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FISCAL YEAR 1998 SUPPLEMENTAL APPROPRIATION FOR BOSNIA AND SOUTHWEST ASIA OPERATIONS

HEARING

BEFORE THE

COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE

ONE HUNDRED FIFTH CONGRESS

SECOND SESSION

SPECIAL HEARING

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FISCAL YEAR 1998 SUPPLEMENTAL APPROPRIATION FOR BOSNIA AND SOUTHWEST ASIA OPERATIONS

FRIDAY, MARCH 6, 1998

U.S. SENATE,
COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 9:35 a.m., in room SD–106, Dirksen Senate Office Building, Hon. Ted Stevens (chairman) presiding.

Present: Senators Stevens, Cochran, Specter, Domenici, Bond, Burns, Shelby, Campbell, Byrd, Inouye, Hollings, Leahy, Bumpers, Reid, Dorgan, and Boxer.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF WILLIAM S. COHEN, SECRETARY OF DEFENSE

ACCOMPANIED BY GEN. HENRY H. SHELTON, U.S. ARMY, CHAIRMAN, JOINT CHIEFS OF STAFF

OPENING STATEMENT OF HON. TED STEVENS

Chairman STEVENS. Good morning, Mr. Secretary, General Shelton. We welcome you before our committee this morning, and appreciate your willingness to come to testify on very short notice. We believe there will be a number of Senators attending today's hearing. But I am going to ask my colleagues to withhold their opening statements so that we can listen to your statements first. I think that may reduce the number of questions.

We are going to have your testimony, and then each member will have 5 minutes to make a statement or ask questions, and we will have as many rounds of questions as time permits. Since Senator Byrd and I will take our time first, we will go last on the question round.

We meet today to review the request for $1.85 billion in emergency supplemental funds for the contingency operations in Bosnia and Iraq, and $172 million to repair facilities damaged in the Northeast, California and Guam. So the submission for Bosnia before Congress was mandated by legislation included in the 1998 Defense appropriations bill which was approved by the President. Section 8132 required the President to submit a supplemental request for Bosnia if he decided our forces would remain past June 30, 1998.

The bulk of the request, $1.36 billion, actually pays for operations in Southwest Asia, to contain Iraq. For 1998, Congress appropriated $677.5 million for operations around Iraq. This request before us increases the total spending to meet the threat posed by Saddam Hussein to $2 billion for 1998. Unlike our deployment to the gulf 8 years ago, we now find ourselves virtually alone in paying the bills to meet the threat posed to our allies in the gulf.

Our Arab allies have not publicly endorsed the use of military force against Iraq, and our Arab allies who are really the ones in immediate harm's way from Saddam Hussein, to my knowledge, have not provided any increased support for our military forces.

In fact, it is my understanding they are not providing even the fuel and water necessary for the Air Force and the Army units we have already sent to Saudi Arabia and Kuwait over the past 3 months. We have to bring those supplies into the area or buy them there, and that is one reason I understand the request before us for Southwest Asia exceeds $1 billion.

I do support providing the necessary funding in 1998 in this supplemental. But the American taxpayer should not have to pay all of the costs of containing Iraq alone.

Following the passage of this supplemental, it is my plan to take this committee to the gulf region, to meet those allies and to discuss those questions. If our allies expect and rely upon our military protection, they should be full partners in the mission, including partners providing some of the needed resources for our armed forces for the period of this emergency.

For Bosnia, the supplemental request in the budget amendment for fiscal year 1999 does show progress in reducing the size of our force and costs to operate in and around Bosnia. The total cost for the Army presence in Bosnia will decline from nearly $2 billion in 1997 to $1.38 billion for 1999. The Air Force actually reduced spending below their estimate for 1998 by $57.7 million.

At our insistence, the President submitted this request under the emergency designation, which will mean that we will not need to reprogram funds from the current defense program to pay for the bills for Bosnia or Iraq. If we had to find nearly $2 billion in offsets now, halfway through the fiscal year, such reprogramming, in my judgment, would seriously retard our modernization efforts, and we just cannot reprogram that much money again, in 1998.

Our Nation bears a unique burden, as the sole remaining global military superpower. But that capability does not imply we must go it alone in every crisis, in every emergency.

Gentlemen, it is our intention to work with you to get you the money you need to protect the safety, readiness, and quality of life for our military forces. We know this emergency has required you to spend funds needed to assure the continued readiness of our military for the balance of this fiscal year. Senator Byrd and I will urge our committee, the Senate, and the Congress to respond to the request for these emergency funds as quickly as possible.

Now, let me recognize the former chairman of our committee, my great friend, Senator Byrd.

STATEMENT OF HON. ROBERT C. BYRD

Senator BYRD. I thank you, Mr. Chairman.

Secretary, General Shelton, my colleagues, I join with my chairman in supporting the request for the fiscal year 1998 amount. We were told last year that our forces would be in Bosnia for roughly 1 year. To put it charitably, the administration was being very disingenuous in saying that. And I am sure that most of us felt that, but we gave it a try.

Now, the administration is no longer being so disingenuous. In its report it is saying that there is no end date. There is an indication that we are going to be there for a long time.

And I note that the President's report indicates that we ought to show leadership in Bosnia, and so we are going to be there for quite a while. And the exit strategy indicates that we are there for nation-building, in my judgment. But we want to show leadership, says the report.

In Iraq, we are not showing leadership. We have not been showing leadership. We have been tagging along after the United Nations. We get our orders and our instructions and our recommendations, apparently, from the United Nations. And some of those words may not be quite appropriate, but they make my point.

I have been in the Senate 40 years, or soon will be, and in the House and Senate for almost 46 years. And this is a strange way of operating, in my judgment, especially since this administration came into power.

We play along with the United Nations. We did that in Somalia. Congress finally came to its senses and used the power of the purse. And I assume the President is not going to line-item veto anything in this bill, this supplemental. But we kind of came to our senses and drew a line and said, OK, this far, no farther. If it is going to go any farther, come back and ask for the money.

So here we are now, we are being asked for the money to continue the now open-ended operations in Bosnia and the operations in Iraq. And we will be there quite a long time, in my judgment.

I do not expect the U.N.-brokered agreement to hold up or be very productive. But we got ourselves into a trap by saying we will let the United Nations go there and we will wait on their recommendation. So it was pretty hard to turn down the recommendation once we had yielded that much ground.

So we are in both areas. And when we look over our shoulders, we do not see very many other nations there behind us. The deployments to Bosnia and the Middle East are in the nature of permanent deployments of United States forces, based on permanent emergency funding. The pressure to end these deployments or to establish reasonable durations and exit strategies, end games, the pressure is dissipating rapidly. There are no tradeoffs with other programs, no pain that provides the pressure to transform and end them. The pressure to get our allies to fill in the slack is rapidly disappearing.

The President has provided the certification required by the authorization and appropriations acts for fiscal year 1998, that the continued presence of U.S. armed forces is required after June 30, 1998, and an accompanying report. The report is revealing, in that the expected duration of our deployment is characterized as follows. "We do not propose a fixed end date for the deployment."

Quite different from the situation last year. But we are there now. And so the administration is going to be a little more up-front with us. Thus, the pressure to get out and pass off the ground force role to our allies has evaporated.

The exit strategy—in other words, the required condition for our forces to come out and come home—reads like a nation-building strategy. In other words, required achievements include judicial reform, development of an independent media throughout the territory, democratic elections, free market economic reforms, an orderly minority return process, and so on and on. And this appears to me to be a formula requiring a very extended duration—certainly, several more years.

I do not think this is an indefinite free ride. And I think we ought to let our so-called allies in on that secret. It is not an indefinite free ride. I believe that the terms of U.S. involvement are turning into a permanent force, with no pressure to get out, that the mission is sliding toward nation-building, that the Europeans are not under any pressure, or very little at best, to replace our combat forces on the ground, which will remain, therefore, at permanent risk, and that the funding of some $2 billion per year through emergency supplementals is becoming the method of congressional support.

Now, these funds are not going to be taken from discretionary funding, but there are still costs to the American taxpayer; $2 billion is not going to be charged against our discretionary funds, which are very, very limited, so they will be emergency funds. But they are still taxpayers' dollars.

A similar permanency seems to be involved in Southwest Asia. We now have 30,000 troops in the region, waiting for the signal to go after the Iraqi regime, after we have announced for several weeks that we are going to go after them. We have given Saddam all the time that he could possibly have wished for to carry out his methods of deception, and, at the tune of $1.3 billion for this current fiscal year. Presumably we will have to expend a similar sum next year if the situation remains unchanged and we want to be ready to go after Iraq if and when the U.N.-brokered inspection regime fails.

I would just note here my concern over what appears to be a quickly developing habit of American leadership through the permanent deployment of forces in theaters of potential conflict. There seems to be little or no discussion in these funding requests of sharing that burden with our allies. Why shouldn't they help pay this bill?

Why shouldn't the Saudis? Why shouldn't the others in that region help to pay this bill?

Since we are talking about biological and chemical weapons, this is a threat to all countries, it seems to me. Why shouldn't Japan, why shouldn't Germany, why shouldn't France, why shouldn't the other prospering nations of the world help to pay some of the bill?

It is our manpower, in the main, that is stationed there. They are going to be soon sweating in the hot deserts.

How about our taxpayers? Let us have some relief.

Let us ask the other countries to belly up to the bar. If they will not send manpower, they can at least send money.

The requests are now regularly based on provision of funds under emergency designations. And I am concerned over the open-ended sweeping nature of the commitments we are undertaking in these deployments, now admittedly of indefinite duration. And I am also concerned that we are dissipating pressure for leadership roles on the part of our allies.

It has been fashionable for the Congress to talk about exit strategies in regard to deployments of combat forces abroad. I note that the President's response to the questions of exit strategy on page 5 of his report outlines the conditions necessary to be created in Bosnia before we can depart. There is a long list. It included judicial reform in place, a democratic, independent media, implementation of democratic elections, free market reform, and so on.

Now, let me tell you, I counted, in the President's report, 40 nations that are involved in the Bosnian effort—40 nations. Am I correct in that, Mr. Secretary?

Secretary COHEN. Approximately.

Senator BYRD. Sir?

Secretary COHEN. Approximately 40 nations, that is correct.

Senator BYRD. Well, it is 40, if you count them in his report.

