GENERAL GORMAN: I would make the point, though,
19 that as far as career personnel are concerned, alcohol is
20 certainly by far the primary abuse.

21 DR. KORB: This is a survey that was done on
22 our people and on civilian society.

23 MR. ANDERSON: How do you determine that? Did
24 they ask them "Did you use cocaine?"

25 DR. KORB: That's right. During the last 30 days,

1 This does not talk about impairment.

2 GENERAL GORMAN: As far as career personnel are
3 concerned, Mr. Meese, I think alcohol is by far the most
4 serious problem.

5 MR. MEESE: That's related to the living conditions.

6 SECRETARY WEINBERGER: With all of the ones above
7 alcohol, we can assume it is abuse because I guess taking
8 any of it--does that fellow a fellow who had a glass of
9 wine at dinner? Is one of the 84?

10 DR. KORB: For alcohol, yes. They ask if you
11 used it at all. The next viewgraph will show you the
12 impact on work performance. This was a survey of the
13 people that use it.

14 Can I have the next one?

15 This is a serious problem and what we are looking
16 at is our junior enlisted people where the predominant
17 use is of it, and the impairment on performance, and notice,
18 what we have done is broke it down by drugs and alcohol,
19 and you see, as General Gorman pointed out, that alcohol
20 is a more serious problem when it comes to work impairment.

21 This is work impairment during the last 12 months.
22 Notice here: 27 to 21, alcohol.

23 SECRETARY WEINBERGER: Is this the same survey
24 that produced the other one?

25 DR. KORB: That's correct. Yes, Sir.

1 MR. MEESE: But the high while working is kind of
2 a serious situation.

3 DR. KORB: That's correct. I don't mean to
4 minimize this problem . I want to present warts and all.

5 SECRETARY WEINBERGER: There's no way to hide
6 nor any attempt to hide this.

7 MR. MEESE: What is being done to counteract this?

8 DR. KORB: Okay. Let me--I think we will show
9 that it is getting better and I will mention some of the
10 things.

11 Can I have the next one, please, Jim?

12 Okay. Now, detection: one of the things I
13 think I want to point out is we have much better methods now
14 for detecting people than we used to, so there has been an
15 increase in finding people.

16 Here is the percentage of E-1's using drugs during
17 the past 30 days. Now, marijuana has stayed the same over
18 the last six years. The others, the more serious ones,
19 have gone down. Marijuana usage stays the same.

20 Now, we are punishing the people much more.

21 Jim, go to the next one, please.

22 Here are non-judicial punishments for people
23 in drug abuse. Those are a very, very dramatic increase
24 in rate per thousand of population.

25 SECRETARY WEINBERGER: Non-judicial punishment,

1 however, carries a very, very low penalty

2 DR. KORB: That's correct.

3 MR. ANDERSON: Does this vary a lot from base to
4 base, or is it relatively constant?

5 DR. KORB: Well, do you mean the usage or the
6 punishment?

7 MR. ANDERSON: Usage.

8 DR. KORB: Among the junior people, no. It is
9 primarily the E-1's to E-5's. It is pretty much a Service--
10 DoD-wide thing.

11 GENERAL GORMAN: Mr. Secretary, don't sell that
12 non-judicial punishment short. It is very important to
13 label these characters.

14 SECRETARY WEINBERGER: Yes.

15 GENERAL GORMAN: One of the things that it does is
16 just put a tag on the guys and when they come up for
17 re-enlistment and he's got a record, we can screen him,
18 and if we make it difficult for these people to get into
19 the career force, we have solved one of those problems
20 that we were alluding to earlier.

21 SECRETARY WEINBERGER: That certainly is true.
22 What about second and third offenses? Are they typically
23 punished also by non-judicial?

24 GENERAL GORMAN: That's all taken into account in
25 assigning punishment, of course. A first offense might get

1 a relatively light punishment, and an admonition, but if
2 it's a third offense, you can rest-assured we'd throw the
3 book at them.

4 MR. MEESE: In non-judicial?

5 GENERAL GORMAN: Yes. Now, down in the court martial
6 area, very frequently we would like to use court martial
7 proceedings, but rules of evidence are so rigorous on
8 drug offenses that it is very difficult to make a drug
9 offense stick in a court martial.

