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WITHDRAWAL SHEET

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Withdrawer

RBW 5/20/2013

File Folder SECRETARY WEINBERGER'S WEEKLY REPORT
(07/26/1983-09/03/1983)

FOIA

M453

Box Number 7

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ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
159608	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 1/26/2016 M453/6	5	7/29/1983	B1
159609	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 1/26/2016 M453/6	5	8/5/1983	B1
159610	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 10/19/2018 M453/6	5	8/19/1983	B1
159611	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES	6	8/26/1983	B1
159612	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 7/19/2017 M453/6	6	9/2/1983	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
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- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

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THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

WPC HAS SEEN

26 JUL 1983

MEMORANDUM FOR THE PRESIDENT

Attached is a copy of the memo I have sent to the Service Secretaries and Heads of DoD agencies outlining a 10-point program to improve our system for obtaining spare parts. I will use this memo in my testimony this Thursday before a Senate Armed Services Committee hearing on DoD Structure and Decision Making. Copies of memo are also being made available to the Press.

Sey



THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

25 July 1983

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARIES OF DEFENSE
GENERAL COUNSEL
INSPECTOR GENERAL
ASSISTANTS TO THE SECRETARY OF DEFENSE
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Spare Parts Procurement

Our recent audits and investigations of aircraft spare parts accounts demonstrate conclusively that we must make major changes in the way we order and purchase spare parts. The directives we instituted in March 1981 to increase competitive bidding and hold down prices have not been enforced vigorously enough throughout the Defense Department.

To ensure that we are not plagued with pricing abuses in the future we have developed and put in place a ten point program. It is our joint responsibility to see that all civilian and military personnel in the procurement branches of the Department comply with these procedures.

First, we should offer incentives to increase competitive bidding and reward employees who rigorously pursue cost savings. Actions such as the Air Force's recent award of a \$1100 bonus to the Air Force sergeant who uncovered excessive overpricing on a spare part should be continued and given your personal attention.

Second, I expect you to take stern disciplinary action -- including reprimand, demotion and dismissal -- of those employees who are negligent in implementing our procedures.

Third, I have directed Deputy Secretary Thayer to work with the Service Secretaries to alert defense contractors to the seriousness of the problem and of our firm intention to keep prices under control. We expect them to ensure that their employees also pursue fair pricing practices by undertaking disciplinary action when necessary or rewarding employees where appropriate. I will carry this message to defense contractors in Hartford, Connecticut in a speech I will give there later this week.

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Fourth, now that all of the Services have competition advocates in place in their buying commands, I expect those competition advocates to challenge orders that are not made competitively or appear to be excessively priced and I expect our procurement officers to heed their advice.

Fifth, we simply must refuse to pay unjustified price increases. I know the Air Force now carefully checks price increases on aircraft spare parts. If the price increase is excessive, the Air Force is refusing to pay it. Such efforts are already underway in the other Services and they should continue to receive the highest priority. To assist you in these efforts, the Defense Contract Audit Agency will work with your contract administration offices to strengthen spare parts pricing procedures and to assist in the negotiations of major spare parts purchases.

Sixth, we must accelerate reform of our basic contract procedures. The Inspector General's recent investigations underscore the importance of reforming our basic contract procedures to encourage competition, preclude overpricing and, as an added insurance, give us the legal right to recover excessive payments.

For example, many of our existing basic ordering agreements routinely carried a price redeterminable clause which allowed the manufacturer to set the price for repeat orders of spare parts. You should continue to phase out existing portions of ordering requirements which allow the manufacturer to redetermine prices and make every effort to obtain firm fixed-price contracts. We must redouble ongoing attempts to increase the number of contracts open for competitive bidding.

Seventh, we must take steps to obtain refunds in instances where we have been overcharged. In those contracts where we have the right to reduce an excessive price and set a more equitable price, we should not hesitate to exercise that right. If we have to, we should sue a contractor to recover unjustified payments. In some cases the contracts we signed may not give us the legal right to a refund. In these instances, the Services and the Department should aggressively pursue refunds through discussions with senior managers of the company similar to those Secretary Lehman is currently conducting with the Sperry Corporation and Gould Simulation Systems Inc. We should convey to them our strong belief that it is in the best interests of both the Department of Defense and the defense industry to have contractors voluntarily refund any payments that are clearly exorbitant and unjustified.

Eighth, where alternative sources of supply are available, we should cease doing business with those contractors who are guilty of unjustified and excessive pricing and who refuse to refund any improper overcharges. If alternate sources, domestic or foreign, are not available, we will do our best to develop such sources rapidly. In December 1982 we significantly strengthened our procedures for suspending and disbarring irresponsible contractors. We should exercise those administrative powers in a timely manner -- within 30 days of indictment or conviction of a contractor.

Ninth, our audits and investigations of spare parts will continue. In addition to the eight audits the Inspector General has already issued, Service auditors have issued some 25 others. The Inspector General has six additional audits in progress, and will begin three others in the next few months. These will focus on the broader ramifications of how we buy spare parts, what we pay for them, and how they are used and controlled once they enter the inventory. In addition to investigating aircraft engine spare parts, we will now look at cost growth in electronic spares and contract administration activities.

The tenth and final point is that the Defense Department purchases millions of spare parts worth billions of dollars each year. I think you will agree that in the majority of cases we have been satisfied with the quality and prices of those spare parts. The many fine corporations and dedicated employees supporting our nation's defenses should not be maligned as a group for the failures of a few. However, it is our responsibility to ensure that we do not waste one dollar of the taxpayers' money. We must make every effort to eliminate excessive pricing in the future, to recover unjustified payments we have already made, and where necessary, to expose and take appropriate corrective action against those contractors and employees who are either negligent in performing their duties or are engaging in excessive pricing practices.

Joseph W. Rindge

MEMORANDUM

~~SECRET~~
THE WHITE HOUSE
WASHINGTON

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July 29, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Secretary Weinberger's Weekly report for the period ending July 29, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

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DECLASSIFIED
Sec.3.4(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA RW, DATE 5/20/13



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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

159608

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July 29, 1983

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

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NLRR M453/6 #159608

BY RW NARA DATE 1/26/16

Legislative Affairs: Passage this week of the FY 1984 Defense Department Authorization Bill by both the Senate and the House marked another strong Congressional endorsement of our program to rebuild our national defense. The Senate approved its bill 83 to 15, while the House margin was 305 to 114.