It sounds like a great array of cooperation and mass strength. But I took the time to—I do not know how to use the calculator; I have to use pencil and paper—that is the old-time way—and I asked someone the other day to break down some figures. They got out their calculator and they could not do it. Well, I said, take your pencil and paper. Well, they could not do that. They had calculators. There are lots of calculators in the Nation's schools, but few, apparently, students understand how to use the old math, and figure it out with pencil and paper.

Well, I did this with pencil and paper this morning, Mr. Chairman. And let me tell you what these 40 nations are contributing. Fourteen nations out of the 40 contribute less than 100 personnel each. Fourteen out of the 40 nations contribute a total of 390 personnel. Fifteen nations, in addition to the 14, 15 other nations, contribute over 100 each, but less than 1,000, for a total of 6,766.

Of the remaining 11 nations that contribute 1,000 or above each, only 4 nations contribute 2,000 or above—they being Germany, France, each with 2,500; the United Kingdom with 5,000; and the good old United States with 8,500. In other words, two nations, the United States and the United Kingdom, bear the brunt of the effort. And we are talking about staying there now. No end game. No light at the end of the tunnel in sight. After we were told last year that we will be there 1 year, about 1 year.

I think the administration knew better than that when they were telling us that. But that is the runaround that we get. Then they come to the Congress. We take the recommendations of the United Nations. We follow that crowd along. And then we come down to where it hurts—putting the Nation's manpower, the men and women of the Nation, into areas of danger. And the old purse strings have Uncle Sam's taxpayers footing the bill.

Apparently, nobody is making any effort this time to get other countries to help us in Southwest Asia. Now, we insisted on that a few years ago when we had the big 100-day war, I suppose it

was. We insisted on the other countries bellying up to the bar. And they gave right much. But there is no effort this time.

We have got to show leadership, says the report. But as we purport to show leadership in Iraq, we do not show leadership. We let the United Nations jerk us around. And it is not going to work.

Now, Mr. Chairman, to make a long story short, I will support the fiscal year 1998 request. But I suggest that we wait a little while before we talk about the fiscal year 1999 emergency funding request. It is about time that the administration learns that there is a third branch of government. It is an equal branch. And under the Constitution, if we will go back and read the Federalist essays and read the Constitution, we will find that this branch controls the purse strings.

So, Mr. Chairman, I am in favor, as I say, of going along on the 1998 request. But we have got some time. Let us take a look at that fiscal year 1999 request. Let us not hurry. Let us not be stampeded. I do not intend to be stampeded into following the administration, no questions asked, just hand it up, whatever they request. And they will take their request up the line to the United Nations also, where they will get their recommendations. But we will just follow along, and open the taxpayers' purse strings and fund the bill. We are going to take it a little slowly on that.

Now, there is some disturbing news in the paper this morning about what the Serbs are doing in Albania. And so perhaps all of the rosy stories about how the ethnic conflict was being controlled and all of that, do not look so good this morning. These are ominous, ominous headlines about what is happening in Albania. And that is what we have been concerned about, some of us, all along.

And this may go to be something big. And I think we had better let our so-called allies know now that we cannot foot the bill and provide the great bulk of the manpower perpetually, and especially if this conflict is going to spread. We had better talk turkey to those people, and they had better respond.

Now, Mr. Chairman, I have taken too much of the committee's time, but I feel strongly about this. I want to support our men and women there, but I think the administration—this administration and others—in recent years, they seem to think that they can have it their way with the Congress, get what they want, and then, when we get our men and women over there, we in the Congress have got to go along. The veil of disingenuousness has been stripped now. And so the administration is back. And there is no end game.

A lot of this happened before you became Chairman of the Joint Chiefs, General Shelton, and some of it before you became Secretary, Secretary Cohen. There is going to be a day of reckoning, and we had better start adding up the costs now and letting our allies know that they had better belly up to the bar.

I would like to see some efforts on the part of the administration to get our allies to come forward and help pay this bill. I am glad that the chairman is going to have the committee go over there. I am past 80 years old, but maybe I can make one more trip abroad.

Thank you.

Chairman STEVENS. We would be happy to have you, Senator.

Mr. Secretary and General, we would like to proceed with your statements now.

Welcome. We are glad to have you here.

Secretary COHEN. Thank you very much, Mr. Chairman, Senator Byrd, and members of the committee. I think a great deal has already been said about the request, and so I will try to summarize what I think is a brief statement that has been submitted for the record. But I will just try to touch the highlights.

Chairman STEVENS. We will print both statements in full in the record at the beginning of the hearing.

Secretary COHEN. I could make a short statement very long, but I think that you would prefer to ask questions. And so I will try to be as brief as possible.

BOSNIA PROGRESS AND TROOP LEVELS

With respect to Bosnia, as you have indicated, the fiscal year 1998 supplemental request is $487 million, pertaining to the planned extension of operations beyond June 1998. And the 1999 amendment seeks $1.8 billion to continue those operations through the end of that fiscal year.

I could take a lot of time to discuss what has been accomplished in Bosnia. I think many of you have had an opportunity to visit that country. In fact, we have seen about, I think it is, some 300,000 soldiers who are no longer in service over there. We have seen the return of some 400,000 refugees. We have seen about one-third of the indicted war criminals taken into custody. Economically, that country is growing at a rate of between 50 percent in 1996—last year it was 37 percent growth. It is one of the fastest growing regions in the world today by virtue of the stability that has come to that country.

So there are many positive things that, in fact, have been achieved. And I must say that I, while a member of this body, had my doubts about the wisdom of participation in Bosnia. I can say, having been there on many occasions since, that we have made an enormous difference in the lives of millions of people.

I would also point out that one of the interesting things about our troops, they feel very good about the service they are providing to that country. It has the highest reenlistment rate perhaps of any region that our forces are stationed, in Bosnia, because the troops feel that they are indeed making a major difference in the lives of people who have known a lot of war and agony for quite a few years.

With respect to our forces, we will be coming down to approximately 6,900. And this should be taken note of. Originally, when we got involved in Bosnia, we had roughly 20,000 troops that were deployed to that country. And that is not counting the troops that would have been in the neighboring countries of either Italy, Croatia, Hungary, or Germany. But in Bosnia itself, roughly 20,000.

Since that time, we have come down from 20,000 to 15,000 to 10,000 to 8,500. And we project going to roughly 6,900. So the trend lines are in the right direction.

It is our hope that these institutions that have been formulated will become sustaining over a period of time. And as Senator Byrd has pointed out, it is hard to fix an end date, as such, saying it

will be completed by that time, but there has been enormous progress that has been made in just a very short period of time.

Last week, we saw three indicted war criminals turn themselves in. If you would have asked me 1 year ago, would that have been possible, the answer would have been no.

Last fall, we saw 14 war criminals turn themselves in. We have had several who have been apprehended by the British, by the United States, by the Dutch. And so there is enormous progress taking place.

But one thing that we have learned in this turbulent century is that America's security and European stability are also intimately linked. And we believe that implementation of the Dayton accords is changing the conditions that made Bosnia a fuse in a regional powder keg. And our leadership has been essential to sustain that rate of progress.

SOUTHWEST ASIA OVERVIEW

Let me turn, if I could, very quickly, Mr. Chairman, to Southwest Asia. We all know that Iraq precipitated this crisis when it sought to define who could come in as part of the inspection team to look at what facilities, under what circumstances, and when. That was precipitated last fall. We responded to it when Saddam Hussein immediately threatened to shoot down our U–2.

Chairman Shelton and I conferred. We decided, obviously, that that could not take place and would not take place. And we deployed—asked the President to order the deployment of a second carrier. And from that time, we have augmented those forces in the region.

As you correctly pointed out, we have roughly 33,000 to 34,000 troops that are in the region, largely by the increase in the number of ships, but also we have had some ground forces deployed to Kuwait in order to prevent any kind of a move south by Saddam Hussein on a surprise attack.

We intend to keep that level of force there as long as necessary. But in this particular request, what we are asking for is funding at the current level of operations through to the end of this fiscal year, which would carry us through to the end of September.

This would not take into account, this request for the supplemental appropriation, would not take into account any need to use those forces, but simply to maintain them at their current operational pace. But that is what we propose to do, because Saddam Hussein has not given any indication that he intends to fully comply with the U.N. resolution and with that memorandum of understanding that was recently negotiated.

Let me try to respond, Senator Byrd, to a number of issues you have raised.

We are there, I think as everyone knows, not simply to protect the Saudis or the Kuwaitis or the gulf states. We are there because we have determined—I believe the line was drawn as early as President Carter's administration, when he said that we have a vital national security interest in that region. We have maintained that vital national security interest over a variety of administrations, Republican and Democratic.

We are not operating under the instructions of the United Nations. We have been enforcing U.N. resolutions, which call for Saddam Hussein to fully comply with inspection regimes that would allow the inspectors to determine whether he is retaining any nuclear materials, any nuclear capability, any chemical or biological weapons. We know that he has lied consistently in the past about what he had in storage. That became apparent in 1995 and 1996. And as a result of that disclosure, many of his stocks have, in fact, been destroyed.

And what we intend to do is to continue to support the U.N. inspectors, so they can be on the ground, doing their job. A lot of people have suggested, why not just bomb? And the answer we have offered, and I think the right answer, is that bombing may make us feel good, it may diminish his capacity to inflict harm upon his neighbors, and possibly upon those far from his region one day, but it will not be an adequate substitute for having inspectors who are on the ground, knocking on doors, opening doors, and, in fact, seeking and overseeing the destruction of those weapons of mass destruction. There is no adequate substitute for that.

ALLIED SUPPORT OF UNITED STATES

But barring their effectiveness, if he is to erect barriers to prevent them from carrying it out, then the President, along with our allies—and, Senator Byrd, let me indicate—you have said we look over our shoulder and there are not many behind us. There are some 25 nations who have pledged support. Some of it may not amount to a great deal, but it certainly amounts to a lot as far as our international standing is concerned, and 13 out of the 16 NATO nations have pledged support. Sixteen out of the 19, if you include the new members who may be admitted as a result of Senate action.

So we have had very strong allied support for our commitment to the region, in terms of forces. They may be small, but they are all that one would need.