10 DR. KORB: We are very concerned about this and
11 we have just completed--we have got all the Services
12 coordinated on discharging people for drug abuse and we
13 are trying to even give the people the misconduct discharge
14 for drug abuse.

15 Up until now, we can just get them out. We have
16 no problem with that, so we just put them out, but because
17 of due process, normally you send them out with an honorable
18 or a general.

19 What we have done in our new directive is to
20 be able to give a misconduct, which has a deterrent effect,
21 we feel.

22 MR. ANDERSON: One other question. This relates
23 to drug use. Do you ever catch any people in the Armed
24 Forces that are the suppliers? I mean, someone has to
25 handle the distribution. What happens to them?

1 DR. KORB: Yes. Yes. Then that's a felony.

2 SECRETARY WEINBERGER: That's a court martial.

3 MR. McCOY: We've changed our policy in the Air
4 Force where it used to be the first offense, even for something
5 like marijuana for an Officer would be court martial or
6 you could apply for a discharge under other conditions to
7 save the Government money, and we would get rid of them
8 that way.

9 And the NCO's, for a period of time, we used to--
10 they could be caught say, a couple, three times, and you
11 wouldn't go for court martial until the third time, along
12 with the lower enlisted.

13 But now we have sort of changed the policy so
14 that we are treating the senior NCO's like the officers;
15 in other words, first time, we put the word out--

16 MR. ANDERSON: I asked about the suppliers.

17 MR. McCOY: Well, that is, of course--if you
18 catch a supplier, you go for a court martial right off
19 if you have the evidence. In fact, you probably would not
20 even allow them to resign under conditions other than
21 honorable discharge.

22 You wouldn't give them the option to get out.
23 You would actually try to take them on it to Levenworth or
24 something.

25 MR. ANDERSON: If you got a lot of users,

1 somebody has got to be selling it.

2 DR. KORB: Some they get, though, from the
3 civilians. But unfortunately, we do have users, and as
4 somebody in Europe told me, sometimes it is your smartest
5 people, your smartest NCO's and Petty Officers who realize
6 how to make money on the thing and you really kind of feel
7 bad about it when you have to put them out.

8 SECRETARY WEINBERGER: Back on Marty's point
9 a moment ago: are there any particular bases where the
10 problem is more aggravated than anywhere else, or special
11 measures being taken there?

12 DR. KORB: I don't have any evidence on that. We
13 can check it if you want. Maybe the Service people know
14 about that.

15 ADMIRAL NANCE: Cap, we have bases like Sasebo...
16 When those ships pull in there, they are lined up on that
17 shore for two blocks peddling this stuff. That is probably
18 one of the most severe places we have, especially in those
19 foreign ports.

20 GENERAL GORMAN: Panama, Frankfurt, Germany. There
21 are centers for drug traffic in general, and where the stuff
22 is, the trafficking is going to be higher.

23 SECRETARY WEINBERGER: Can we move into those
24 areas, or is it considered just about hopeless?

25 GENERAL GORMAN: Yes, you move in. You put extra

1 police, extra lawyers, extra effort on it, and generally
2 speaking, as soon as the Commander sees that he's got a
3 problem, he starts all of the measures that you hope would
4 reduce it.

5 What we found in Germany in particular was, of
6 course, that the pushers would migrate. As soon as the
7 pressure got hot in one area, they would move to another
8 area, and we would have to shift the effort accordingly.

9 MR. MEESE: How about the indigenous communities?
10 Do they cooperate in cracking down on trafficking?

11 GENERAL GORMAN: More or less. You sensitize one
12 group of public officials and then again, the pushers will
13 migrate; go attack some other place and you have to start
14 all over again.

15 It is a constant battle.

16 DR. KORB: Before leaving this, we are moving
17 vigorously, but I do want to make two points. A lot of
18 the use is often off-duty and that work impairment was
19 like once in 12 months, which doesn't mean that it happens
20 all the time.

21 Okay. If there are no questions, I will go on
22 to the civilian issue, the habitability issue.

23 MR. MARSH: You know, Larry, related to this
24 subject of discipline, in an indirect way, but we have
25 to address it somehow, is the rising problem of venereal disease.