Passage in the Senate came after the mini-filibuster on the PEACEKEEPER MX missile was broken with a decisive 58 to 41 vote to continue full production of 27 missiles. In the end, Gary Hart failed both to kill the MX-PEACEKEEPER missile and to boost his presidential aspirations.

In the House, final passage came at about 2 a.m. Wednesday after an avalanche of amendments. We were successful in fighting off amendments to restrict authority to deploy forces in Central America--failed 165-259; and an amendment to delay deployment of Pershing II and GLCMs was defeated, 103 to 320. Other amendments were accepted that we hope to defeat in conference--an amendment to establish an independent office of testing and evaluation; a continuation of the moratorium on contracting-out certain services; and permanent repeal of the Maybank Amendment.

The House and Senate must now get together in conference on the two bills. In addition to removing restrictions placed by the House in its MX approval, another major issue in conference will be modernization of our chemical weapons. Final Congressional action on the conference report is not expected until after the Congressional recess.

On Wednesday I met with Senate Armed Services Committee Chairman John Tower for extensive discussion concerning numerous defense issues including my appearance Thursday before the full Committee at a hearing on organization and management of the national security process. At the hearing I thanked the Committee for their interest in this subject and assured them we share their goals particularly at this time when we are undertaking a bipartisan effort to rebuild our defenses. I emphasized our commitment to eliminate waste and mismanagement as we allocate our limited resources. I outlined for them my

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10 point program to deal with the spare parts and other overcharges and to recover the overcharges. I especially asked for the Committee's help in supporting three initiatives that will make defense procurement more "business-like": multiyear procurement, economic production rates, and enhanced competition. I also asked for a 2-year Defense budget instead of our annual budget and found surprising support for that idea.

The hearing provided a good dialogue on a wide variety of issues. In coming weeks the committee will pursue this matter, but I expect no substantive changes in the immediate future. (U)

Spare Parts Procurement: After eight DoD Inspector General reports and 25 additional Service audits, there is no question that we have been severely overcharged for some spare parts. Consequently, I issued a ten point directive on Monday to clean up the way we do business with our suppliers. We will offer incentives and rewards to our own people who produce savings, and punish those who are negligent. The contractors are being alerted to our firm intention to keep spare parts costs under control. We intend to stimulate competition by, if necessary, expanding the marketplace. We will refuse to pay unjustifiable price increases, we will accelerate reform of our basic contract procedures, and we will seek to obtain refunds when we have been clearly overcharged. In this last instance, Secretary of the Navy Lehman is pursuing the question of refunds from Sperry Corporation where we paid \$110 for a diode that appears should have cost 4¢. The outrage in the newspapers on matters like this is exceeded only by my own. Where alternate sources of supply are available, we will cease doing business with contractors who are overcharging us. Where we don't have alternatives, we will try to find some.

Our audits are continuing. Six are underway and three more will begin in the next few months. Because of the large amounts of overcharges, and common knowledge of incredible cost growth, previous audits have concentrated on aircraft engine spare parts. We will now look into electronic spares and contract administration activities.

My speech on Thursday night in Hartford, Connecticut, with some Defense contractors present, emphasized the seriousness of this situation. I reminded them that in the majority of cases there is no impropriety in costs or quality. However, all will be maligned by the actions of a few, which can adversely affect our security and their future business. They will be expected, and I am sure the CEOs recognize it to be in their best interest, to police themselves and seek to give the government a fair deal. (U)

Pratt & Whitney Audit: A new issue about Pratt & Whitney (P&W) has surfaced involving our local resident auditor in West Palm

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Beach, Florida, George Spanton whom Clark Mollenhoff (Washington Times) frequently categorizes as "a whistle blower that DCAA wants to fire." DCAA is backing him 100% in this case.

This issue involves a denial by P&W management of access to their executive payroll information. P&W wants to bypass Spanton and provide the information to our Atlanta Region instead. We denied P&W's request. The information is needed to evaluate the reasonableness and allocability of these salaries to determine overhead charges, and related costs in accordance with contract terms. Until they cooperate, we are withholding payments from P&W until they reach \$27.7 million. This represents the executive payroll normally allocated by government cost-type contracts from 1978 to 1982. P&W has started a process that could eventually go to the Armed Services Contract Court of Appeals for resolution. (U)

Cost Savings: The Defense Contract Audit Agency (DCAA) has advised me that the resolution of our audits performed during the 12-month period ending June 30, 1983 has resulted in cost savings of \$7 billion. Because of recent action to establish seven DCAA audit and management initiatives covering areas such as analysis of cost principles, employment of new audit techniques for employee compensation reviews, and expansion of areas for operations audits, I fully expect this savings figure to continue to rise in future years.

The savings figure represents the actual reduction in contractor recoupment, either through a lowering of negotiated contract prices (as in pre-award audits), a reduction of costs actually paid to contractors (as in incurred cost and defective pricing audits), or an avoidance of costs realized from improved management operations. These savings figures do not include anything due to the policing effect of DCAA's presence in contractor plants. DCAA has a tracking system and documentation to validate these savings. (U)

Israeli MOD Visit to Pentagon: Wednesday morning I met with Israeli Minister of Defense Moshe Arens. Topics of this meeting ranged from discussions on the current situation in Lebanon to an intense request for U.S. assistance to the Israeli defense industry in order to improve the country's economic health. Minister Arens stated that Israel was presently spending about 24% of the country's GNP on defense, and he was under heavy pressure to reduce this figure. On the specific subject of the follow-on F-16 buy, he stated that Israel had every intention of proceeding but wished to delay signing the Letter of Offer (LOA) until some issues of non-recurring cost and FMS funding were ironed out. He also said that Israel would be signing the LOA within the next 30 days. There have been reports they would reduce their purchase of F-16s to save money for the production of their Lavi fighter.

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Arens spent a large part of the meeting pressing for the use of FMS credits for the Lavi aircraft. Israel would like to obtain U.S. agreement to allow \$250M in FMS credits to be spent annually offshore in Israel, mostly on the Lavi project. Minister Arens believes that a large influx of U.S. defense dollars into Israel could help reduce the cost of their weapons procurement program and help provide a boost for their economy.

I have sent you a separate memo on this subject. One of our basic worries about their request is that FMS funds are supposed to be used only to increase the military capabilities of the recipient countries. (C)

Meeting with COCOM Chairman: I met with Georgio Reitano, the Chairman of the International Coordinating Committee or COCOM on Monday, July 25. As you know, COCOM is the informal organization of 15 nations that controls high technology exports to the Soviet Union and Warsaw Pact. Chairman Reitano was here in the United States at the invitation of the Defense Department. It is the first official visit abroad by a COCOM Chairman.