In fact, General Zinni, who will be here on the Hill with me later today, will tell you, if you were to call him, that he has everything that he needs in order to carry out a military option if it becomes necessary to exercise it. And he has been fully integrating those 25 nations who have offered support, ranging from ships to aircraft to demining and chemical detection capability. And whatever expertise they can offer, they are prepared to offer it. So we do have quite a few nations behind us.

I would like to say also that some of that has come about as a result of congressional pressure. There was a very important conference that some of you attended. Senator Byrd, you have attended it in the past. It is called the Wehrkunde Conference, in Munich.

And I might say, as a result of the Senate and House participation in early February in that conference, those members made it very clear to our NATO allies, you cannot continue to expect the United States to be concerned about interests which are primarily located in Europe, although we have an interest in it, if you are unwilling to support us in areas where you have an interest as well as we have an interest, and simply let us bear the burden.

As a result of those very strong statements coming from Members of Congress, we saw an immediate raising of hands, saying how many are with us. So congressional voices can be critically important in that regard.

The commitment to Bosnia. It is not open ended, Senator Byrd, as long as Congress has control of the purse strings. The President can propose to keep our forces there as long as he believes to be necessary. But the fact is that you are, if not an equal partner, maybe a superior partner. Congress controls the purse strings.

Senator BYRD. Thank God.

Secretary COHEN. Well, I am fully aware of the role of Congress in our constitutional system.

Senator BYRD. And the Framers.

Secretary COHEN. Mr. Chairman, let me stop here.

I believe we could take some time to talk about the regime that has been outlined by the Secretary-General of the United Nations. He has negotiated a memorandum of understanding. If Saddam Hussein complies fully with that memorandum, then we will have been successful, in that we will get access to sites which have been ruled off limits for the past 7 years.

If we are not successful in gaining access to those sites, then the process will have failed, as far as diplomacy is concerned, and we will have walked the last mile. One of the things that has been of concern to you and to me and to the chairman is the support from our friends in the gulf. They—and I just came back a few weeks ago from the gulf—those countries were, in fact, supporters.

Are they worried about Saddam Hussein? The answer is yes. Are they eager to take a very prominent position in opposition to Saddam Hussein? The answer is no.

They have to live in a neighborhood with a bully, a bully who is armed and dangerous. And so they have to look out for their interest at home situation as well as the need to be supportive of the United States. They have indicated that they are going to be with us. They wanted the United States to take the last diplomatic initiative.

I spoke with all of them this week. They are very pleased with the fact that the United States was willing to walk this last mile, as far as negotiations with Saddam Hussein. And they are prepared to say, and have said, that we have done all that is necessary. If Saddam Hussein refuses to comply with the memorandum of understanding and the U.N. resolutions, he must bear the full consequences of his actions. I think that is pretty clear that they are with us.

IMPORTANCE OF EARLY ACTION ON SUPPLEMENTAL

Mr. Chairman, let me just say that action on these requests—and I have not touched upon the natural disasters, but I think everyone is aware of what has taken place in Guam and also the damage caused by El Niño, and the ice storms. And I will be prepared to talk about those at greater length if you would like. But if we fail to have action on the supplemental by April, then the military services are going to have to start actions which would be adverse to our interests. It will require us to start cutting back on our training, which will have an impact upon readiness. It will

start piling up some of the depot work. We will stop hiring a number of people. Contracts will be stretched out.

There are a lot of consequences to the military if we do not have action by early April, because the planning has to begin at that time. And the chairman is in a much better position than I am to detail that. But I hope that the committee will recommend action before long. April is the timeframe, obviously, when you go out for the break and come back. But we need to start planning for these funds. And if we cannot plan on these funds and really count on them, then we are going to take measures which I think that almost everyone in the Senate and the House would find to be adverse to our interests as far as military preparedness is concerned.

PREPARED STATEMENT

And I would just simply close by endorsing all of the requests contained in the supplemental. There are issues that go beyond simply the DOD portion. But I would add my support to all of those items contained in the supplemental request.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF WILLIAM S. COHEN

Mr. Chairman, members of the Committee, thank you for scheduling so promptly a hearing on President Clinton's request for emergency supplemental appropriations for fiscal year 1998 and for a budget amendment for fiscal year 1999. This statement will highlight the content of our funding requests, the President's proposals regarding financing of these appropriations, and the importance of timely action on our fiscal year 1998 package.

The President's funding request for the Department of Defense (DOD) is summarized in the attached chart and has three major components:

Bosnia.—To support the vital U.S. role in maintaining a peaceful environment in Bosnia, the fiscal year 1998 Supplemental requests $487 million related to the planned extension of operations beyond June 1998. The fiscal year 1999 amendment seeks $1.859 billion to continue Bosnia operations through the next fiscal year. Although NATO has not yet finalized the exact structure required for the follow-on-force in Bosnia, our cost estimates assume that the United States will contribute approximately 6,900 troops to the operation in Bosnia while maintaining about 3,100 support personnel in Croatia, Hungary, and Italy. This reduced force will allow for the continuation of currently assigned missions with the support of other NATO countries while providing for adequate force protection.

We have learned in this turbulent century that America's security and Europe's stability are intimately linked. The Bosnia war saw the worst fighting and the most profound humanitarian disaster on that continent since the end of World War II. Implementation of the Dayton Peace Accords is changing the conditions that made Bosnia a fuse in a regional powder keg. American leadership remains essential to sustain the current rate of progress.

U.S. and NATO operations in Bosnia have already achieved remarkable success. A stable military environment has been created, over 300,000 soldiers have returned to civilian life, and 6,900 weapons have been destroyed. Public security is improving through restructuring, retraining, and reintegrating local police. Democratic elections have been held at all levels of government, and hard-line nationalists are increasingly marginalized. Independent media and political pluralism are expanding. Over 400,000 refugees and displaced persons have returned home. One third of the publicly-indicted war criminals have been taken into custody. Economically, substantial progress has been made in the Bosnian Federation, whose economy grew 50 percent in 1996 and 35 percent in 1997. Political progress in the Serb portion of Bosnia has been notable, with a pro Dayton government gaining power and which is helping to create conditions necessary for economic progress there, as well.

Continued U.S. participation in support of the Dayton Peace Accords is crucial because America has important national interests in ensuring that war does not resume in Bosnia, from which it could spread to elsewhere in the region. Stability in

Europe and an international environment favorable to our future requires, as much as ever, resolute American leadership.

Southwest Asia (SWA).—In response to Saddam Hussein's unwillingness to permit unrestricted access to UNSCOM inspection teams, the United States has deployed additional forces that are prepared to take appropriate action against Iraq, should the President determine that to be necessary. The fundamental U.S. goal has been to assure that UNSCOM has unconditional and unfettered access to all suspect sites, as called for by U.N. Security Council resolutions. Diplomacy, backed by the threat of force, has moved us forward toward achieving that goal.

Iraq precipitated a crisis by trying to avoid its obligations under U.N. Security Council resolutions. It tried to dictate to the international community where UNSCOM could hold inspections, the manner in which inspections could be conducted, and the length of time they would continue. Iraq's effort failed.

Last week, Iraq made a written commitment to provide immediate, unrestricted, unconditional access for the UNSCOM inspectors to all suspect sites. If fully implemented, this commitment will allow UNSCOM to fulfill its mission of finding and destroying Iraq's chemical, biological, and nuclear weapons and the missiles to deliver these weapons and instituting a system of long-term monitoring to make sure Iraq does not build more. This commitment applies to all sites anywhere in the country—not only to the eight so called "presidential sites," but also to all sensitive sites, which up to now Iraq had tried to claim were off limits to UNSCOM. Any and all of these sites are subject to repeat visits. There are no deadlines for UNSCOM to complete its work. In short, for the first time, Iraq explicitly has committed to open every site throughout the country to the weapons inspectors.

The Secretary General has provided assurances that UNSCOM Chairman Butler remains in charge of UNSCOM and all weapons inspections. The Special Team for the "presidential sites" will be part of UNSCOM, will report to Chairman Butler, and will operate under procedures developed by UNSCOM and the Secretary General, not Iraq. The Secretary General has made this clear to the Iraqis, as well. There are issues that still need clarification, notably with respect to the inspection procedures for the "presidential sites." The U.S. has made clear that it expects all aspects of this agreement to reinforce the fundamental requirement that UNSCOM be permitted to carry out its inspections in a rigorous and professional manner.

Earlier this week the U.N. Security Council unanimously adopted a new resolution that backs up this memorandum of understanding (MOU) with Iraq by warning Baghdad that it will face the severest consequences if it fails to fulfill its commitments.

The President has made clear that, in the days and weeks ahead, UNSCOM must robustly test and verify this commitment. If Iraq implements the agreement, the weapons inspectors will for the first time have unrestricted, unconditional access to all suspect sites in Iraq, with no limits on the number of visits or deadlines to complete their work. If Iraq does not cooperate and we need to take action, we are in a stronger position internationally than ever before.

The U.S. will keep military forces in the Gulf at high states of preparedness while we see if Iraq lives up to its commitments. The U.S. remains resolved to secure by whatever means necessary Iraq's full compliance with its commitment to destroy its weapons of mass destruction.

For the purposes of the fiscal year 1998 Supplemental, we are requesting $1.361 billion to cover the added costs associated with sustaining our enhanced level of forces in the SWA region this fiscal year. These costs do not include any estimate for increased OPTEMPO levels that would occur during an actual campaign of armed hostilities, nor the related costs for expended munitions and cruise missiles, nor the costs for attrition losses.

No additional SWA funds have been requested for fiscal year 1999. However, if these higher forces levels are needed beyond next September, the Administration will need to seek added fiscal year 1999 funding.

Natural Disasters.—To recover from damage to U.S. military facilities and assets due to natural disasters, $123 million in emergency fiscal year 1998 supplemental appropriations is requested. This would provide $121 million for damage in Guam from Typhoon Paka and $2 million for damage in the U.S. from ice storms. Most of these currently identified costs are for repair of facilities and replacement of damaged equipment, but some military construction and family housing expenditures are needed as well. An additional $50 million for the Department is also requested, to be made available contingent upon the Administration's submission of a later request.

