

As the newer ASW systems—the SSN's, the DE's, the P-3 patrol aircraft, etc.—join the fleet in increasing numbers, the relative value of the ASW carriers will continue to decline. Accordingly, we now propose to reduce the force somewhat when the conflict in Vietnam ends.

The older SH-34 helicopters or CVS's have already been replaced by the new SH-3, and the CVA's are now also being provided some of these helicopters.

The older S-2's will have been completely replaced by the newer S-2E's by the end of fiscal year 1967. While full scale development and procurement of a replacement aircraft should not be undertaken until the role of the CVS in the overall ASW effort of the 1970's has been clarified and until the need for a more sophisticated capability has been clearly demonstrated, we have included funds for contract definition of a new aircraft (VSX) should further study warrant our going ahead with this program.

In addition to its ASW aircraft each CVS is authorized a few A-4's in order to provide a limited intercept and air defense capability. Finally we will continue to maintain eight squadrons of carrier-based ASW search aircraft and four squadrons of ASW helicopters in the Naval Reserve Forces for the four CVS's we plan to retain in the Reserve fleet.

*Attack submarine forces.* By the end of the current fiscal year the submarine force, excluding Polaris will number 105 submarines, 32 of which will be nuclear powered. We have continued to encounter difficulty in getting the SSN program on schedule, principally because of the submarine safety program and a shortage of skilled workers. As a result we will have a few less SSN's in the force at end fiscal year 1967 than planned last year but we hope to make up most of this shortage next year. In the meantime, we propose to offset this slippage by delaying the phaseout of an equivalent number of conventionally powered submarines.

As I pointed out last year, a force of about 64 "first class" SSN's would be needed. Five SSN's were provided by the Congress in fiscal year 1967, leaving a total of six SSN's still to be funded. We now propose to start three more SSN's in fiscal year 1968 and three in fiscal year 1969. This program will give us a total of 64 first class SSN's, plus four other SSN's which could be used together with the conventionally powered submarines for other ASW missions. If our continuing study of the ASW problem should indicate that additional SSN's are required, we can add to this program next year.

Originally, we had intended to modernize 12 conventionally powered submarines (Korean war vintage of later), including provision of improved sonar. Last year, when it became apparent that these sonars were not going to be available in time, we decided to go ahead with the modernization of the first five submarines without the sonar improvements. It now appears that the new sonar components will still not be available for installation in the remaining seven submarines in fiscal year 1968. Moreover, other modernization costs have risen to the point where we now believe that it is no longer practical to proceed with the program. Accordingly, the plan to modernize these seven submarines in fiscal year 1968 has been dropped.

In the submarine direct support category, we propose a phased replacement program for our present submarine rescue ships (ASR's).