

the U.S. military sales program is not a threat to their long-range national interests. And, as I mentioned previously, we must be willing, as a nation, to make military trade a "two way" street. For our part, the Defense Department will continue to take every opportunity to promote cooperative logistics arrangements—including cooperative research and development efforts—and to emphasize the important contribution which the sales program can make in furthering the objectives of collective defense.

Turning again to our international payments position, for the near term future, the prospects for any reduction in the net adverse balance on the "military" account must rest on an increase in sales receipts, and there are both practical and desirable limits as to how much relief we can or should expect from this source. In Europe, we should be able to make a net reduction in the size of our logistics support establishment in the process of relocating from France, although there will be some initial offsetting costs for the relocation itself. In the Far East, we will face continuing high foreign exchange costs as long as our Vietnam deployments remain large.

Let me assure the committee, however, that despite our preoccupation with the important national security objective we are charged with accomplishing, we remain keenly aware of the burden that our overseas programs place on the Nation's international balance of payments. In this regard, we have no intention of relaxing our efforts to make that burden as light as possible.

STRATEGIC FORCES

In this section of my statement I will discuss the three major programs which, together, constitute the foundation of our general nuclear forces, and civil defense. Because of their close interrelationship and, indeed, their interaction, it is essential that all three of these programs be considered within a single analytical framework.

THE GENERAL NUCLEAR WAR PROBLEM

During the past several years, in my annual appearances before this committee, I have attempted to explore with you some of the more fundamental characteristics of the general nuclear war problem and the kinds of strategic forces which it involves. I noted that our general nuclear war forces should have two basic capabilities:

To deter deliberate nuclear attack upon the United States and its allies by maintaining, continuously, a highly reliable ability to inflict an unacceptable degree of damage upon any single aggressor, or combination of aggressors, at any time during the course of a strategic nuclear exchange, even after absorbing a surprise first strike.

In the event such a war nevertheless occurred, to limit damage to our population and industrial capacity.

The first capability we call "assured destruction" and the second "damage limitation." The strategic offensive forces—the ICBM's, the submarine-launched ballistic missiles (SLBM's), and the manned bombers—which we usually associate with the first capability, can also contribute to the second. They can do so by attacking enemy delivery vehicles on their bases or launch sites, provided they can