FINANCING REQUESTED APPROPRIATIONS

Regarding the financing of this additional funding, President Clinton is requesting that DOD's fiscal year 1998 unfunded requirements be met by non-offset emergency supplemental appropriations. Similarly, the President is proposing a non-offset emergency fiscal year 1999 budget amendment to fund the unanticipated costs of extending the U.S. mission in Bosnia through the fiscal year. The Administration included an allowance in the President's fiscal year 1999 budget of $3.2 billion to cover the costs of contingencies like Bosnia, SWA, and natural disasters.

The Administration's plan to finance these unanticipated contingency operations is the only way to ensure support for our forces deployed to Bosnia and Southwest Asia and avoid damage to military readiness. Thus, I strongly urge the Congress to support the Administration's request. If fiscal year 1998 supplemental appropriations were required to be offset from funds currently available to the Department of Defense, the damage would be broad and deep. Non-deployed units would likely be forced to drastically curtail training. Troop inductions and civilian personnel hiring would be curtailed or halted. Research and production programs would be reduced substantially, driving up costs and delaying needed modernization. Civilian personnel might have to be furloughed. Requiring DOD budget cuts this far into the fiscal year would multiply the severity of the actions that would have to be taken to fulfill America's commitments in Bosnia and SWA.

The President's fiscal year 1998 budget request and subsequent appropriations enacted by Congress did not accommodate nor anticipate these DOD funding requirements. The decision to maintain a significant presence in Bosnia and to confront Iraqi efforts to build and maintain a stockpile of weapons of mass destruction emerged after fiscal year 1998 appropriations were completed. Moreover, the Defense topline set in the bipartisan budget agreement did not anticipate these added costs. The Department used the Quadrennial Defense Review to carefully construct a balanced Defense program that sustains the necessary high levels of readiness, but still funds modernization at levels that will ensure that future readiness is also protected. To now unravel this program by requiring funding offsets will undermine this balance and hurt readiness both now and in the future.

TIMELY APPROVAL OF FISCAL YEAR 1998 SUPPLEMENTAL APPROPRIATIONS

I cannot stress enough the need for House and Senate action on our requested fiscal year 1998 non-offset emergency supplemental appropriations by early April. Without timely action, the significant costs of continuing our presence in Bosnia and responding to the crisis in Southwest Asia will begin to hurt force readiness. The risk to readiness will be especially acute because so many of our forces are deployed in major operations.

Beginning in April, the Military Services must decide on the funding to allocate to their programs for the remainder of the fiscal year. Without assurances on supplemental funding, major expenditures could be curtailed or deferred. The Services could begin curtailing deferrable activities—consisting primarily of training, depot maintenance, and maintenance of real property. (Fixed costs such as salaries, utilities, and base support contracts are difficult to curtail in the short term.) Were that to happen, important training opportunities would be lost, and the readiness of our nondeployed forces reduced. While depot maintenance and real property maintenance programs are deferrable, late funding of them potentially disrupts activities and can result in the idling of certain functions, thus creating a logjam of backlogged work that cannot be accomplished expeditiously or efficiently.

CLOSING

In closing, let me join with the President to urge Congress to consider this fiscal year 1998 Emergency Supplemental as part of a comprehensive package together with requests for supplemental appropriations included in the fiscal year 1999 Budget, including additional funding for veterans compensation and pensions; requests transmitted on February 2, 1998 for the Department of State to pay U.S. arrears to the United Nations and other international organizations and for the International Monetary Fund; and requests for other important needs that were transmitted on February 20, 1998.

CONTINGENCY FUNDING

	Fiscal year—	
	1998	1999
Bosnia	$0.5 billion	$1.9 billion.
Southwest Asia	1.4 billion	TBD.
Natural disasters	123 million (+$50 million)	

Fiscal year 1998 costs to be met by non-offset emergency supplemental.
Fiscal year 1999 costs to be covered by a non-offset emergency budget amendment covered by an allowance in President's budget.

Chairman STEVENS. Thank you very much, Mr. Secretary.

General Shelton, we are glad to have you here. We would be happy to have your comments.

General SHELTON. Thank you, Mr. Chairman, Senator Byrd, and distinguished members of the committee. I am very pleased to appear before you today.

Chairman STEVENS. Could I interrupt just a minute, General.

Gentlemen, I would remind you, these microphones are all live, and it takes an awful lot to be able to hear the General back there if we talk in front of the microphones. Turn away from them, if you will, please.

Thank you, General.

GENERAL SHELTON'S OVERVIEW ON BOSNIA

General SHELTON. Yes, sir.

I am very pleased to appear before this committee today to offer my views on the need for the supplemental funding for our ongoing operations in both Bosnia and Southwest Asia.

Let me begin by saying that the Joint Chiefs and I are convinced that a strong military presence in both regions is essential if we are to safeguard our security, protect our interests, and maintain our position of world leadership. However, this presence must not come at the expense of either current readiness, quality of life, or modernization.

As I know you appreciate, these are not issues that lend themselves easily to compromise. And so I am here to request your full support for the supplemental funds that we need to meet our demanding requirements around the world.

In Bosnia, as Secretary Cohen outlined, much has been accomplished in the last 2 years, since the Dayton agreement was signed. And U.S. forces deployed as part of the NATO-led, multinational force have played a key part in that progress. We have brought stability to the Balkans, and we have kindled hope for a lasting peace. And we have shown the continuing relevance of NATO as the principal instrument of peace in Europe.

We are proud of what has been accomplished, but much remains to be done to repair the aftermath of 4 years of brutal ethnic war. And the U.S. military will continue to play a significant role.

SFOR, the NATO-led coalition of 37 to 40 countries, depending on which day you count, is hard at work doing just that, first, by preventing another outbreak of armed conflict; and, second, by providing a secure environment so that the civil and political tasks required by the Dayton accords can go forward. A stable, peaceful

Bosnia, at peace with its neighbors and at peace with itself, is fundamental to stability in the Balkans and in Europe itself.

For the present, the NATO nations have concluded that a continued military presence is necessary to achieve our objectives. But we believe we can prudently reduce our forces on the ground, from the 8,500 average of recent months, to about 6,900. The exact numbers and the composition of the follow-on force will be based on a formal statement of requirements that will be submitted by NATO in mid-March.

These requirements will be derived from NATO's assessment of the security environment in Bosnia, the mission that the force will undertake and the level of risk that we are willing to accept. But it is clear that the U.S. contribution can be smaller, while still reflecting the key role we play in NATO and in SFOR, though the European nations will shoulder increased responsibilities.

Let me assure you that force protection remains our No. 1 priority. The United States contingent will be strong enough to defend itself against all threats that it is likely to encounter in Bosnia.

GENERAL SHELTON'S COMMENTS ON SOUTHWEST ASIA AND TIMING OF PASSAGE

In Southwest Asia, our latest dealings with Saddam Hussein confirm that Iraq will only comply with Security Council resolutions regarding weapons inspections when confronting overwhelming military strength and the clear resolve to use it. Thus, our strong military presence in the region is the indispensable component of our diplomatic efforts to force Iraq's compliance.

United States military power, supported by military contributions from the other members of the international coalition, give unambiguous meaning to the expression "severest consequences for Iraq," embodied in last Monday's Security Council resolution.

We are now at a critical juncture. And this is not the time to falter in our resolve. We know all too well that Saddam Hussein, in continued possession of his arsenal of chemical and biological weapons, represents a clear threat to the stability of the region, to our friends and allies who live there, and to our own vital interests.

Mr. Chairman, we have looked closely at the cost of both of these critical operations. For the fiscal year 1998 supplemental, we are requesting $500 million for Bosnia and $1.4 billion to cover the cost of sustaining the current force levels and operations in the Arabian Gulf for the remainder of the fiscal year.

The request is an emergency, nonoffset proposal. Similarly, we are requesting a nonoffset emergency amendment of $1.9 billion for fiscal year 1999, to fund the unanticipated cost of extending our mission in Bosnia through the fiscal year.

If approved, all supplemental appropriations will be applied directly to the field and to the fleet. Without these funds, we will be forced to divert money, either from readiness accounts or from modernization, or both. If we transfer funds from readiness accounts, the services will suffer the impact.

For the Army, O&M dollars would have to be diverted from training and maintenance, reducing some divisions to C–3 readiness status by the end of this year. The Air Force would have to reduce their peacetime flying training early in the fourth quarter

for flight crews not engaged in contingency operations. Many other combat aircraft units would be degraded to C–4 readiness status. With flight training curtailed, the critical shortage of pilots would be further aggravated.

The Navy would have to postpone shipyard maintenance on 22 ships, which would affect future schedules and degrade reliability and the long-term life of these ships. The readiness of our nondeployed carrier air wings would slip because of the impact on both training and maintenance. The Marine Corps would also have to defer important maintenance, take money from family housing projects, and postpone southern California storm repair damage.

To prevent such serious impacts on readiness, training, and quality of life, the services must know by early April that they will receive nonoffset funding, and they will need the actual funding by early June. If we are forced to divert funds from modernization programs, we will fall even further behind the investment goals defined last spring in the "Quadrennial Defense Review."

In fact, the supplemental funding that we are requesting is equal to 4 percent of each year's planned expenditures for modernization. That is twice the amount in this year's budget for modernization of the Army's main battle tanks and Bradley fighting vehicles. It is double the number of both Harriers and Ospreys in this year's procurement budget for the Marine Corps. It will buy more than a squadron of F–18's for the Navy. And it would buy eight new C–17's for the Air Force.

Clearly, transferring money from modernization accounts is not an attractive option either. As the chairman's posture statement emphasized this year, for the fifth consecutive year, we must reverse the trend to defer modernization to help finance today's ongoing operations—operations which are vital to our national security. And reversing that trend will not be possible without supplemental funding.

Mr. Chairman, without assistance from the Congress in funding the costs of these operations, we will pay a price in degraded readiness and quality of life, and find ourselves with an aging inventory of systems and weapons. Sometime, somewhere we will be asked to pay an even greater price, in American lives, because we doubt our resolve or our ability to exercise the leadership that is so essential to peace and prosperity throughout the world.

PREPARED STATEMENT

Mr. Chairman, we are grateful for the support of this distinguished committee and the whole Congress for our men and women in uniform. I appreciate very much the opportunity to appear before you today and to state my views on these obviously very serious issues. And at this time, I will be happy to join the Secretary in taking your questions.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF GEN. HENRY H. SHELTON

Mr. Chairman, I am very pleased to appear before this committee to offer my views on the need for supplemental funding for our ongoing operations in Bosnia and Southwest Asia.

