

shipbuilding industry; they could buy ships abroad at half the price and get delivery in about half the time. But while this divorce might solve the problem of the Merchant Marine, it would not solve the problem of the Defense Department. The U.S. Merchant Marine provides only a few hundred million dollars of work per year to the shipbuilding industry; Navy work amounts to between \$2 and \$2.5 billion a year. Thus the Defense Department, and the taxpayer, has a stake in the American shipbuilding industry which goes far beyond the immediate problems concerning the Merchant Marine.

Obviously, the more fundamental solution is to revitalize the American shipbuilding industry. Although we may never be able to overcome completely the wage rate differential, there is no reason why the American shipbuilding industry should not be, in a technological sense, as good as the best any other country has to offer. We have the technology and the manufacturing "know-how;" what we need to do is to find some way in which they can be applied to the American shipbuilding industry and some way to finance the relatively large investments that would be required.

With regard to Navy work, the Defense Department has already embarked on such a program. Wherever feasible, we are grouping our annual shipbuilding program into multiyear procurement.

Of perhaps greater significance over the longer run is the new procurement package approach, of which the fast deployment logistics (FDL) ship is an outstanding example. Under this approach, the shipbuilder is asked to bid on the entire package—design, development, and construction—of a relatively large number of ships to be delivered over a period of years, much like the package approach to aircraft procurement. Several new programs of this type are contemplated, and I will discuss these in context with our proposals for the Navy General Purpose Forces in the fiscal year 1968–72 period.

Attack carrier forces

Last year, I described to the committee a new plan under which we would maintain an active fleet of 15 attack carriers and 12 air wing equivalents, instead of the 13 carriers and 13 air wings we were planning on before. We made this change because of new force structure promises to provide significantly more usable combat power than the one previously planned—and at no increase in cost. However, a force of 15 carriers and 12 air wing equivalents would require some change in the present mode of operation. Carriers would normally deploy in peacetime with less than the maximum complement of aircraft and additional aircraft would be flown to the carriers when and as needed. In effect, we would be treating the attack carrier as a forward floating airbase, deploying the aircraft as the situation requires, much as we do in the present carrier operations off Vietnam. It is this kind of operational flexibility that enables the attack carriers to make a unique contribution to our overall tactical air capabilities.

Although the adjustment of the air wings to the new force structure is scheduled to begin in fiscal year 1968 and be completed by fiscal year 1971, the total number of combat aircraft assigned to the attack carrier force will remain virtually unchanged. You may recall that 2 years ago, in a decision unrelated to the number of carrier wings, we decided to increase the number of light attack aircraft per squadron, and the number of light attack squadrons per *Forrestal*-class carrier.