In my meeting with Chairman Reitano, I stressed the great need to fortify and strengthen the COCOM organization, which is very weak. COCOM's total budget is less than \$500,000 per year, and they have very little staff to deal with the massive problems we have in the loss of our high technology to the USSR. I also pushed for the creation of a Military Exports Subcommittee at COCOM--which is essential if COCOM is going to make the right decisions about strategic technology and not fall back into the bad habits developed in the 1970s when COCOM was approving the transfer of very advanced, militarily significant technology to the USSR and Warsaw Pact.

We have a long road to travel before COCOM is set right, and we need to continue to encourage the COCOM Chairman and COCOM's members to get the job done. We likewise need to increase our own political effort in this regard. (U)

Disclosure of Troop/Ship Movements: The leak regarding the movement of naval vessels to the vicinity of Central America and subsequent newspaper reporting greatly concerns me. Not only did it prematurely reveal our decisions, but it also potentially jeopardized the lives of our personnel aboard those ships. We are closely reexamining our policies regarding announcements on troop and ship movements, and responses to leaks. Specifically, we will not give any credence to a leak (neither confirm nor deny) until such time as we would normally announce the action. The Services and the Joint Staff are reviewing procedures with Public Affairs to ensure consistency and correctness. (C)

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Chad: We are airlifting the first increment of jeeps, trucks, radios, medical supplies, and personal gear for Chadian and Zairean forces in Chad. The first two C-141 loads arrived on Monday, seven have arrived as of Thursday. We have now begun to deliver light weapons and assorted ammunition. Thirteen missions are now scheduled, and we have used about \$6 million of the \$10 million you authorized. This increment of the airlift is scheduled to be completed Sunday morning.

Five U.S. military personnel are in Chad: our attache from Cameroon, a member of our military mission in Zaire, and a 3-person Logistics Coordination Team from Europe. The Military Airlift Command is operating out of Dakar, and its aircraft-handling personnel return there each day after off-loading is complete. Army quality assurance personnel accompanying the equipment also are expected to leave by nightfall, although there will be some case-by-case exceptions to this.

About 1500 soldiers from Zaire are providing rear area security in the capital; small numbers are beginning to deploy to defensive positions. President Habre is preparing for an assault on the northern stronghold, which fell to the rebels last month--he may attack this week. This is a very risky undertaking, and both we and the French have argued against it, at least until Habre has built up his strength. However, he is worried by the massive scale of Libyan resupply and believes he has to strike before he loses the momentum and French commitment wanes.

The Chadians would be very vulnerable to Libyan air strikes during an assault. Quadhafi has moved four M-24 HIND helicopter gunships into northern Chad and has armed six of his fighter bombers there. Libya already had eight or nine light attack aircraft in Chad. The situation will bear careful watching on our part.

We are urging the French, who have thus far been only reactive, to begin doing some informal contingency planning with us. We have also initiated discussions with State to ensure that events on the battlefield do not overtake our policy. (S)

Shooting Dogs for Medical Training: I have already directed that the practice of shooting dogs at the Bethesda Wound Laboratory cease. Although this was being done for good medical training reasons, the perceptions involved just do not warrant the practice of using dogs. The mail response since my action has been unusually strong and favorable. (U)

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET~~ ATTACHMENT

August 6, 1983

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MEMORANDUM FOR THE PRESIDENT

FROM: William P. Clark

SUBJECT: Secretary Weinberger's Weekly Report

The attached is Cap Weinberger's Weekly Report ending Friday, August 5, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

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RW
8/20/83



THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

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159609

August 5, 1983

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MEMORANDUM FOR THE PRESIDENT

SITUATION ROOM

SUBJECT: Weekly Report of Defense Activities

Legislative Affairs: House and Senate conferees on the FY 1984 Defense Authorization Bill worked day and night this week in an effort to complete a final agreement before they adjourned for the long summer Congressional recess. The conference report will be taken up by each House on the floor when they reconvene September 12th. We have been working closely with the House and Senate Armed Services Committees to protect several key defense programs. The conference approved production funds for 21 PEACEKEEPER missiles, which will provide a strong boost to our strategic modernization program and represents an important step in securing future Congressional approval of the PEACEKEEPER in the upcoming appropriation battle.

The conferees also agreed to support our chemical weapons modernization program. This was one of the most difficult issues facing the conferees, and we expect it to spark strong opposition in the House where it was previously defeated. We were successful in getting the conference to eliminate several restrictive amendments, one of which would have frozen all our existing Defense management organizations and prevented us from carrying out any improvements without specific Congressional approval. The bill also provides for six additional Assistant Secretary positions, one of which will be a new position for Reserve Affairs.

Although final Senate and House action on the conference report has been delayed until after the recess, we are encouraged by the conferees' prompt action in addressing a number of difficult issues before the recess. Once the conference report is approved, our chances to get an appropriations bill on time for the first time in a number of years will be much stronger.

In an effort to prevent delay of our appropriations bill, I met this week with the Chairmen of our Senate and House Defense Appropriations Committees. On Monday, I had lunch

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BY RW NARA DATE 11/26/16

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with Senator Ted Stevens in his office. We discussed a wide variety of issues. Ted has agreed to try to expedite his mark-up and has set a tentative mark-up date of September 14. In the House, our meeting with Joe Addabbo was polite and friendly. Joe will again seek to make substantial cuts in our defense rebuilding program, but he promises he will be fair in allowing the committee (where we have very good relations except for the Chairman) to work its will.

I also met at the Capitol on Wednesday with Senate and House members of the Northeast-Midwest Coalition. I explained how our defense program is trying to ensure a fair proportion of federal expenditures designed to provide high tech industries in the Northeast and Midwest with a greater percentage of defense dollars.

However, I also indicated that, in the efficient management of the limited resources available to the Defense Department, it is essential that we make every effort to minimize costs, and that one way to do this is to get more competition. I told the group we would continue to work with groups in the Northeast and Midwest to attract additional firms into competition for defense production. I also discussed our decision to homeport a Navy seven-ship surface action group in New York, indicating it reflects our efforts to allocate missions to the Northeast that are compatible with our national security interests. We will never completely satisfy all the interests of this regional coalition; however, we have a positive message, and the session was very productive and provided a good exchange of views.