1 And it is becoming disabling.

2 SECRETARY WEINBERGER: There is a gonorrhoea
3 epidemic record. There were 80,000 cases last year. We
4 have not publicized this at all. There is a new Army Medical
5 Corps research and treatment that is very effective and
6 we are sort of torn between the feeling that that should
7 be announced and new credit given to it without getting
8 into the really pretty startling figures on the other side
9 as to why we have to have new treatment.

10 The problem is two-fold. One is as old as the
11 world, and the other is that there is a new strain of resistant
12 gonococcus, apparently, that is not giving up in exposure
13 to the inoculation.

14 MR. MARSH: That is only the number of reported
15 cases; only reported cases. There are many more than 80,000.

16 MR. MEESE: Could I ask a question related to
17 this? During the last four-year period prior to 1981,
18 I remember a story that was in the paper about a Commander
19 in Europe who gave out a directive that only English be
20 spoken while on duty.

21 For some reason, he was not backed up by the
22 command structure and had to rescind that order. Has that
23 kind of back-up for Commanders changed, and is English the
24 official language on-duty everywhere?

25 MR. MARSH: I think that happened in Puerto Rico.

1 MR. MEESE: No. This happened in Europe.

2 DR. KORB: That is another one, Jack, that happened
3 in Puerto Rico this year earlier in the AFEES station, yes.

4 MR. MARSH: But yours is in Europe?

5 MR. MEESE: Yes. It was the Seventh Army, I believe.

6 GENERAL GORMAN: It was the ^{Actual} Italian Commander in
7 the Third Army.

8 MR. MEESE: Has that changed?

9 GENERAL GORMAN: That was a complicated incident,
10 Mr. Meese. The guy is a Commander who did it in a dumb way.
11 He , in effect, sort of challenged the Hispanic community
12 with his directive.

13 He could have accomplished the same thing without
14 having made an issue of it, in my view.

15 DR. KORB: I might say, on this subject, the human
16 goals statement that used to go out for foreign forces was
17 in English and Spanish, and the Secretary put it out only
18 in English this year.

19 MR. MEESE: That is a blow for freedom.

20 GENERAL GORMAN: But the answer to your question
21 is "yes". English is the language .

22 MR. MEESE: I think I am really asking a more
23 fundamental question. The feeling grew, under a previous
24 group of people in this building that there was no back-up
25 for the Commanders who were really trying to shape up their

1 unit. As a result, there was at least reflected in conversa-
2 tions at the junior officer level, and maybe up to the ^{Battalion} ~~Italian~~
3 Commander level, a certain laxity of discipline .

4 Had there been affirmative measures to impress upon
5 Division Commanders --the ^{Battalion} ~~Italian~~ Commanders--that they would
6 be backed up when they tried to shape up their units.

7 SECRETARY WEINBERGER: They certainly will be,
8 and I believe that that impression is around and is understood.
9 I would be very disappointed if it weren't. We may have
10 legitimate differences of opinions on acquisition of weapons
11 and such, but on discipline, we don't have any differences
12 whatever, and I don't think there should be any misapprehensions.

13 The Department and the top levels are strongly
14 behind that kind of --if there is any slight question as to
15 whether that is true, I would be delighted to hear about it
16 so that we could get out some appropriate pieces of paper.

17 MR. McCOY: We put out a message in the Air Force
18 twice: one on drug and alcohol, and once on general--

19 SECRETARY WEINBERGER: There is no question about
20 that.

21 MR. McCOY: --really hitting hard on discipline.

22 SECRETARY WEINBERGER: And when you ask what is
23 being done about it, there are just rafts of memos and new
24 procedures, training, and all kinds of things that are being
25 done, as well as disciplinary measures.

1 But on the broader subject, if there is any slight
2 suggestion that there isn't a back-up for the Commanders
3 on disciplinary matters, we certainly want to know about it.
4 We do investigate charges of people who have been injured
5 during training or something of that kind, or questions of
6 whether or not the Military Code is being observed.

7 By the same token, we would not want to let any
8 disciplinary--proper disciplinary efforts be neglected.

9 DR. KORB: Any other questions?

10 (No response)

11 Let's go onto the civilian issue, Jim, please.

12 We are going to take a look at civilians in
13 primarily two issues: civilian ceilings and contracting
14 because of the agenda laid on us by the members of the task
15 force.

16 This line, you may remember back in the first
17 briefing we had, shows where we were with civilians and
18 where the services wanted to go as our forces and our
19 commitments increased.