Let me begin by saying that the Joint Chiefs and I are convinced that a strong military presence in both regions is essential if we are to safeguard our security, protect our interests, and maintain our position of world leadership. However, this presence must not come at the expense of either current readiness and quality of life, or modernization. As I know you appreciate, these are not issues that lend themselves easily to compromise and so I am here to request your full support for the supplemental funds we need to meet our demanding requirements around the world.

In Bosnia, much has been accomplished in the two years since the Dayton agreement was signed and U.S. forces deployed as part of the NATO-led multinational force. We have brought stability to the Balkans and kindled hope for a lasting peace. And we have shown the continuing relevance of NATO as the principal instrument for peace in Europe. We are proud of what has been accomplished but much remains to be done to repair the aftermath of four years of brutal ethnic war and the U.S. military will continue to play a significant role. SFOR, the NATO-led coalition of 37 countries, is hard at work doing just that first, by preventing another outbreak of armed conflict and second, by providing a secure environment so that the civil and political tasks required by the Dayton Accords can go forward. A stable, peaceful Bosnia at peace with its neighbors and at peace with itself is fundamental to stability in the Balkans and in Europe itself.

For the present, the NATO nations have concluded that a continued military presence is necessary to achieve our objectives but we believe we can prudently reduce our forces on the ground from the 8,500 average of recent months, to about 7,000. The exact numbers and composition of the Follow-on-Force will be based on a formal statement of requirements submitted by NATO in mid-March. These requirements will be derived from NATO's assessment of the security environment in Bosnia the mission the force will undertake and the level of risk we are willing to accept.

It is clear that the U.S. contribution can be smaller while still reflecting the key role we play in NATO and in SFOR though the European nations will shoulder increased responsibilities. But let me assure you force protection remains our number one priority. The U.S. contingent will be strong enough to defend itself against all threats it is likely to encounter in Bosnia.

In Southwest Asia, our latest dealings with Saddam Hussein confirm that Iraq will only comply with Security Council resolutions regarding weapons inspections when confronted by overwhelming military strength and the clear resolve to use it. Thus, our strong military presence in the region is the indispensable component of our diplomatic efforts to force Iraq's compliance. U.S. military power, supported by military contributions from the other members of the international coalition gives unambiguous meaning to the expression "severest consequences for Iraq," embodied in last Monday's Security Council resolution. We are now at a critical juncture and this is not the time to falter in our resolve. Beyond that, we know all too well that Saddam Hussein, in continued possession of his arsenal of chemical and biological weapons represents a clear threat to the stability of the region to our friends and allies who live there and to our own vital interests.

Mr. Chairman, we have looked closely at the cost of both of these critical operations. For the fiscal year 1998 supplemental, we are requesting $0.5 billion for Bosnia and $1.4 billion to cover the cost of sustaining the current force levels and operations in the Arabian Gulf for the remainder of the fiscal year. This request is an emergency non-offset proposal. Similarly, we are requesting a non-offset emergency amendment of $1.9 billion for fiscal year 1999 to fund the unanticipated costs of extending our mission in Bosnia through the fiscal year. If approved, all supplemental appropriations will be applied directly to the field and to the fleet. Without these funds we will be forced to divert money either from readiness accounts or from modernization or both.

If we transfer funds from readiness accounts, the services will suffer from the impact. For the Army, O&M dollars would have to be diverted from training and maintenance, reducing some divisions to C–3 readiness status by the end of the year. The Air Force would have to reduce peacetime flying training early in the 4th quarter for flight crews not engaged in contingency operations. Many other combat aircraft units would be degraded to C–4 readiness status. With flight training curtailed, the critical shortage of pilots will be further aggravated.

The Navy would have to postpone shipyard maintenance on 22 ships, which will affect future schedules, and degrade reliability and long-term life of the ships. The readiness of non-deployed carrier air wings would slip because of the impact on training and maintenance. The Marine Corps would also have to defer important maintenance, take money from family housing projects, and postpone Southern California storm damage repairs.

To prevent such serious impacts on readiness, training, and quality of life, the Services must know by early April that they will receive non-offset funding, and they will need the actual funding by early June.

If we are forced to divert funds from modernization programs, we will fall even further behind the investment goals defined last spring in the Quadrennial Defense Review.

In fact, the supplemental funding we are requesting is equal to 4 percent of each year's planned expenditure for modernization. That is twice the amount in this year's budget for modernization of the Army's main battle tanks and Bradley Fighting Vehicles. It is double the number of both Harriers and Ospreys in this year's procurement budget for the Marine Corps. It will buy more than a squadron of new F/A–18's for the Navy. And it would buy 8 new C–17's for the Air Force. Clearly, transferring money from modernization accounts is not an attractive option either. As the Chairman's Posture Statement emphasized this year for the fifth consecutive year we must reverse the trend to defer modernization to help finance today's ongoing operations which are vital to our national security. And reversing that trend will not be possible without supplemental funding.

Mr. Chairman, without assistance from the Congress in funding the costs of these vital operations we will pay a price in degraded readiness and quality of life and find ourselves with an aging inventory of systems and weapons. Sometime, somewhere, we may be asked to pay an even greater price in American lives because some may doubt our resolve or our ability to exercise the leadership that is so essential to peace and prosperity throughout the world.

Mr. Chairman, I am grateful for the support of this distinguished Committee and the whole Congress for our men and women in uniform. I appreciate very much the opportunity to appear before you to state my views on these very serious issues. At this time I will be happy to answer any questions you may have. Thank you very much.

Chairman STEVENS. Thank you very much.

I would state to the committee that the 1999 request is not before the committee at this time. Senator Byrd has stated his position on that, and I welcome your making comments about it, but the two witnesses are here to discuss the 1998 supplemental emergency request, and I would urge the members to concentrate on those requests before us.

As I said before, we are going to go on the early bird rule, with a 5-minute limitation, and I hope the Senators will cooperate with that. It is my understanding we have two votes starting at 11 a.m., and we will continue as long as the witnesses can remain to accord the members the opportunity to make their statements.

I welcome the statements of Senator Byrd. That is why I decided to take the committee to both Iraq and to Bosnia—actually to Belgium, to talk to the NATO people—sometime before we mark up the 1999 bill, and I hope that all members will come. I hope it will be the first time in history we take every member of the committee, in two planes, and go over there, and let them know our resolve. We are not going to pay this bill alone.

Our first Senator is Senator Campbell.

Senator Campbell, you are recognized for 5 minutes.

Senator CAMPBELL. Thank you, Mr. Chairman.

I think I would prefer to just make a statement before I get into any questions, if we only have 5 minutes, Mr. Chairman.

Chairman STEVENS. You may use the 5 minutes in any way you wish.

Senator CAMPBELL. OK.

Mr. Secretary, welcome. General Shelton, welcome.

I have to tell you both, and particularly you, General Shelton, I respect every man and woman in uniform in America. And I have had a voting record that has been sterling for the military. I voted

for things I do not understand and things I never saw and things I never will see because I thought the military wanted them and needed them. But I have to tell you that I have got some real concerns that our Commander in Chief is leading with his chin on some of these things, particularly on the things that are affected in our emergency supplemental.

I can remember not too long ago we were told we would be out of Bosnia in 6 months. I do not know how many millions of dollars that was ago, but it has been a considerable amount. And as I look at the history of that country, I know we have to have some involvement, but I think there has only been two times they have been at peace in the last 400 years, once was under Tito and once under Hitler. And I am convinced that the end of their strife is not yet in sight. Even if we think it is settled and we come home, it is going to start again.

And the same might be said of Iraq, as long as Saddam Hussein is in office. My view of this latest escalation in Iraq was that we just fought the second gulf war and we lost without firing a shot. I read the reports and saw what Saddam Hussein has done, declaring a national holiday. He said that he has broken the U.S. domination of the U.N. inspections commission. And then I see the things that have been put in place, like an oversight group that will watch over UNSCOM's inspection of these locations.

I asked Madeleine Albright the other day if that politically appointed team would have the authority to overrule UNSCOM, and she said no. But that is not what Saddam Hussein has said and thinks. So we clearly do not have an agreement in place. And as I understand from reading the newspapers, the Secretary-General of the United Nations thinks that they are supposed to be a negotiating group between UNSCOM and Saddam Hussein.

But, clearly, we spend a lot of money—something like $3 billion, I understand, building up the forces in Iraq. And from my perspective, we have accomplished a few things. We have increased his statute in the Arab countries. There is no question he is trying to be the new Nasser, as far as I am concerned. We have decreased our own. We have had very little cooperation. At least, I understand what you have said, Mr. Secretary. And I suppose some of the leaders are telling you that privately.

But I know they are being driven from the right not to get too close to America or our agenda over there. The wolf is not at their door right now. And so it is clear that we did not do our homework beforehand to make sure that we kept that coalition together before we had that buildup.

But, in addition to that, by lifting part of that embargo, he is going to be able to sell something like three-fourths of the amount of oil that he sold before the embargo. Which, I mean, any fool ought to know that that buys unlimited weaponry. If you think he is going to feed his kids with that money, I think you are mistaken. He is not going to do it. Kids are still going to starve. He is going to feed his military and buy more weapons.

I am convinced that we are going to face the same thing we did 7 years ago. Sooner or later, we are going to face the same thing. And the cost of it, I understand, is about $300 million a month to keep our forces over there. How long can we afford that? Time is

on his side. All he has to do is sit it out. If he sits out of it a while, sooner or later we simply will not be able to afford it and we will bring our forces home. When we bring our them home, he steps forward again. That has been the history of Saddam Hussein. And sooner or later, the American taxpayer is going to rebel at that, at least in my view.

Now, I tell you, I do not know the answer to all of that. But it just seems to me that we should have done a lot more work in the international public relations arena that seems to be a component part of any military venture now. I do not like it that way. We have got so darn much political involvement in our military operations now, it makes it difficult for the military to win any battles. But that is the way it is.

I would like, Mr. Chairman, myself—it probably cannot be done, but I would like to take some of this money, if we are spending $300 million a month over there, take about $100 million of it and write into this bill that we put a reward on Saddam Hussein, or a bounty or something. It would be cheaper in the long run.