With an eye toward keeping our bi-partisan coalition together on the Scowcroft Commission recommendations, I invited Congressmen Tom Foley, Les Aspin, Al Gore, and several other key members to a working breakfast on Tuesday. We discussed the need to make progress in the arms reduction talks in order to maintain the broad coalition of support that has been developed. I again discussed our commitment to developing a small, mobile missile and encouraged the members not to force us into bad negotiating positions at Geneva. It seems clear that we face an up-hill battle for the PEACEKEEPER, and this group insists that we must demonstrate "progress and flexibility" in putting an arms reduction package together if we are to be successful again when opponents try to kill the PEACEKEEPER in the appropriations bill. "Progress and flexibility" of course translates as trying to reach an agreement that lets the Soviets keep more and more weapons. I will continue to keep open our dialogue with key Republican and Democratic supporters on this sensitive issue. (U)

Exercise BRIGHT STAR 83: In light of events in Chad, the movement of forces has been moved up to participate in this U.S.-Egypt joint, combined field training exercise, originally planned for August 10-September 10, and forces already have begun to arrive in operating areas. BRIGHT STAR will demonstrate rapid deployability, mobility, and combat readiness of forces; exercise joint capabilities for protection of air and sea lines of communication in the U.S. Central Command area of responsibility; exercise sustainment of forces in field conditions; and exercise combined planning and force operations with host nation support.

Forces involved will include Air Force fighter, bomber, early warning, aerial resupply and command and control aircraft; Army helicopter, armor, and artillery units; and a Sixth Fleet carrier, with its organic aircraft and escort ships. Exercise operations will include airborne and air assault activities, close air support by U.S. aircraft, and combined air training exercises with the Egyptian Air Force by U.S. Air Force and Navy units. (2)

Periodic Systems Updates: As you know, I receive regular update briefings on our major, strategic weapons systems such as PEACEKEEPER, B-1, etc. This week I had my first regular update briefing on your space defense initiative. Our studies on the scope of your initiative are rapidly maturing and will be ready for the October 1 deadline for the NSC report to you. I am encouraged by the way the Interagency Groups are approaching this very dynamic change to defending our nation and preserving the peace. They are indeed grasping how large and complex the issue is, as well as the character of the technology and the strategy implications of a defense in-depth against offensive nuclear weapon delivery systems.

I also reviewed the PEACEKEEPER program. The Air Force is on schedule in preparation for the second test flight from Vandenberg AFB. This will occur sometime this fall and is consistent with the overall plan to fire the early test launches two to three months apart. In addition, community relations in Wyoming and Nebraska, where we will deploy the missiles, remain very good. The relations were apparently very much enhanced by a recent visit by General Vescoy to F. E. Warren AFB in Cheyenne. (3)

Navy Assistance to Coast Guard Drug Interdiction Efforts: With a U.S. Coast Guard Tactical Law Enforcement Team (TACLET) embarked, the Navy destroyer USS KIDD recently intercepted the merchant ship "RANGER" off the Florida coast. Visual signals and voice communications failed to halt the vessel, and KIDD's commanding officer, acting on instructions from

the Coast Guard, ordered warning shots fired. When this action also failed to stop the ship, eighteen rounds were fired from KIDD's 50-caliber machine guns at RANGER's stern, disabling the ship and bringing it to a halt.

Coast Guard and Navy personnel boarded and inspected the RANGER, resulting in the vessel being seized and her crewmembers arrested when approximately 35 tons of marijuana were discovered aboard the vessel. The street value of the marijuana is approximately \$23 million. Every effort was made throughout the action to minimize property damage, and there were no personnel injuries. The KIDD's actions involving use of warning shots and disabling fire against a stateless drug smuggler marked an historic first in our war against maritime drug smuggling.

In a separate action on Wednesday, the Navy tank landing ship USS BARNSTABLE COUNTY assisted in intercepting and stopping the drug smuggling merchant ship "T. GRIT" off Cape Hatteras, North Carolina. Coast Guard TACLET personnel from BARNSTABLE COUNTY boarded and inspected T. GRIT, again seizing the vessel and arresting her crewmembers when approximately 25-30 tons of marijuana were discovered in a sealed compartment on board the ship. (U)

U.S.-Greek Defense Economic Cooperation Agreement: Our successful conclusion of this very important bilateral defense agreement was followed by a press statement by Prime Minister Papandreu that initially raised some apprehension here in Defense. The statement implied that five years from the December 31, 1983 effectiveness date of the agreement we would be required to remove our defense installations from Greece. In reality, the agreement permits either side to terminate the agreement after the five year period, upon written notice five months prior to the date of termination, after which a seventeen-month withdrawal period would begin. This is a typical Papandreu press release, in which he can be viewed at home as carrying out his campaign pledges without actually doing so. He knows what the language in the agreement says and what it means, but tailored his statements in an attempt to satisfy his leftist supporters.

The reaction of both PASOK (his Socialist Party) and the leading opposition party, New Democracy, to the initialing of the Defense Economic Cooperation Agreement was decidedly favorable, although predictably, each sought to interpret the agreement to its own political advantage. (U)

Defense Humanitarian Assistance to Italy: In response to a request from State, we are providing emergency fire-fighting assistance to the island of Sardinia, Italy, where on-going

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fires have created a disaster situation. Two National Guard C-130 airplanes equipped with modular airborne fire-fighting equipment were dispatched to Pisa on Tuesday and commenced flight operations over the island at a minimum rate of four sorties per day per airplane on Wednesday. We expect the planes to continue these operations for up to seven days and then return to their home base at Van Nuys, California. (U)

Tanks for Saudi Arabia: We notified Congress this week of a proposed Letter of Offer to the Government of Saudi Arabia for the sale of 100 M60A3 tanks with tank thermal sights, concurrent spare parts, related communications equipment, special tools, and major tank supporting assemblies at an estimated cost of \$176 million. These tanks are necessary in the continuing mechanization program of Saudi Arabian Land Forces (SALF) infantry brigades, and we believe this action will demonstrate our continuing support of their defense modernization efforts and enhance the stability of the Middle East-Persian Gulf region. (U)

Sinai Multinational Force and Observers (MFO) Rotation: This month is marked by the rotation of the fourth U.S. Army contingent to serve in the Sinai in support of the U.S. commitment to the MFO since it was established by the protocol between Egypt and Israel in 1981. Approximately 800 soldiers from the 101st Airborne Division at Fort Campbell, Kentucky will be the main U.S. military element of the MFO, replacing a like number of soldiers from the 82nd Airborne Division, who will return to Fort Bragg, North Carolina after a six-month tour with the MFO. Approximately 350 other soldiers from various support units will deploy at the same time for six months duty with the MFO Logistical Support Unit. The Logistical Support Unit provides administrative, finance, medical, logistics, maintenance, and transportation support to the MFO. (U)