20 Here was the OMB ceiling that we were dealing with,
21 and back when we first started here last summer, we showed
22 you the difference. Some of those requirements were scrubbed
23 down during our own budget review and we now have a new OMB
24 ceiling which is in most senses--it gives us a manageable
25 shortage of civilians, and that has been a very, very happy

1 development because this allows us to get military people
2 back to their unit.

3 It also allows us to get more blue collar workers
4 to fix our equipment.

5 MR. NISKANEN: Ed, I think we ought to seriously
6 question the value of proposing these civilian personnel
7 ceilings. It does cause an awful lot of misallocation
8 internal to the Service.

9 It isn't fundamentally a budget issue because
10 the Defense Department is constrained on a total TOA basis.
11 I think that it is really a quite arbitrary constraint on
12 the Defense establishment.

13 It does cause a great deal of mischief in your
14 scheduling issues: over-time, temporary work time; military-
15 civilian mismatches that prevent substituting civilian people
16 for Armed Services people--uniformed people.

17 That is an issue I think we shouldn't just let
18 die. We should address it seriously.

19 DR. KORB: Remember, these are imposed by both OMB
20 and the Congress.

21 MR. NISKANEN: Alright. I know that, but that means
22 that I think we should be willing to address taking it up
23 to Congress. We've got a good case for it.

24 SECRETARY WEINBERGER: The only real significance
25 to numbers of people you employ really is the budgetary effect.

1 As Bill pointed out, we have a top line constraint and we don't
2 exceed that, and so that if we wanted more civilian manpower
3 to do our job but spend money less elsewhere--which we would
4 have to do--that ought to be a departmental determination.

5 There is a great desire on the part of everybody I
6 know to show that the number of Federal employees fill each
7 year, but the point that Bill made is a very valid one.

8 MR. NISKANEN: Is that the reason for this ceiling?
9 What is the reason for it?

10 MR. STANNERS: Well, it has gone up and down.
11 Mr. Weinberger will remember when he was Director of OMB.
12 He took the ceiling off the Department of Defense to see
13 how things work without a ceiling, and in two years, Congress
14 put a ceiling on that was even more stringent.

15 It's really a problem.

16 MR. NISKANEN: For example, you can bring people
17 in laterally in the civilian employment. It is difficult to
18 do it in military. Maybe that NCO shortage can be alleviated
19 a good bit by bringing people laterally in in skill levels
20 that might possibly be able to release people for the other
21 things.

22 MR. STANNERS: But there is also another encouraging
23 part of this: the Department has approved a contracting out
24 program that, as they implement that, will enable them to
25 hit their budget review figures that will even be below by '87.

1 that contracting out program would bring them down well below
2 even the 947 ceiling.

3 SECRETARY WEINBERGER: But then you would have to
4 look and see whether the contracting out program really was
5 less expensive. Sometimes it isn't; sometimes it is, but
6 the point with a ceiling, you scramble through all kinds of
7 activities to try to get under the ceiling, and frequently
8 those activities are more expensive.

9 MR. ANDERSON: Why do you want to get rid of the
10 ceiling?

11 MR. MEESE: Something we ought to consider as a
12 recommendation, providing, of course, that we don't civilianize
13 to the point that we have caused a shortage in terms of
14 mobilization. I assume you crank that into your planning.

15 DR. KORB: This is what the Services had money
16 in for and what they felt that they wanted. They are also
17 increasing the number of military people. This is what the
18 ceiling was.

19 There is no money saved at all.

20 SECRETARY WEINBERGER: On the normal budget review,
21 we always look at numbers in the sense of trying to do each
22 job with fewer people, but the rigidity of the ceiling and
23 the fact that it doesn't, in the final analysis, save you any
24 money, sometimes costs you more for things --for purposes
25 that you could fulfill with other funds.

1 It doesn't have any real effect.

2 MR. MEESE: How much of a productivity campaign do
3 you have among the civilian workers and to what extent are
4 you inhibited by employee unions?

5 DR. KORB: Somewhat by employee unions. The real
6 problem with productivity is investing in capital equipment.
7 Our equipment, for example, down in Norfolk in the Rework
8 facility, the average age is about 27 years old.

