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THE SECRETARY OF DEFENSE  
WASHINGTON.

February 18, 1976

MEMORANDUM FOR:

MARTY HOFFMAN  
FRED WEYAND

I received this from OMB who checks Congressional testimony for compatibility with the budget. This is what I was referring to this morning.

Attachment

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OFFICE OF MANAGEMENT AND BUDGET  
OFFICE OF THE DIRECTOR

February 17, 1976

To : Don Rumsfeld

From: James T. Lynn

Per our discussion after the Leadership meeting  
this morning.

Attachment



1 asset position following fulfillment of the '76 and 7T budget  
2 obviously is 8568 -- those numbers should add up -- which is  
3 62 percent filled. And I think the closest number I have to  
4 the one you mentioned was the on hand figure for 31 December  
5 '75, which is 5455, which represents the 39 percent.

6 Senator Culver. In these estimates are you taking into  
7 adequate account those that have been approved by Congress in  
8 the budget this year?

9 Secretary Hoffman. In fiscal 1976 and 7T, yes, those  
10 are inclusive of those.

11 Senator Culver. Maybe you could fill those out.

12 Secretary Hoffman. I would be happy to do that. I will  
13 work with your staff to see that we are fully responsive.

14 Senator Culver. And I wonder, General Weyand, do you  
15 support the Defense Department's proposal to phase out the  
16 operations subsidies for commissaries over a three year period?

17 General Weyand. That decision has been made. And I  
18 will carry it out. Now, you ask do I support it. If I could  
19 rephrase that and answer the question, did I support it, the  
20 answer is, no sir.

21 Senator Culver. Do you believe that such funds could  
22 better be spend in improving the combat readiness and  
23 capability of your force?

24 General Weyand. When you say better



equipment or not. In my judgment the military men and women in the Army are entitled to the benefits that they have been receiving through the commissary system. And I do not want to see those cut. I believe that this country can afford both adequate compensation for those people and also the equipment for them.

Senator Culver. Do you feel, then, that in terms of pay comparability, that continuation of every fringe benefit that appears in the pay scales in the way of compensation should be simultaneous at the time of budget restraints?

General Weyand. Sir, if we had comparable pay -- and I don't know how anyone can judge that -- I would say so. But I do not believe that the pay is comparable. I believe that the pay is adequate, including the benefits that my people receive, or that the Army and the military people receive. I don't believe they have ever been overpaid, whether as privates or generals. But I am mostly concerned about the junior officers and the enlisted men. They are in, too many cases, having a very difficult time of it, even with the benefits that they have. Now, whether you can compare one of my young soldiers with a wife as compared with someone who is on unemployment with a wife, the compensation between the two is very close,

even including that man's allowance for quarters and subsistence.

Senator Culver. Most of those unemployment benefits are running out, of course. And there is nine percent



unemployment.

2 General Weyand. I was at a function Sunday night of  
3 the 75th anniversary of the Army Nurse Corps. I noted that  
4 when they were first organized they received \$2 a month. Twelve  
5 years later in 1900 they received \$40 a month. This has been  
6 the sort of past history of the compensation that has been  
7 received by people in the military. And as you indicated, in  
8 1969 there was a major effort made by the Congress to arrive  
9 at comparability. That was done. I think that what we are  
10 receiving now, that my people are receiving now, is adequate  
11 compensation. But I am concerned about any decrease in those  
12 benefits. I believe the commissary system could be more  
13 effectively managed. And if it isn't, then I believe that  
14 Congress should take appropriate action.

15 The Chairman. Your time has gone over considerably.  
16 Will you let me interrupt you just two or three minutes, and  
17 then I am going to ask you to take over, because I am compelled  
18 to go.

19 Gentlemen, there will be an afternoon session now, if  
20 anyone has any questions to ask, and even sessions tomorrow if  
21 necessary. If just happens that I am compelled to go away  
22 this afternoon.

23 I have a very few questions --

24 Senator Culver. Mr. Chairman, I have to preside at 12:15  
25 I wonder if you could have a session this afternoon?



3 Senator Cannon. Does the Air Force agree that the  
4 NATO theater war reserve of SAM air defense missiles are  
5 adequate for wartime?

6 Answer.

7  
8  
9 Senator Culver. General Weyand.

10 General Weyand. Sir, I have reviewed the actions  
11 that have been taken to educate our people as to their  
12 compensation, the pay and the benefits that they receive.

13 While all of this has been going on, I think you know that  
14 we have taken a number of actions which have affected the  
15 servicemen and women. Some of these I have ticked off here.  
16 For example, we have done away with superior performance pay.  
17 That was \$23 million a year. With clothing maintenance, \$11  
18 million. Re-enlistment travel was a little over \$4 million.  
19 Then the re-enlistment bonuses and the specialty pay, that  
20 is, for critical MOS's, that was \$96 million. And the  
21 enlistment bonus was \$40 million. And then we reduced the  
22 number of days that an enlisted man is paid for leave when  
23 he re-enlists. And that was \$16 million.