Tenth Anniversary of the All Volunteer Force (AVF): In commemoration of the tenth anniversary of the AVF, on July 19 I sent a letter to the Washington Post that reviewed the early decline of our forces under the concept, the precipitous longer term derogation resulting from extended neglect, and finally--the extraordinary recovery of the AVF under your leadership. The Post has not yet chosen to publish the letter, but I intend to send similar letters to fifteen additional leading newspapers in the next few days. In light of your deep personal interest in the success of the AVF, I have attached a copy of the letter, as well as the list of newspapers. (U)

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THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

19 JUL 1983

The Editor
The Washington Post
1150 Fifteenth Street, NW
Washington, DC 20071

Dear Sir:

For the past ten years, the nation has been protected by an All Volunteer Armed Force. As many will recall, on July 1, 1973, after many years of controversy, military conscription became a thing of the past. A day earlier the last draftee, Dwight Elliot Stone, entered active duty in the Army. I would like to take the occasion of this tenth anniversary to review how we have fared.

The All-Volunteer Force (AVF) not so long ago was in perilous shape. When this Administration came into office, we faced a situation where our Forces were undermanned, we couldn't attract sufficient numbers of recruits to fill the ranks, recruit quality in terms of test scores and educational levels had reached all-time lows, morale had plummeted, and our experienced career personnel were leaving in droves. The cumulative effect of years of inadequate pay and compensation, and the neglect of respect for our men and women in uniform had taken its toll.

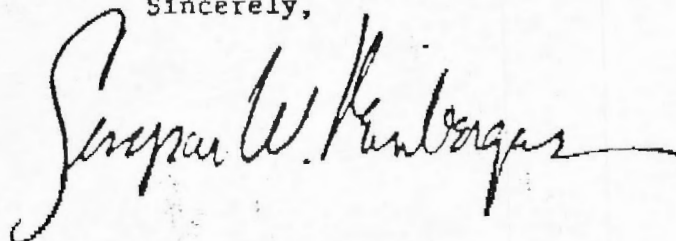
Upon taking office, the President moved quickly to raise salaries, pay reenlistment bonuses, provide recruiting incentives, and improve the service-member's quality of life. There is overwhelming evidence that our efforts paid off. The members of the Armed Forces, and the youth of America, quickly recognized that dignity had been restored to military service and that we were sincere about compensating them adequately for their work and sacrifices, and about providing the training they require to do their jobs properly. Recruiting improved. Our junior officers and enlisted personnel began remaining beyond their initial terms. The morale, discipline, and harmony in our units and on our ships surged upward. Of course, civilian job opportunities were scarce in some parts of the civilian sector, which made the military more attractive. However, youth unemployment had been high before, and its increase is no where near the dramatic jump in recruit quality.

Where are we now? The active forces are meeting strength targets; all of the Services are achieving their recruiting objectives; and many additional people are signed up and waiting to come on active duty when future vacancies become available. Test scores and educational levels of new recruits not only exceed those of the civilian youth population, but they are higher than we experienced during conscription, even for the Army. Excessive losses from the career force have been stopped; reenlistments are up significantly; and the career force is growing in size, experience, and quality at a rate faster than increases in our overall manpower strength. The Selective Reserve has recovered the strength lost earlier in the AVF period, and is expected also to reach one million, a new high, late this year.

The future of the AVF, while not without challenge, is also encouraging. The recently completed Presidential Military Manpower Task Force, which I chaired, reviewed the future prospects of the AVF, and concluded that even with the higher active and reserve manpower strengths planned, conscription will not be needed. This assumes, however, that military pay and benefits will be adjusted to sustain the attractiveness of military service relative to civilian life.

The revitalization of our All-Volunteer Force has been a success. We remain committed to and view the AVF as the prime peacetime option for both now and the foreseeable future. On its tenth birthday, the AVF gets high marks. Today, more than ever, we have every right to be proud of our people in uniform.

Sincerely,

A handwritten signature in dark ink, reading "Jimmy W. Carter". The signature is written in a cursive, flowing style with a long horizontal line extending from the end of the name.

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LIST OF NEWSPAPERS FOR LETTER COMMEMORATING
THE TENTH ANNIVERSARY OF THE ALL-VOLUNTEER FORCE

1. The Denver Post
2. Saint Louis Post Dispatch
3. The New York Times
4. Christian Science Monitor
5. Los Angeles Times
6. Dallas Morning News
7. Milwaukee Journal
8. Atlanta Journal
9. Seattle Post Intelligence
10. Chicago Tribune
11. Boston Globe
12. Wall Street Journal
13. Detroit News
14. Philadelphia Inquirer
15. USA Today

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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August 20, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK
SUBJECT: Secretary Weinberger's Weekly Report

Attached is Secretary Weinberger's Weekly Report dated for Friday, August 19, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

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Sec.34(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA RW, DATE 5/20/13



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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

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NLRR M4536 #159610
BY RWJ NARA DATE 10/11/8

83 AUG 19 P 6: 39

August 19, 1983

WHITE HOUSE
SITUATION ROOM

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

Trip to Central America: As Bill Clark no doubt mentioned to you, I announced yesterday that I will make a trip to Panama, El Salvador, and Honduras September 6-8 to observe first-hand the military forces and facilities in that area and the joint exercise maneuvers involving U.S. and Honduran forces. Panamanian President De La Espriella earlier this year invited me to Panama. In addition to him, I will call on Salvadoran President Magana and Honduran President Suazo, if he is sufficiently recovered, as well as Defense Ministers and Armed Forces Commanders in each country. I believe that consultations with these leaders and, of course, our Southern Commander, General Paul Gorman, can be very productive in reassuring these allies of our continued interest and commitment to maintaining democratic forms of government in the region. General Gorman and Jack Vessey are anxious to have me come and are very pleased with the trip schedule. (S)

Competition in Federal Procurement: I was very pleased to receive your memorandum of August 11 for Heads of Departments and Agencies on this subject, because it adds emphasis to a basic precept of economic procurement practices that we have been pushing since the beginning of your Administration. You may recall that increasing competition for Defense business was one of the 32 major initiatives that we put in place to improve the Defense acquisition process over two years ago.