We put money up to bring Manuel Noriega to justice. And I do not know why we cannot with him. There is no question in anybody's mind the guy is a killer, a tyrant. He kills his own people. Out West, there are five members on this committee—I was just looking at them—Senator Domenici, Senator Burns, and some of us that come from out West, where we used to put bounties on uncontrollable killers. We did not get them all, but we sure got many of them.

And it seems to me that if we want to have the most efficient use of our money, we ought to put some of the dough just to bringing him to justice, instead of just keeping that buildup in the military.

Chairman STEVENS. Senator, I am sorry to tell you, your time has expired.

Senator CAMPBELL. My time is up. Well, I want to thank you very much for indulging me, Mr. Chairman.

And, General Shelton and Mr. Secretary, too.

Chairman STEVENS. Senator Specter.

Senator SPECTER. Thank you very much, Mr. Chairman.

Mr. Secretary, I have two questions. There is not much time and a lot to talk about. First, I congratulate you on the job that you have done. There is a lot of confidence from the Senate, because we know you so well and we have confidence in your being in that key position.

The first question I have relates to the trial of Saddam Hussein as a war criminal. I introduced a resolution to do that on March 5, 1991, right after the end of the gulf war, in line with the work which Senator Dodd and Congressman Leach and many of us have done to try to establish an international criminal court.

And 1 week ago Monday, I renewed that application, and the majority leader, Senator Trent Lott, has listed it for argument on Monday. And I think we will pass it.

And my question to you is, to what extent, if at all, will that be helpful to the United States in giving us the high moral ground if we indict him and try him perhaps in absentia in perhaps taking

some action as to Iraq or covert action or any other kind of action which may come into play?

The second question that I have, Mr. Secretary, is our relations with Saudi Arabia. I personally am very, very, very dissatisfied with their response to very important U.S. needs. We lost 19 airmen and so many injured at Khobar Towers in June 1996. Saudi Arabia now has in custody people who are charged with that offense. The FBI is not permitted to question them. The same thing happened after a Riyadh car bombing, where Americans were killed in November 1995. The FBI was not permitted to question those suspects.

They were executed on May 31, 1996, and less than 1 month later, Khobar Towers blew up. We have 5,000 personnel in Tent City. I know you know it very well. I visited there recently. About 2 weeks after, I visited the Allenwood Federal Prison, which is a palace compared to the facilities for our 5,000 people in Tent City. And there is religious persecution. People cannot practice their religions freely in Saudi Arabia, not only American citizens but others. Even the people who are at the bases.

And my question there is, how much do we need Saudi oil? How important are they to us? Or is it possible to structure a foreign policy, a defense policy, that says to the Saudis very bluntly and very fairly, if you do not give us fair cooperation, we are not going to protect you?

INTERNATIONAL WAR CRIMES TRIBUNAL

Secretary COHEN. Thank you very much, Senator Specter.

First of all, as to the first question, your bill to create an international criminal court. And you said, what happens if we indict? And I was going to have a question, who is the "we"? Is the United States going to be the indicting——

Senator SPECTER. No; it would be the war crimes tribunals, the specification of the resolution. It has been established, since 1991, of course. And they are trying people from the former Yugoslavia and Rwanda.

Secretary COHEN. But I believe a court would have to be created. And that would take, I assume, other parties other than ourself.

Senator SPECTER. Correct. It would take a United Nations resolution, just as the war crimes tribunals for the former Yugoslavia and Rwanda.

Secretary COHEN. That was the point I was trying to make. This is not something that we can do on our own, to create an international war crimes tribunal. This is something that will have to be done through the international community. So the question would then be, what support would we have at this point?

I am only speculating right now, but I would assume, until such time as we see how this most recent memorandum of understanding unfolds, and whether there is going to be full compliance or whether or not it is going to be another example of cheat and retreat on the part of Saddam Hussein, that there is unlikely to be that broad support for the creation of it. But I could be wrong.

If, in fact, you have an international community that says yes, we would like to create a tribunal, and yes, we would like to indict him, then obviously that would be a very strong signal to Saddam

Hussein. But I think that until such time as we see, in the next few months, how this is going to play out, then I suspect that we will not have that kind of support for it.

Senator SPECTER. If we could indict him and try him, perhaps in absentia, the indictment or conviction, how much would that strengthen our hand against Saddam Hussein?

Secretary COHEN. Well, I think if the international community were to do that, it would certainly degrade the image that Saddam Hussein currently has, as far as being any kind of a champion of the Arab people. You would have the international community condemning his actions and seeking to bring him to justice.

Very quickly, on Saudi Arabia. They still remain the dominant player in the Arab community, as far as oil policy and other policies are concerned. I believe that the FBI has been working with them. I have not talked to the Director recently, but he has been working very closely with the Saudi authorities.

Senator SPECTER. Mr. Secretary, the FBI is very dissatisfied with the cooperation, especially their refusal to let us talk to the suspects.

Secretary COHEN. Well, I have talked with the Director. And the last time I talked to him, he did not express that interest to me. I knew that he was frustrated, but that he had been making some progress on it.

POLITICS AMONG GULF STATES

Let me just make one other comment, because I want to pick up on something that Senator Campbell said. And that has to do with the politics that are taking place in the region itself.

I think it was Speaker O'Neill who said that all politics is local. We all understand that. Back in 1991, when it came time to deciding whether we would go, in fact, to war with Saddam Hussein, to liberate Kuwait, there was a lot of domestic politics at work here, because the American people were divided. Even though Saddam Hussein was burning and looting and raping and pillaging, there was great doubt in this body and the other body as to whether or not any action should be taken to evict him.

The Arab communications have problems as well. They have local politics to deal with. And I must tell you that part of the reason that the coalition is no longer as strong as it once was is they do not believe that we have been pushing hard enough on the Middle East peace process. And they believe that we have a double standard.

And that is something that the Saudis, the Kuwaitis, the Omanis, and everybody else in the region have to deal with. Their local population does not believe that we have been either even-handed or fair-handed or have been pushing hard enough to get a Middle East peace settlement, and think that we are eager to punish Arabs but not eager to punish Israelis. So that makes it more complicated. I am not saying it is right, but those are the domestic politics that they have to live with.

And that is one of the reasons why you have not seen the kind of solidarity that we had before. It is much harder when the case is the threat of weapons of mass destruction versus Saddam Hussein setting off 600 oil wells in the fields of Kuwait, and seeing that

kind of a threat, which is real and tangible as opposed to one which might take place some time in the future, as far as the use of these chemicals and biologicals.

I am just saying it is more complicated. We have the support of the gulf states. They want us to pursue diplomacy if at all possible. But I believe I can represent to you that if it comes time for a military option, we will have the support of everyone concerned.

Chairman STEVENS. Thank you very much.

Senator Hollings.

Senator HOLLINGS. Thank you, Mr. Chairman.

Mr. Secretary, General Shelton, I will support your request, because I understand that you two distinguished gentlemen are doing the best you can with the policy. However, we in the Congress and you in the administration, like my grandchildren say, have got to get real, get a life. We have an unenforceable Iraq policy. Put that down. Write it down. Mark it down.

We walked away from a ceasefire back in 1991. The premise was that, well, we needed Saddam, some thought, as a balance against Iran. Otherwise, the Kurds were going to drive him out. But then we let Saddam have gunships, which he used to dominate the Kurds. Now, that still leaves us with a flawed, unenforceable policy.

I wish you could have been with the FBI Director when he told me of the 100 cases of anthrax that we had in this peaceful United States; 90 of them were spurious, but 10 of them were serious. Now you get in Iraq and you puff, and you blow, and you puff and you blow, and then you strike for 5 days. You knock out delivery systems and you knock out palaces. Then Saddam appears like the Secretary, with a little bag on TV, but his bag is not a 5-pound bag of sugar. He says, ha-ha, I am still here and I have anthrax.

The policy has got to be, as we employed with the Soviets, mutually assured destruction. That is exactly what Israel told Iraq this time. They said, no, no, we are not going to hold back. You let one Scud come into downtown Tel Aviv, and that will be the end of Baghdad, and you. Then, Saddam appeared immediately on TV and said, wait a minute, we are not going to fire at Israel this time.

So we must keep enough force out there for mutually assured destruction. Let him pile up all the anthrax he wants in every one of the palaces. It will help us as we will not have to use as many bombs. Just one hit will get rid of the whole area.

But, in any event, it is not only a flawed policy, it is a destructive policy. That is what really bothers me. The distinguished colleague from West Virginia wonders why the members of our former coalition do not pay us. It is not their policy. In 1991 France, Russia, China, Syria, Turkey, Egypt, Saudi Arabia, Kuwait, and Bahrain, were all our allies. This time, all oppose a military strike.

You can tell us, well, they tell you quietly one way and quietly another way. We do not play that game with our military. Their lives are on the line. We cannot play the political game.

And that is the trouble. We have learned how to lose. Our military is trained how to win. We lost in Korea and Vietnam and Somalia. I do not want them to go back in and lose again, in the gulf. If they have got a chance to win, commit them. If they do not have a chance to win, then quit misusing them.

There is no question it is a destructive policy. Not just flawed. Those heads of countries, emirs or shahs or what have you, would end up with all of their people arising against them if they back our current policy. That is what Saudi Arabia is worried about. Well, we have our planes and equipment there, but we cannot fly off the airfields. That is a stupid policy. We have got to get real and understand the reality.

Unless we are going after Saddam, the real target, with all our resources, calling on Israeli intelligence if necessary, and are willing to support any opposition he has, we will not succeed. The mission is not to just kill a lot of people on both sides, and puff and blow, and use the military to make us and the Government up here in Washington look good.

That is exactly what we do with the Social Security surplus, to make like we are balancing budgets. Now we are running around, using the military to make like we have a good, valid foreign policy. It is a flawed policy, a destructive policy. We are losing out in the Middle East. All of those countries were our friends in 1991. They are against us now. We pay Egypt $5 billion a year, or whatever it is, and then they say no, they oppose us. We ought to find out whether the policy is sound or otherwise.

With respect, quickly then, to Bosnia, Mr. Secretary, I use the same test you use. You said that the troops feel good about their mission. Yes; on what they are doing they are doing an outstanding job. But last July, I went to the region with the majority leader and others. We met with the three leaders, Serbian, Croatian, and Moslem. Senator Hagel turned and said, what are you going to do about the war criminals?