24 All of these changes were perceived by the servicemen



14  
Senator Culver. Hits?

General Weyand. Hits, h-i-t-s -- against them.

5 Now, the commissary is a particularly difficult issue,  
6 because it is not only the money, but the commissary and the  
7 PX's have been related to the institution and its reputation  
8 for taking care of its own, which is a very real part of the  
9 glue, if I can call it that, that holds an Army or military  
10 institution together, that gives men and women a feeling that  
11 when they are in difficulty that they will be looked after  
12 by the institution. So, the commissary was somewhat involved  
13 in all of that.

14 More to the point, I think the issue with the  
15 commissary became one of whether or not our people were overpaid  
16 And I contended consistently that they were not overpaid.

17 Now, if the problem is one of reordering the priorities  
18 of our country, that is something else. But I simply as  
19 Chief of Staff cannot go to a group of, say, young captains  
20 who have served two, and some of them three, times in  
21 Vietnam, or my non-commissioned officers, and in a sense tell  
22 them, hey, buddy, you have been feeding at the public trough  
23 to excess, you are overpaid, we are now going to take some of  
24 that away.

25 I would argue that if the country was in such economic  
26 straits that it was necessary to trim back the compensation  
27 of the Army, that certainly the Army would be amenable to



2 having that presented. I would present that argument and feel  
3 comfortable with it. But not the argument as it now stands th  
4 they are overpaid. And my feeling about the commissary thing,  
5 as the arguments went along, was that it was an emotional  
6 issue, largely attached to general officers and possibly my  
7 field grade officers, though make up really only a small part  
8 of this Army.

9 There is a feeling that people like myself are living  
10 high on the hog. And I see estimates of my compensation  
11 that range to a high of \$200,000 a year down to something  
12 maybe more realistic like \$50-odd-thousand a year in total  
13 compensation. But when I go around and survey in a serious  
14 way the situation of the servicemen and women, the servants,  
15 the lieutenants, up through captain -- and they make up the  
16 bulk of the Army, pretty close to \$700-and-some-odd-thousand  
17 of them -- I find that they are having a difficult time  
18 economically.

19 Now, they are not starving to death, I don't say that.  
20 certainly you don't get the impression that they are overpaid  
21 or that they are having an easy time of it.

22 And so I have taken this position, that the Congress,  
23 I think very wisely, established the statute which called fo  
24 a quaternial review of this total compensation package.

25 And that review is not underway.

As the Chief of Staff of the Army, it would be much



16  
1 more palatable and acceptable and I think reasonable for me  
2 to wait until that total review is completed this summer or  
3 late spring and the Congress has then addressed it, and the  
4 necessary reordering of priorities that goes along with it,  
5 the argumentation or rationale for it. And at that point in  
6 certainly I am willing to take forth anything to the Army and  
7 say, this is it, and this is the reason for it.

8 But all of these piecemeal attacks on compensation  
9 without any overall rationalization or obvious savings has been  
10 very difficult to handle.

11 Now, we have tried to respond to the needs of the  
12 country in an economic sense by taking this Army, small as it  
13 is, 785,000, and building more combat power into that force  
14 by cutting out headquarters, less essential support activities  
15 and the like.

16 So, we have taken that route as maybe the more meaning-  
17 ful one in terms of hundreds of millions of dollars, and the  
18 relationship of that money to readiness, and so forth, as  
19 opposed to the commissary.

20 And having said that, as you know, Secretary Hoffman  
21 shares this responsibility of leadership in the Army, or  
22 I share it with him. And I would like to ask your permission  
23 for him to add anything to what I have said. Because he  
24 may have an entirely different point of view.

25 Secretary Hoffman. I think what the distillate of th



introduction you made this afternoon here to this particular issue, the commissaries, and General Weyand's response, reflect, as my posture statement reflects, the approach that we need to take to these benefits when we go after that. I don't think anybody feels -- and I don't pick up the tone from what you said that you feel -- that the compensation to the military at the present is too much. When you look at benefits, particularly in a historic sense, including particularly the commissary, you can gauge that as a benefit to the individual.

You also have to gauge it in terms of it being a benefit to the institution.

Now, unlike a civilian community, we ask your people to move periodically. And we ask them to move on short notice.

Senator Culver. We have got a lot of suggestions to cover. Nobody is talking about closing commissaries. We are talking about whether or not you can continue to justify a particular subsidy to the commissary program currently, in view of the fact that even with abolishment of that particular line of it it will still constitute a particular reduction.

If we want to get into the justification for commissaries we really ought to review how consistent their continued existence is with the original 19 frontier peace rationale for their existence in comparison to modern times.

So, I think we had better let this record speak for itself. You can go ahead. But we have got a lot of things to cover.