Our commitment to implementing this initiative to the maximum extent possible has already paid off in millions of dollars in cost savings in programs across all Services. We know that even greater savings will accrue in the future as we systematically eliminate the substantial administrative and legislative obstacles to competitive procurement in Defense acquisition. In light of the favorable experience we have had with competitive contracting over the past two years, we have elected to reemphasize its importance in our most recent efforts to improve our procurement process and save taxpayers' money in Defense acquisition.

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Your memorandum was most timely, in view of the fact that the Conference Report on our FY 1984 Authorization Bill forbids us even to seek a competition for the M-1 tank engine, even though the present manufacturer is not producing the engines fast enough to keep up with the production line. We will try to persuade Congress to reverse this ridiculous prohibition when they return. Your memorandum certainly reinforces what we are trying to do here in Defense. You have my assurance that you will receive full support of the Department in pursuit of increased competition in Federal procurement. (U)

Air Force Mobility Improvements: At the beginning of your Administration we recognized a major shortfall in our ability to transport, on short notice, combat personnel and equipment between theaters, and we immediately set about correcting this deficiency. As a result of these efforts, we have increased our inter-theater airlift capability by 25 percent and will more than double that capacity by 1990. The first Air Force airlift acquisition program in a decade has been initiated with the procurement of 50 C-5Bs and 44 KC-10s. We have also taken the C-17 program from its conceptual stage to a program that will address our airlift shortages in the early 1990s. This rugged, next-generation airlifter will provide direct delivery into austere airfields and will be our first out-size intra-theater/aerial delivery capability.

Additionally, we have made significant improvements in training our aircrews to meet operational requirements. Compared to 1980, there has been a 20 percent increase in joint airborne/air transportability training, a 23 percent increase in airlift hours in support of JCS exercises, a 100 percent increase in C-141 aircrews qualified in brigade airdrop procedures, and an increase from 0 to 274 in the number of C-141 aircrews qualified in air refueling.

In the area of fuel efficiency improvement, we have brought the KC-135/CFM-56 reengining program from a one aircraft R&D effort to a program for 394 aircraft. These aircraft will increase fuel offload by one-half, cut fuel consumption by a quarter, reduce noise and emissions, and extend the operational life of existing airframes well into the next century. The first 28 kits are already in production.

I believe this is an excellent example of significant improvement in combat capability that is not highly visible to the public or the media, but that will pay great dividends if we are ever required to commit our forces to combat. It is, of course, this capability that enables us to deploy so quickly to Sudan, Egypt, Honduras, and elsewhere on very short notice. (U)

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Exercise REFORGER 83: This USCINCEUR-sponsored strategic mobility exercise will begin next week and is the precursor to the European sited AUTUMN FORGE exercise series, which will run through October 30. This large-scale, annual exercise will involve forces based in the continental U.S. being deployed to Germany, participating in European field training exercises, and redeploying to the U.S.

Objectives of REFORGER 83 include: demonstrating U.S. resolve and ability to honor NATO commitments; exercising and evaluating capability to deploy, receive, equip for combat, and forward deploy U.S. reinforcing units; improving NATO interoperability and host nation support; refining joint intelligence procedures; and exercising transportation, communications, operational security, NBC warfare procedures, and a number of administrative procedures. Over 17,000 U.S.-based personnel will be deployed during REFORGER 83 and participate in the follow-on joint exercises with Germany, Luxembourg, Belgium, and The Netherlands.

It is noteworthy and an indication of our growing capabilities that we can complete deployments of this magnitude at the same time as our larger exercises in Honduras and while winding up BRIGHT STAR. (C)

Defense Property Disposal Program: You may have read the favorable article on this very important but little known Defense program in the Tuesday, August 9 edition of the Wall Street Journal. The focus of the article was on surplus sales to the general public. In FY 1982 we received \$94 million in revenues; this was a typical year and should be matched in FY 1983.

We sell almost any item a Defense Component may have but no longer needs except for weapons, ammunition, and other items that are inherently dangerous; these are cut up (demilitarized) and sold as scrap. No items are sold unless they survive a screening sequence that covers all Defense Components and friendly foreign governments, all Federal Agencies, and all States, territories, and possessions to see if any of these units want them. Through this screening process, items that are excess to one element in Defense are offered free-of-charge to many other potential users. Within Defense alone, \$1.2 billion (book value) worth of items were reutilized in FY 1982. For example, \$8 million worth of jet engine blades were transferred to a Naval Air Rework Facility for jet engine rebuilding. These kinds of transfers occur every day within the Department and between the Department and other Federal Agencies.

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Additionally, donations are made to the States for schools, hospitals, and other worthy public purposes. Some time ago we provided a truck and tractor for a seminary in New York State and have also helped New Mexico with fencing to control diseased cattle crossing over the border from Mexico, Vermont with a generator for a home for the elderly, and Utah with bridge assemblies during the recent floods. Needless to say, I am very pleased to see this well managed program receive positive press coverage. (U)

Settlement in Medical Fraud Case: I am pleased to report that we recently reached the largest civil fraud resolution agreement in the history of the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), when principals of Cumberland Psychiatric Hospital in Fayetteville, North Carolina, agreed to pay the Government \$1,250,000.

The agreement represents resolution of a case in which Cumberland Hospital, during 1981 and 1982, submitted approximately 2,800 false claims depicting lengthy hospital stays at artificially inflated rates for CHAMPUS patients. The hospital systematically charged CHAMPUS patients higher room rates than those charged to the general public, resulting in a loss to the Government of more than \$720,000. The hospital also submitted numerous claims to CHAMPUS for charges made to patients that had already been paid by the patient or by private insurance carriers. These fraudulent double and duplicate billings resulted in losses to the Government of about \$165,000, all paid back by the settlement. (U)

Small and Disadvantaged Business Subcontracting: In an effort to improve Department utilization of these types of businesses in our procurement process, I recently asked the military departments to look at their programs with a view toward increasing the number of small, and small disadvantaged businesses under contract to provide products and services to Defense. The Service Secretaries have taken this direction seriously and are examining their acquisition efforts in significant detail. Air Force Secretary Verne Orr recently sent me a paper describing the three key elements of their program, which I believe are worthy of examination by all our government acquisition personnel and prime contractors.

- Personnel Motivation: Buyers and technical personnel must have positive motivation to give emphasis to small business and small disadvantaged business subcontracting. If small business and small disadvantaged business achievements are just a required aspect of a job, there is little motivation for the extra effort

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necessary to increase such subcontract awards. Special incentive recognition programs such as bonuses or other awards are particularly helpful. Regular and systematic training and education programs are also important.