Oh, boy, that Serb president sat up. He said, now, Mr. Senator, no one is a war criminal until they are tried and proved guilty of war crimes. What you allege the offenses are of our leader, you can allege against the Moslem leader, and he points. In other words, I was sitting with a war criminal. When I saw that, I said, we have another Ireland. The British have been there for 30 years occupying that country.

But, thank you, Mr. Chairman. I think they get the pitch.

Chairman STEVENS. I thank you very much, Senator Hollings.

Secretary COHEN. May we have a chance to respond? Well, I will wait.

Chairman STEVENS. You can.

Secretary COHEN. I will wait.

Chairman STEVENS. Yes, later.

Senator Burns.

Senator BURNS. I would like for you to respond now.

Chairman STEVENS. This is not a democracy. You have 5 minutes. [Laughter.]

Senator BURNS. Thank you.

Mr. Secretary and General, thank you.

I have one question and I want to follow on the heels of the statement of my friend from West Virginia. I think it should be made very clear here that whenever we start moving money around and taking it away from modernization, O&M, and training to further a policy, that is a decision that has been made by the administration and not by this Congress and not by this committee

and not by this Senator. There is a message here. And I do not want to sacrifice the readiness of any of the services and our ability to protect ourselves and react to something that is really in the interest of national security.

That is a decision that is being made by this administration and not by this Senator or, I think, this committee.

HARDENING BASES IN BOSNIA

General Shelton, I notice in this supplemental that there has been—I think the figure is—around $42 million or $47 million to harden the bases in Bosnia. Is that correct?

General SHELTON. Senator, to the best of my knowledge, that is an approximate amount. I do not have the exact figure.

Senator BURNS. OK. I do not know whether it is $42 million or $47 million. Can you tell me what we mean by hardening the bases, that term?

General SHELTON. That is to continue to improve on the positions in terms of being able to protect the troops that are located inside the base itself, which will allow us to use more of the troops to carry out the missions the SFOR commander has, rather than standing guard and things of this type. That will allow him to have more troops at his disposal, rather than being contained to one specific point.

Senator BURNS. Well, to me, this takes on an appearance of permanency. And I think that is what sort of gets the attention and our concerns here in Congress.

General SHELTON. Senator, any time that we stay in a place for 1 day or 1 year or 2 years, the idea is to continue to improve the force protection, to improve the quality of life of the troops that have to live there, et cetera. And that is all part of the continuation, not designed to build permanent installations.

Senator BURNS. Thank you, Mr. Chairman. That is all that I have. I just wanted to make that point, that I do not want to sacrifice the readiness and the skills and the operation and maintenance of the main force of this country to further what some would think is a flawed policy.

Thank you very much, Mr. Chairman.

Chairman STEVENS. Do you want to use the balance of this time now, Mr. Secretary, to answer Senator Hollings?

Secretary COHEN. I will wait, Mr. Chairman. I know you have a vote coming up at 11 o'clock.

Chairman STEVENS. Thank you very much.

Senator Domenici.

Senator DOMENICI. Thank you very much, Mr. Chairman.

It is nice to be with you, Secretary Cohen. We have missed connecting on the phone three or four times. And to the extent that part of that is my problem, I apologize.

General, it is wonderful to be with you. And I am glad we had an opportunity to sit at some of the meetings that preceded this.

I tried for this morning's meeting, Senator Byrd, to see if I could recap how much money we have spent in Bosnia and thus far in Iraq. And I will recap it for you quickly. I will tell you my dollar number for this is $16.1 billion. And it comes about in the following way.

The total Department of Defense costs for Bosnia since the initial United States deployment in 1995 up to June 1998 has been $6.4 billion. In addition, under function 150, which has to do with foreign affairs, nation-building so as to speak, we have spent $1.3 billion. The grand total for Bosnia to the end of 1999, therefore, is $10.1 billion.

Chairman STEVENS. 1998 or 1999?

Senator DOMENICI. We are now assuming that their 1999 budget is paid for. And so I am telling you, based on their budget submitted, what they want, we will have spent, by the 1999 appropriation bill, $10.1 billion, according to the GAO. And I believe that is a correct number.

Now, for Iraq, since the end of the war in February 1991—and that is a long ways back; that is not the current crisis alone—but the total cost to the United States up to 1998 for deployments to the U.N. peacekeeping in the Persian Gulf amount to $3.9 billion. That is according to the Congressional Research Service's most current estimate.

With the supplemental that we are being asked to do, that you have requested, and I think properly, that we wait on, for 1999, it will be $5.3 billion, over and above the ordinary costs of our military. So you add them up—and I had left out actually, so I will correct it—I had left out $700 million for 1997 in Iraq—so I will tell you the sum total is $16.1 billion for both of those operations of the United States Government that would not have normally been in a defense budget. And I can take that $1.3 billion out if you would like, for nation-building, because that is not in the Defense budget.

But that is a rather large amount of money that we would have not have spent. And I tell you, I am not sure that any of us understand the consequences of spending that and not having been appropriately budgeted for it in the ordinary budgets. And that leads to some very, very interesting ramifications with reference to preparedness. And I am not a preparedness expert, but I am beginning to understand that you just cannot take money out of preparedness and say, we are just taking it out for 6 months and then we will put it back. You cannot do that without having a very consequential negative effect on preparedness.

Chairman STEVENS. Do you want to yield just a second?

Senator DOMENICI. Sure.

Chairman STEVENS. You are talking about 10 destroyers and 48 C–17's that we did not build.

Senator DOMENICI. All right.

Now, what I would like to submit to them, and I would ask that they give us this before we vote on the 1998 supplemental, I would like to know how many training operations or joint exercises will have been canceled in the military service because of not having the money that we thought we would have. I would like to know the impact on lower mission capable rates for the Air Force and the Navy aircraft that is lowering their mission capability, lowering pilot retention, lowering mechanic retention, lowering mounted infantry retention, lowering spare part stocks, and raising cannibalization rates.

And I think they might be able to supply us with that, Mr. Chairman, in short order. And I will submit the list to both of you as I read them.

[The information follows:]

Impact on training operations.—As one would expect, the impact on training operations and Joint exercises of not receiving a supplemental varies by service. The Army would be forced to absorb a large shortfall in the current O&M account and would be forced to cancel most training and maintenance starting in June. We would expect to see Army readiness begin to decline, with the potential of Army Divisions reporting C–3 by end of fiscal year. The Army does not consider the absorption of the contingency shortfall as a viable option.

The Air Force will have to cease all peacetime flying training in the 4th quarter of fiscal year in order to able to support ongoing operations such as Southern/Northern Watch, Bosnia, and Counterdrug operations. We could expect to see the combat flying squadrons not involved in these operations to report C–4 readiness by the end of the fiscal year. Furthermore, all pilot training will cease.

The Maritime Services do not plan to cancel any scheduled training operations or Joint Exercises. The Navy would offset the costs to sustain deployed force readiness by requesting money intended for 4th quarter ship depot and real property maintenance activities. If supplemental funding was not available, we would expect these actions to begin by the end of 3d quarter to preclude degradation to readiness. The Marine Corps expects offsets to come from deferred maintenance and reductions in family housing.

The relationship between current contingency operations and: Lower mission capable rates for Air Force and Navy Aircraft; lower spare parts stocks; higher "cannibalization" rates?; lower pilot retention; lower mechanic retention; and lower mounted infantry retention.

Contingency operations can be thought of effecting both people and equipment. The impacts of these operations on people can be problematic. For example, certain military units and specialists have had a pronounced increase in the number of deployments away from their home station. This increased personnel tempo, or PERSTEMPO, has been a cause of concern, affecting quality of life and, possibly the retention of our military personnel.

In terms of retention, the results appear mixed. The Air Force "exit surveys" of pilots and aircraft mechanics leaving the force often cite PERSTEMPO as one reason for their decision. On the other hand, Army re-enlistments for units deployed to Bosnia are better than the Army average. The Department is concerned with any negative effect and has taken considerable steps to mitigate any negative impact of increased PERSTEMPO.

To that end, we are carefully managing those units, platforms, or occupational specialties that are in the most demand for deployment via our Global Military Force Policy (GMFP). This system monitors the capacity constraints, and when these constraints are exceeded, priorities are established and conflicting demands resolved. To reduce deployment workload, we cut the number of man hours associated with Joint Exercises by 15 percent and encouraged Commanders at all levels to reduce tempo burdens where possible. Finally, we have asked the Services to establish PERSTEMPO metrics to monitor the levels of employment and report these trends to Senior Readiness Oversight Council. This allows us to measure over time the changes in the demand for specific units and platforms.

In terms of equipment, the major impact of contingency operations occurs if they displace funding for maintenance, spare parts, and related items. For this reason, we urge Congress to approve passage of the emergency supplemental without offsets. We have outlined below some of the potential implications to readiness if DOD is directed to offset the costs of the supplemental.

POTENTIAL READINESS IMPLICATIONS

Army

Eliminating collective training above the platoon level, including canceling Combat Training Center rotations and Joint Exercises (would decrease Army Division Training ratings to T–3).

Lowering equipment maintenance readiness standards and deferring depot maintenance.

Deferring facility/real property maintenance.

Drawing-down spare parts stock (without replacement).

Air Force

Combat flying squadrons not engaged in ongoing operations will be C–4 by end of fiscal year.

Aircraft mission capability rates will decline 2 to 3 percent by end of fiscal year.

Limited parts inventories will be further-depleted which could lead to higher cannibalization rates.

Combat flying squadrons not engaged in ongoing operations will be C–4 by end of fiscal year.

Pilot training will cease, further aggravating pilot shortage, with limited ability to make up shortfalls due to capacity limitations.

Recovery from unfunded contingency costs could take 2 to 3 years and require increased O&M funding.

Navy

Delay Maintenance "availabilities" on approximately 22 ships.

Reduce spare parts funding for non-deployed units. Fleets would defer stock replenishment until sufficient funds available. Would reduce non-deployed aircraft MC/FMC rates 5 to 10 percent.

Restructure/stretch modernization programs placing QDR force structure levels at risk.

Marines

Defer 1st through 4th echelon maintenance.

Defer MRP; repair only critical damage.

Adjust O&M accounts between MARFOR's to offset/balance.

Reductions in family housing and MilCon accounts.