9 That makes it very difficult to get more productivity
10 and until we take care of that, the productivity won't go
11 up dramatically. But we do have a Productivity Council and
12 under Frank Carlucci's direction it is looking into this
13 area and we--you may remember this summer when we were
14 talking out in California, productivity in the Defense
15 Department was the best in the Federal Government.

16 MR. McCOY: There is separate money budgeted, I
17 think, in each Service for productivity and capital investments.

18 SECRETARY WEINBERGER: We have been widely praised
19 for our productivity by a number of impartial observers.

20 DR. KORB: Let's move on to contracting out.
21 As has been mentioned, we do have a contracting out program.
22 Let me direct your attention to a couple of things. This is
23 what we have planned, and then for the first couple of years,
24 this is what actually happened.

25 Now, what you see is that we are getting a little

1 better, but you still are only about 50 per cent of where
2 we wanted to go, for example, in fiscal '81.

3 Now, the progress has been slow for two reasons;
4 one of which we can work on because we can handle it within
5 the administration. That is, the cost comparison procedures
6 required by OMB are complicated and we now have a group
7 working on that.

8 But Congress has established complex rules for
9 keeping them informed before, during and after the cost
10 comparison process, and often Congressmen, when they hear
11 we are going to contract out, they come in right away and
12 complain, under pressure from the local unions.

13 We just had a case down in Maxwell Air Force Base
14 where the contracting out would have actually hired more
15 civilians because some of the contract positions were
16 military, yet the Congressmen under pressure from the
17 community, protested.

18 MR. ANDERSON: What are you counting in the charts?
19 Is that contracts or people or what?

20 DR. KORB: No. These are people. In other words,
21 we have a plan to contract 18,000 jobs, okay?

22 MR. MEESE: This ought to be something we comment on:
23 both these last things in the report, the business about
24 needing plant and equipment modernization to increase
25 productivity and also less complex rules from both OMB and

1 Congress as far as the contracting out conversions.

2 ADMIRAL NANCE: Mr. Meese, on those numbers, by
3 the way, the ceilings on those numbers are when you get a group
4 of civilians in here, you may be paying them for many, many,
5 many years. What they are worried about is retirement down
6 the road.

7 It is not what it cost you right now. If you get
8 those numbers, you are going to have to pay them until they
9 die. You may pay one-and-a-half times as much for contracting
10 out and still pay less than you do if you were getting them.

11 SECRETARY WEINBERGER: You've also got the shadow
12 of Davis Bacon hanging over all of this stuff. It doesn't
13 effect the numbers of people. It does effect not only the
14 dollars that they have to be paid, and a decision as to
15 whether you do this or not, because frequently Davis Bacon
16 will make it much more expensive.

17 There was some work on a farm or ranch in
18 California that cost a great deal more because it had to be
19 done by Davis Bacon.

20 MR. MEESE: I question those figures.

21 (Laughter)

22 I don't question that the person reporting was told
23 those figures, but that it was all Davis Bacon in California,
24 because I think you are hard-pressed to find the Davis Bacon
25 in a State like California that would effect that much,

1 as opposed to, say, southern states or someplace else
2 where it might be more applicable.

3 DR. KORB: One thing I might mention on this is
4 our own people can compete against the contracting out, and
5 many times we find that that does improve productivity
6 because it ought to keep the jobs in-house, they will do it
7 with less people and we have saved money that way.

8 MR. NISKANEN: Yes. I have seen the study
9 which shows productivity increases across different job
10 types in the Federal Government, and it is almost directly
11 correlated with the potential for competition.

12 In other words, productivity increases are the
13 greatest when there is the opportunity for competition.

14 DR. KORB: Any other questions or comments on
15 this?

16 (No response)

17 Alright, Jim, do you want to move onto the retire-
18 ment?

19 In the early months of the task force, the OMB
20 representative recommended that we take a look at what has
21 happened in the military retirement system and here we have
22 a summary of the six studies that have been essentially over
23 the last decade on this subject, starting at the first
24 quadrennial review and up to President Carter's Commission
25 on Military Compensation.

1 The Defense Manpower Commission also took a look at
2 the subject.

3 Can I have the next?

4 Now, the fundamental changes recommended by those
5 studies were not enacted. However, there were certain things
6 that came out of those studies that were enacted into law.

7 "1 per cent Kicker": they used to add 1 per cent on top of
8 the cost of living adjustment to make up for the time lag.