- Outreach Efforts: Past Air Force achievements reflect that many service and other non-high technology subcontracts are awarded to small disadvantaged businesses. Substantial increases in small and small disadvantaged business subcontracting are possible only through a sophisticated outreach program pointed toward high technology firms. There are many innovative techniques that can be utilized in such an outreach program-- among them, advertising campaigns, conference surveys, dedicated personnel, and many others.
- Top Management Support: Employees must know that top management enthusiastically supports small and small disadvantaged business subcontract efforts. The greater and more visible the involvement, the greater the achievements. Top management support can be demonstrated in many ways, but such support should include specific, identifiable goals for small and small disadvantaged business subcontracting, i.e., in terms of dollars, numbers, percentages, etc. Performance in achieving these goals must then be rewarded and publicized. (U)

Defense Contractor Sentenced for Fraud: Raycomm Industries Inc., its president and chairman of the board, Joseph Raymond, and former Raycomm president, Karse Simon, were sentenced last week for defrauding the Government of approximately \$2 million as a result of our Defense investigation. Raycomm, Raymond, and Simon were indicted for one count of conspiracy and nine counts of submitting false statements and documents to the Army in a \$12.8 million contract to prepare technical and engineering data for electronic equipment.

Our Defense investigation disclosed that Raycomm over-billed the Army by fraudulently charging it for material and time not chargeable under the contract. The defendants also altered and falsified Raycomm records to prevent discovery of the fraud. (U)

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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August 26, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Secretary Weinberger's Weekly Report dated for Friday, August 26, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

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White House Guidelines, Sept. 11, 2008
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SECRETARY WEINBERGER'S WEEKLY REPORT (07/26/1983-09/03/1983)

FOIA

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ID	Document Type Document Description	No of pages	Doc Date	Restric- tions
159611	MEMO CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES	6	8/26/1983	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

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SEPTEMBER 3, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *WPC*
SUBJECT: Secretary Weinberger's Weekly Report

Attached is Secretary Weinberger's Weekly Report dated for Friday, September 2, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

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Dec. 34(b), E.O. 12958, as amended
White House Guidelines, Sept. 11, 2008
BY NARA *RW*, DATE 5/20/13



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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

September 2, 1983

159612
Happy Reading
RR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

Army Facilities Improvements in Europe: I was very pleased to receive a positive report of the Army's ongoing facilities improvement program based on the personal observations of Army Secretary Jack Marsh as he returned from his recent trip to Europe.

This program is a direct result of your defense initiatives after taking office, and it has had a very positive impact on the morale, efficiency, and readiness of both individual soldiers and Army units. The facilities improvements vary in scope and cost. Examples include barracks improvements; new buildings for unit operations and classrooms; improvements of hardstands for motor parks that maintain vehicles and equipment; and gymnasiums with highly popular weight rooms, which are a boon to the Army physical fitness program. Units that have not yet benefited from such improvements have seen them in other areas and are favorably impressed and motivated by positive expectations. In addition to the facilities improvements, which enhance quality-of-life, the equipment modernization program is having a highly beneficial impact on the effectiveness of our forces.

Perhaps one of the best indications of your influence was that some Commanders advised Secretary Marsh that, for the first time, the requests for extension of tours in Germany are markedly up. When we first arrived, one of our worst morale problems was caused by poor living conditions in Germany, and we had trouble keeping our men in Europe. Now we have these fine indications that assignments to Germany are becoming more attractive for our forces. Jack and I both believe that we are building an Army whose strength and effectiveness is far greater than merely its size and that this is a significant step toward deterrence. (C)

Nuclear Weapons Stockpile: One important aspect of the current debate on national defense and arms control is the size of our nuclear weapons stockpile. It is often stated by the press or readily assumed that the number of nuclear weapons we have has steadily increased and that we now have more nuclear weapons than ever. That is, of course, the case for the Soviets, whose

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stockpile has grown without interruption since they first acquired nuclear weapons in 1949. For the U.S., however, the opposite is true--the number of weapons in our nuclear stockpile is now at its lowest level in 20 years.

During the first few years after the Second World War, the stockpile was very small. We had only two nuclear weapons in the stockpile in 1945, nine in 1946, thirteen in 1947, and fifty in 1948. After the Soviets' first nuclear test in 1949, we began to acquire more nuclear weapons. The increase was accelerated in the late 1950s and early 1960s.

The number of nuclear weapons in the U.S. inventory reached its highest level in the mid-1960s. Since then, the stockpile quantity has declined considerably, so that the number of weapons in our total inventory is only two-thirds of the number we had in 1967. Additionally, the total yield (detonation energy) of the stockpile has declined even more strikingly, as we have withdrawn many large, high-yield weapons. As a result, the total megatonnage of our nuclear weapons has been reduced by 75 percent since 1960.

I issued a press release late last week making these points and going on to explain that most of our weapons, being built in the 1960s, are becoming obsolete. I further explained that this makes our nuclear modernization program essential and discussed the NATO dual track decision and our objectives in the INF and START negotiations. (U)

Cost Savings by Navy Competition Advocates: During the period April-June 1983, the Navy identified some \$22 million in cost avoidance by opening previous sole source contracts to competition.

Since the spring of 1982, the Navy has established Competition Advocates at all major contracting activities. These Competition Advocates have examined major non-competitive contracts, singled out candidates for competitive bidding, and helped contracting officers find qualified competitors. The newly appointed Competition Advocate General of the Navy coordinates the efforts of Command Competition Advocates and provides oversight management of the Navy competition program. A few examples of Navy successes in fostering increased competition in procurements are:

- When buying material for an ordnance alteration, a more complete technical description of the material's specifications was developed, permitting several vendors to compete for the contract rather than just the original sole source supplier. A contract for ten units was awarded for \$700,000 (40 percent) less than the previous sole source price. Another \$2.3

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million in cost savings on future buys of the same equipment is projected.

- A contractor who had been the sole source for radiation measuring equipment reduced his price by 22 percent to win a competitive contract for the equipment, a total savings of \$54,000.
- A final award was made for switches used in a missile system of \$554,000 less than the previous sole source price.
- Competitive procurement of steam turbine washers that had been offered by the original sole source contractor for \$32,514 was accomplished for \$1,686. (U)

Defense Support of Civilian Law Enforcement: Department of Defense support of your efforts against drug smuggling is of high interest to all of us here in the Department, and we have pledged our full support. As you know, there is also great and growing interest in these efforts on Capitol Hill. No fewer than three House Subcommittees and a 40-member Drug Enforcement Caucus in the Senate pay close attention to our work in this area--independent of the natural interest of the Armed Services and Appropriations Committees. In the last two months alone there have been six hearings to which we have provided witnesses on this topic.