9 Right now, people joining as of September a year
10 ago is a "High-3" instead of the highest single day. Some
11 of them have cost a little bit more money by liberalizing
12 and extending its reserves, and the "Save-Pay" provision,
13 which keeps our people on active duty now from getting out
14 because they feel they could get a better deal with retirement
15 than if they stay in.

16 So, we don't penalize those people who stayed in.
17 It is particularly helpful to some that stayed with us during
18 the 70's when retired pay went up faster than active duty
19 pay.

20 MR. MEESE: What do you mean: when they retire,
21 they can get the same pay?

22 DR. KORB: They won't be penalized for staying on
23 active duty.

24 MR. MEESE: Has anybody thought about doing it the
25 other way around? That the retirees can't get more pay than

1 the people on active duty?

2 DR. KORB: I think you've already done that? I
3 will show you that, on the next viewgraph.

4 SECRETARY WEINBERGER: We did have situations
5 that were far more profitable for a fellow to retire than to
6 stay on.

7 DR, KORB: And this is something that has been
8 done quite recently: pro-rate the partial years of service
9 instead of rounding up or down, and the Marines and Navy
10 used to be able to retire in 18.5 years.

11 Okay. Can I have the next viewgraph, and this
12 is the present changes, and this was the one that Mr. Meese
13 was referring to. You limit the CPI increases for those
14 who are retirees, to bring them back down to where they would
15 be if they stayed on active duty.

16 The savings for us are quite substantial: \$84 million
17 in '83, and by '87 we will be saving \$347 million. If you
18 are now more than 120 per cent at what you would get if you
19 were retiring today, you don't get any increase, and if you
20 are between 100 and 119, you only get 75 per cent of the
21 increase.

22 So this is Government-wide, but we have no trust
23 funds, so it actually is a savings in our budget.

24 MR. ANDERSON: What's the reasoning for that
25 phasing in from the 100 to 119, and 75?

1 DR. KORB: Okay. This was adopted by the task force
2 on entitlement. It was not adopted here, and Mr. Meese was
3 one of the members of this particular panel. I don't know
4 the reason.

5 This is Government-wide, Marty, and this requires
6 legislation.

7 MR. MEESE: Yes. I remember. I don't know why
8 they--I guess it was to phase this in for some reason.

9 DR. KORB: That's correct.

10 MR. MEESE: I think even OMB--but would there be
11 any reason in the future not to have just a flat thing that
12 nobody could receive more than those people on--that would be
13 retiring at that point in time, for the same rank and years
14 of service.

15 DR. KORB: I think you would get a lot of complaints
16 from those on the retired levels--military retirees--saying
17 that you were breaking a contract. We have a lot of letters
18 on this already that have come into my office.

19 GENERAL GORMAN: Mr. Meese, this is a very
20 sensitive issue, and as we move into a force that is increasing-
21 ly career and oriented on retirement, I think we need to
22 address each step in this policy very carefully.

23 I think, Secretary Weinberger, that it would be
24 useful to have the Chiefs advise you on each step in this
25 progression. I think Larry will agree that retirement policy

1 perhaps more than anything else is a symbolic value for
2 that career force that we are trying to build up.

3 MR. ANDERSON: Yes, but you implying that people
4 who have been refired should receive more than people who
5 are out of active service and retired?

6 GENERAL GORMAN: Not necessarily. I am just saying
7 to consider very carefully anything you do, lest you get a
8 big head of steam build up out there.

9 MR. MEESE: Does a person who is retired make more
10 than a--can a person who is retired make more than a person
11 in the same grade with the same years of service?

12 DR. KORB: He could up until very recently. Now
13 that we have restored pay back to the '72 levels, there is
14 a very small number of people, but during the '70's, there
15 was a pay cap on for active people, and retirees were getting
16 twice a year raises plus the kicker in certain cases, so
17 they were in fact increasing more rapidly.

18 SECRETARY WEINBERGER: You were holding some
19 people in the service by the prospect of the retirement
20 system--lavish retirement system--because the compensation
21 that they were getting while they were working toward that
22 was very low, and it about equalized out.

23 Now the compensation is better, and as General Gorman
24 suggests, we could certainly review a lot of these things,
25 but it does have to be done carefully because one of the big

1 attractions of the Services is the retirement provisions at
2 an early age, when you can do other things. I have a
3 lot of problems with it, but there is no question that it is
4 a very attractive feature.

5 MR. MEESE: You did have the deal where a person
6 could revert back to a previous rank before the pay cap and
7 take the retirement at that rank and then take the cost of
8 living increases on that basis?

9 DR. KORB: That's correct. You have the Tower
10 Amendment and then the One-Year Look-back, that's correct.

11 MR. McCOY: Isn't the Tower called the Look-back?

12 DR. KORB: Well, it is, but in the Look-back, you
13 can go back a year at any time right now. The Tower Amendment
14 says you can't be penalized for having stayed on active duty
15 so you can go back as far as you want.

16 With the Look-back, you can go back one year from
17 now or where the Tower Amendment takes you.

18 MR. McCOY: Are you proposing to repeal the Tower
19 Amendment?

20 DR. KORB: No. It does not repeal the Tower Amend-
21 ment.

22 MR. McCOY: See, that's like the Chairman of Joint
23 Chiefs or a lot of our general officers. When Chairman Jones
24 retires, he will actually make more retired than he makes in
25 active duty. He will make about \$70,000 a year because he will

1 retire as a Two-Star as of '72 or something, so a lot of
2 our Four-Stars--

3 MR. MEESE: And then take the cost of living
4 increase based upon that.

5 MR. McCOY: Right, Sir, and of course, under this
6 No. 3 proposal, his larger amount will slowly be honed down
7 in phased increments, but this may cause a sudden burst of
8 activity for those who see this No. 3 coming, but still
9 have the Tower Amendment available to them to get out and
10 take advantage of those few years prior to the phase-down
11 where they get just a little bit of a factor.

12 DR. KORB: Alright. Okay. The next one, please?
13 That completes the subjects for discussion today.

14 This is a status report. We completed 11 issues
15 so far, and in process we have another seven. This issue
16 has been added since our last meeting because of the decision
17 that was made, and we await the Chairman's call for when
18 he would like to hold our next meeting.

19 SECRETARY WEINBERGER: We're thinking about March 10.
20 How does that strike everybody? That would cover the
21 remaining topics, and after that March 10 meeting, we might
22 need one more to approve the final report, or we could
23 approve the final report by general distribution or however
24 the members would like to do it.

25 Is March 10 time enough to enable you to do that?

1 DR. KORB: Yes, Sir.

2 SECRETARY WEINBERGER: So we would be thinking about
3 March 10, if that is generally agreeable. Not too many
4 people will be out of the country or one thing or another,
5 and then after that, we could, at that meeting, determine
6 whether we want one more or whether we would want to
7 circulate a final report for approvals or comments or
8 minority reports or whatever, and turn it in.

9 MR. MEESE: I guess one of the things we need to do,
10 and Tom, I guess, will have to do that with the help of
11 Larry and the working group, and that is draw out of the
12 completed topics what are the kinds of recommendations and
13 what are the kinds of findings that we need.

14 SECRETARY WEINBERGER: That will be the final
15 report.

16 DR. KORB: We will have the report with an
17 executive summary and recommendations.

18 MR. MEESE: Yes. I think what we need as a
19 committee is rather than have a report written for us, is
20 to have an identification of the problems and then options
21 as to the various solutions that we might want to raise.

22 I think we have to be confident ourselves that
23 we have really given the President a realistic picture and
24 recommendations, even though they may be very tough, or
25 options for recommendations.

1 I thought in the draft registration situation
2 we served him well by not only giving him an accurate
3 picture, but both sides of the issue and then a variety
4 of options.

5 I think we may need to do that on a number of
6 these things.

7 SECRETARY WEINBERGER: I would think that would be
8 the kind of report we would want to have compiled. I was
9 just thinking about the actual presentations of the material
10 and in view of that, everyone would rather have another
11 meeting after March to go over the proposed lists of
12 options and recommendations.

13 But as I envision it, we have a report with a lot
14 of the material that has been presented in summary, and then
15 in each one of these topics there would be a recommendation
16 section that would list the various alternatives and options
17 with which the President could make his decision.

18 MR. ANDERSON: One suggestion: I think that there
19 are a lot of facts and things coming out of this that
20 are very positive. They show that the Armed Forces made a
21 tremendous progress.