In light of this, we feel it is wise to elevate the attention given to the issue within the Department. Accordingly, we plan to put the program under the direction of Lieutenant General Dean Tice, whom we will recall to active duty to ensure that the most careful attention is paid to our activity in this area. I believe that a full-time Defense spokesman of General Tice's stature and the closeness of the program to my office will clearly signal to the public and the Congress the seriousness with which we view these efforts. Army Chief of Staff General Wickham has agreed to "give up" a three star billet to accommodate General Tice's assignment to my staff for these duties.

All aspects of our program of support to civilian law enforcement activities will be under the direction of General Tice, including:

- Representing the Department in meetings with the Vice President's office, the Congress, other Federal agencies, the National Narcotics Border Interdiction System, and state and local governments;

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- Ensuring that Defense policy in this area is adequate to address the needs of civilian law enforcement, the intent of the Congress and your concerns;
- Ensuring that the Services are carrying out both the letter and the spirit of Defense policy by contributing to the overall effort as effectively and efficiently as possible;
- Ensuring that the combat readiness of U.S. forces is not impaired by provision of this support to law enforcement agencies and that reimbursement policies are carried out;
- Publicizing the Department's drug enforcement commitment to our military personnel and to the general public; and
- Ensuring that I am kept abreast of all significant developments. (U)

Achievements in Naval Aviation Readiness: Recent months have been marked by significant achievements in this important indicator of naval combat capability. The latest 69.2 percent mission capable rate for total naval aviation force readiness is a 10.5 percent increase since 1980 and the highest since the current reporting system was established in 1979. We are now only a fraction short of the 70 percent mission capable goal established by the Chief of Naval Operations in 1980. We will, of course, be seeking to achieve and maintain the 70 percent goal for the total naval aviation force in the coming months. (U)

Establishment of Special Operations Policy Advisory Group: A recurrent objection to Special Operations Forces (SOF) from the early 1960s forward has rested on the inference that SOF is essentially a civilian caprice having little respectability among serious military thinkers. We have found through study of past military operations, however, that success frequently has hinged upon well planned special operations.

We had a most informative briefing this week from a British Major from their Special Forces who were so instrumental in retaking the Falklands.

To assure that efforts to revitalize our SOF have the full benefit of disinterested military thinking, we have established a Special Operations Policy Advisory Group composed of six distinguished retired military officers. One member of the group, Admiral James L. Holloway, former Chief of Naval Operations, chaired the commission that reviewed the conduct

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of the hostage rescue attempt, while the others held key special operations command and staff positions at the highest levels of Defense and participated in some of our most sensitive operations. I am confident that their understanding of special operations, combined with their detachment from institutional concerns, will make them a unique and invaluable asset for maintaining balance and perspective in our revitalization program. (C)

USS IOWA (BB-61) Reservist Recall Program: With the decision to reactivate the battleship IOWA, we opened the possibility of return to active duty for Naval Reserve personnel who had the qualifications necessary for such service. Since that time more than 4,000 Ready, Fleet, and Retired Reserve personnel have applied for duty in USS IOWA. To date, 205 applicants have met billet matching criteria established for the program. This success clearly demonstrates the willingness and readiness of our Naval Reserve personnel to respond to active duty requirements. (U)

Refund of Spare Parts Overcharges: I was happy to announce last week the voluntary repayment to the government of almost \$57,000 in overcharges by the Sargent-Fletcher Company of California, a contractor that supplies spare parts to the Air Force.

A components buyer for the F-16 aircraft and an aerospace engineering technician, employed by the Ogden Air Logistics Center in Utah, were able to locate a competitive small business firm to manufacture a five-inch bracket for the F-16 center line fuel tank for \$9.75 each. The Air Force had previously purchased the bracket from Sargent-Fletcher, the fuel tank's producer. Since September 1981, the part had been bought in varied lots seven times at prices ranging from \$143 to \$185 each.

When the company was informed of the Air Force competitive action, its management ordered a review of its past pricing procedures, resulting in the discovery of an error in pricing. They decided to refund voluntarily the amount overcharged. The refund was based on a revised price of \$6.90 each for the bracket. This is yet another example of the positive results we are achieving in eliminating waste in spare parts procurement. (U)

Exercise AMPLE EXPRESS: Eight NATO countries and 11,500 troops will participate in this NATO field exercise in Denmark starting tomorrow and running until October 2. This exercise follows several others in an "EXPRESS" series in Denmark; the first being in 1969 and the most recent, AMBER EXPRESS, in 1981.

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The purposes of the exercise are for the Allied Command Europe Mobile Force (AMF), both land and air components, to demonstrate NATO's ability to deploy a multinational immediate reaction force quickly to any of the flanks of Allied Command Europe and to demonstrate NATO's will and solidarity in coming to the defense of a threatened area. Units from the Federal Republic of Germany (FRG), Italy, Luxembourg, The Netherlands, Portugal, and the United Kingdom, as well as our own will exercise with Danish active Army and Air Forces and the Home Guard.

The NATO Naval Exercise BOTANY BAY will be integrated into Exercise AMPLE EXPRESS for the period September 16-21, with Danish and FRG Naval Forces and the United Kingdom and Netherlands Amphibious Task Force participating. (U)

Legislative Affairs: In preparation for the reconvening of the Congress on September 12, we have, of course, analyzed in detail the Senate and House Conference Committee Report on the Defense Authorization Bill. The full Senate is currently scheduled to vote on the report on the 13th, and we expect the full House to take up the report soon thereafter, although no date for their vote has yet been established. In anticipation of these votes and early mark-up of the FY 1984 Defense Appropriations Bill, Assistant Secretary Russ Rourke engineered a telephone campaign in which we contacted every member of both House and Senate Appropriations Committees to reinforce their understanding of our critical defense needs and to elicit their support for both the PEACEKEEPER and the Conference Report.

As you may know, some members who opposed chemical weapons had warned against including them in the Authorization Conference Report because such inclusion would result in their withdrawing support for the PEACEKEEPER. It is thus interesting that, in the entire telephone effort, the chemical weapons issue was never raised by any of the Senate or House members. The telephone campaign also revealed that, as a result of the Soviet destruction of the Korean airliner, we are experiencing a ground swell of support for Defense programs, even from many who were less than supportive in the past. (U)

Says-

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National Security Council The White House

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Judge Clark	3	<i>[Checkmark]</i>	A
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