22 For some reason, that doesn't get reflected in the
23 Press. There is a lot of this that they just won't pick up,
24 but maybe one of the things here would be a report that would
25 stress actual facts and figures and try to get a wide

1 distribution.

2 MR. MEESE: Sure.

3 MR. ANDERSON: And in that regard, we might want to
4 put the report out in a couple of pieces so that it could
5 be digested.

6 MR. MEESE: Well, what I'm thinking more is that
7 it can cover a certain number of topics in one issue.

8 SECRETARY WEINBERGER: Well, alright. Very good.
9 Well, we will get notices around and see if anybody has any
10 problems with that. If not, we will meet then, and will
11 we be back to the Indian Treaty Room? Is it your stadium
12 then?

13 (Laughter)

14 GENERAL TURNAGE: Mr. Chairman, may I make a short
15 comment about draft registration compliance?

16 SECRETARY WEINBERGER: Yes, Sir.

17 GENERAL TURNAGE: The Secretary has received
18 inquiries from Former Deputy Secretary Claytor. He has
19 received letters from Congressmen and State Legislators in
20 New York, and many other inquiries.

21 Similarly, I have received many suggestions about
22 how we can soften the business of draft registration
23 compliance, and also come up with the best kind of product
24 from the standpoint of meeting requirements of the law.

25 As all of you know, over the last few years

1 we have gone through some very detailed machinations with
2 regard to it; which, I think, have all contributed in some
3 measure to the difficulties we have had in the last couple
4 of years in getting compliance from everyone and the so-called
5 800,000 shortfall.

6 What I would ask your indulgence in is to hold
7 any discussion of the draft registration compliance very
8 close hold until we come up with our deliberations here--

9 MR. MEESE: Sure.

10 GENERAL TURNAGE: --because what we are trying
11 to do in the field now is suggest to people that look,
12 the President has finally made a definitive decision. Here
13 is what your requirement is, and now let's get with it during
14 the so-called grace period which culminates on the 20th of
15 February.

16 It is too early for me to tell you how we are
17 doing because we get reports from 35,000 post offices and
18 we get them in different frequency, based on the level of
19 the post office.

20 So it is going to be sometime in late March or
21 April before we can really tell you how it goes. However,
22 based on just inquiries of post offices, and we hear people
23 are running out of forms or we have had greater inquiries
24 than we've had in a long time, and all this kind of business.

25 So we are optimistic that we are going in the right

1 direction, but if we put out another mixed signal that we
2 are talking about changing the penalty for failure to
3 register, I am afraid that it will be harmful to us.

4 So if we could please keep this close hold, I
5 believe it would serve us all well.

6 MR. MEESE: Um-huh.

7 GENERAL TURNAGE: The second thing: if you make
8 speeches, please support us, our requirement.

9 SECRETARY WEINBERGER: Very well. There's a
10 very interesting suggestion from one of the New York State
11 Senators and that suggestion is that on any application for
12 State employment, then they would attempt to encourage
13 this in private, a little checkbox saying "Have you
14 registered?"

15 All it will say is "yes" or "no", and that will
16 be a factor considering whether he should be employed.

17 MR. MEESE: If it says "no", that is an indication
18 he might not be a very successful employee.

19 SECRETARY WEINBERGER: That's one of the
20 possibilities.

21 GENERAL TURNAGE: There is another very interesting
22 one to me. It says that those who register last, let them
23 be called first.

24 (Laughter)

25 That would provide a great incentive.

1 MR. MEESE: Just start the rumor going.

2 (Laughter)

3 MR. ANDERSON: It should appear in the Press:
4 to not register will be classified 1-A and will be called
5 first.

6 SECRETARY WEINBERGER: Alright. Very good. Thank
7 you very much.

8 (Whereupon, at 5:27 p.m. o'clock, the
9 meeting was concluded).

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REPORTER'S CERTIFICATE

1
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3 DOCKET NUMBER:

4 CASE TITLE: Meeting of the Military Manpower Task Force

5 HEARING DATE: January 29, 1982

6 LOCATION: Arlington, Virginia
7

8 I hereby certify that the proceedings and evidence
9 herein are contained fully and accurately on the tapes and
10 notes reported by me at the hearing in the above case before
11
12 and that this is a true and correct transcript of the same.
13
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16 Date: January 29, 1982
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