Senator DOMENICI. I am not here to talk as if I have a course of conduct for the United States in the Middle East or in Bosnia that is different from what is going on. But I will say that I frankly think, in both instances, both with reference to Iraq in the last few years and with reference to Bosnia, that it has been pretty difficult for the United States Congress to be a real partner and a player. Because the President of the United States has not performed in a forthright manner with reference to the Congress.

I mean, he knew when he told us we were going to be there for a given period of time that that was not going to be the case. I do not think there is any question about that. And yet he took it to the American people, he campaigned on it and all kinds of things. And it gets kind of tiresome up here when that happens over and over again.

In Iraq, we have been touting our offensive capabilities and what we are going to do as a great superpower for far too long. My own opinion is that the President of the United States threatened too long and too many times, and the credibility of that threat has diminished greatly.

I yield back. I am sorry I took over my time. Thank you, Mr. Chairman.

Chairman STEVENS. Senator Inouye.

Senator INOUYE. Thank you very much.

May I request that my opening statement be made part of the record.

Chairman STEVENS. Yes; that will be done for any Senator who wishes to submit their opening statement.

[The statements follow:]

PREPARED STATEMENT OF SENATOR DANIEL K. INOUYE

Mr. Chairman I want to begin by commending you for holding this hearing today. On Wednesday of this week, the President submitted his request for supplemental appropriations for the Defense Department. That request of $2.02 billion is critical to ensure that military readiness and support for our military families are not cur-

tailed to pay for the costs of responding to the threats in the Middle East or for extending our presence to preserve peace in Bosnia.

In the past, Congress has often required DOD to absorb the costs of unanticipated contingencies to keep the deficit in check. As defense spending has been reduced over the years, DOD's ability to absorb such costs has diminished. Were we to require that today, we might break the force.

I commend Secretary Cohen and our military leaders, most notably, General Shelton, for prevailing upon the administration and insisting that this request be on top of your existing funding.

In recent months, there have been numerous reports bubbling up from the field that readiness is teetering on the edge. Spare parts shortages, inability to meet operating goals in flying, steaming, and other training, all of these show that DOD cannot be forced to absorb large costs for unexpected operations in both Southern Europe and the Middle East.

Our military leaders are well aware of the current situation and fully support the addition of funding to sustain these operations.

It is my belief that we must respect their military judgment and approve these emergency requests.

Some of my colleagues and many in the audience may not be aware that this emergency procedure was agreed to in the Balanced Budget Act of 1990 to ensure that ongoing Government programs were not sacrificed to pay for emergencies. And, that it was our colleague Senator Byrd who helped lead the fight to ensure that this type of authority was enacted. I for one can think of no better reason to use this emergency designation than to allow for the protection of military readiness and the preservation of the quality of life for our military families.

Mr. Chairman, again I thank you for calling this hearing, and I look forward to the statements and responses of our witnesses.

PREPARED STATEMENT OF SENATOR BARBARA BOXER

Mr. Chairman, thank you for holding this hearing on the Defense Department's fiscal year 1998 supplemental budget request. It is an honor to have the Secretary of Defense and the Chairman of the Joint Chiefs of Staff as our distinguished guests this morning.

This supplemental aims to meet the emergency requirements of our build-up in the Persian Gulf, the extension of the military mission in Bosnia and natural disasters, including those associated with El Niño.

I am very pleased that the Department of Defense has included $172.8 million for natural disasters—$50 million of which will go toward El Niño related disasters. I'm sure that everyone is aware that California has suffered tremendously due to this unusual weather phenomenon.

I am also looking forward to the opportunity to hear from Secretary Cohen and General Shelton on the U.S. military role in both Bosnia and Iraq. The United States has major national interests in these regions of the world, and it is essential that U.S. policies promote stability and work toward a lasting peace.

Thank you Mr. Chairman.

PREPARED STATEMENT OF SENATOR LARRY E. CRAIG

I thank the Chairman for holding this very important hearing regarding the Supplemental Appropriations request to support our current missions in Bosnia and the Gulf. I would also like to thank in advance our distinguished witnesses, Secretary of Defense Bill Cohen and Chairman of the Joint Chiefs, Hugh Shelton.

As you might recall, I opposed the deployment of U.S. troops to Bosnia. I voted, along with twenty-one other Senators, to stop funding for the deployment of troops to the region. There is no question that the humanitarian situation in the area has been tragic. However, I opposed it because I had grave reservations about putting U.S. troops in harm's way without a clear goal or mission—not to mentioned legitimate questions about whether the mission was within U.S. national and security interests. Ironically, it appears as though we are asking those same questions today.

The Administration continues to emphasize the need for benchmarks, rather than deadlines when considering prospects for U.S. troop withdrawal. However, there doesn't seem to be a quick-fix solution to the deep rooted problems plaguing that region, and security experts on both sides of this issue seem to believe that—like it or not—NATO is committed to the region for the long haul. In fact, a statement issued February 20th by NATO's ruling North Atlantic Council said, "Rather than focusing on a specific end date, the aim is to achieve an end state of a secure envi-

ronment adequate for the consolidation of the peace without further need for a NATO-led military force". It is more disconcerting when an expert at the U.S. Defense University wrote that NATO's role in Bosnia "is essentially permanent—20 years or more." Although I realize that many will refute that specific claim, I think we can all agree that this mission has lasted much longer than promised.

We have spent nearly $8 billion in support of "peacekeeping" in Bosnia, well beyond the $2 billion originally estimated. While the discrepancy between the estimated amount and the actual cost speaks for itself, the related issue of the mission's impact on U.S. troop readiness must be examined. Since 1989, manpower has been cut by nearly one-third, yet the number of missions has quadrupled. I increasingly hear reports about a heavily burdened military system—planes lacking replacement parts, low morale, inability to retain pilots, and difficulties recruiting. I know that the distinguished Senator from Texas, Ms. Hutchison, has been raising this issue for sometime, and I share her concern that these problems could jeopardize our ability to defend our interests in other parts of the world.

Now that we have stepped back from the brink of imminent conflict with Iraq, it is essential that this Administration takes a serious look at a long-term policy toward Iraq and Saddam Hussein. Since January 13th, we have amassed a huge force in the Gulf: twenty ships, including two aircraft carriers, along with 30,000 troops and more than 160 combat aircraft. Because few believe the U.S. has permanently averted conflict with Hussein, much of this force may remain in the Gulf for some time. What concerns me is that if Hussein thwarts arms inspector efforts again, how will the U.S. respond, especially if we face the same luke warm response from our "allies" in the Gulf and other parts of the world next time?

During the Gulf War, the United States mounted its multinational coalition to expel Iraq from Kuwait. We had military and logistical support from twenty-seven other nations, including the Arab League. This time, only Kuwait explicitly supported the use of force. On the other hand, the United Arab Emirates denounced the military build up. Saudi Arabia would not allow the U.S. to attack from Saudi soil or air space. France, Russia, and China stonewalled attempts to gain consensus from the Security Council and opposed military action. As Brent Scowcroft recently wrote, "Going it alone may sound great in theory, but in the real world of large-scale, complex military operations, even superpowers need help." Although there is world wide consensus that Iraq must comply with all applicable U.N. resolutions, international attitudes differ sharply on how to force Iraq to comply with eliminating their weapons of mass destruction programs. President Clinton must consolidate support, in case Saddam Hussein tests U.S. resolve again.

In sum, Mr. Chairman, I have deep reservations about our continued presence in Bosnia and am concerned that the Administration's call for "benchmarks" as a precursor for U.S. withdrawal, is a justification to keep our men and women in uniform there indefinitely. I don't find that policy acceptable. In regards to Iraq, the Administration must forge a long-term policy to ameliorate the very dangerous threats resulting from Saddam Hussein. That policy can't come soon enough.

Mr. Chairman, thank you again for holding this very important hearing. Secretary Cohen, and Chairman of the Joint Chiefs, Mr. Shelton, thank you.

PREPARED STATEMENT OF SENATOR LAUCH FAIRCLOTH

Mr. Chairman, I am troubled by this request. Once again, our President is asking us to pour more money and troops into the multinational effort to obtain peace in the former Yugoslavia. He asked us to support an implementation effort that he told us would be completed in 1996. Then, after he was re-elected, he told us that the troops would need to stay in Bosnia through June 1998. Now, as the second deadline is looming, the President again asks for more money, more troops, and more time. There is no end in sight and no exit strategy.

Mr. Chairman, no decision is made in a vacuum. Other national defense priorities are being neglected as long as we stay in Bosnia. Our military infrastructure is crumbling, and our troops are working at an operational tempo that is literally driving them out of the service at an alarming rate. Meanwhile, the Bosnia spigot is open. If we are going to appropriate over two billion dollars, I know of many better uses for it than this operation.

Regarding the Iraqi situation, we were nearly engaged in an operation there. Frankly, though, given the state of today's defense, I am not sure we could re-fight Desert Storm.

Mr. Chairman, because the Bosnian effort lacks a clear objective, the only appropriation that we should approve for it is the amount needed to immediately wind it down and bring our troops home by the already once-extended deadline of June.

As for Iraq, I will support spending for a properly planned response to violations of the inspection commitments that Iraq made after Desert Storm.

FIXED END DATE VERSUS OPEN-ENDED

Senator INOUYE. Mr. Secretary, General Shelton, the President's Bosnia certification letter to Congress states, and I quote: "Although I do not propose a fixed end date for this presence, it is by no means open-ended."

From a military perspective, do you believe it is better to provide an end date for your operation or leave it unsaid?

General SHELTON. Senator, from my perspective, it is better to leave an open-end date on any operation. Because I think when you put an end date on it, you play right into the hands of those that are opposing whatever it is you are attempting to accomplish, whatever the mission is, be it a combat mission or a peacetime engagement mission.

Senator INOUYE. So it just does not make sense to have an end date at this time?

General SHELTON. From my perspective, from the military, it does not make sense to have an end date. It does make sense to have a strategy, to have a means by which you plan to carry out the task, to have some phases in that operation that you know internally but that you do not publish or have imposed on you as an end date, which then allows them to slow-roll you or to do things to kind of look like they are playing along, just to get you out of there and then it goes down again.

If you want to really make progress, if you want to achieve the objectives, you are better off if it appears that you have got an open-ended manner in which to achieve it even though you may have internally imposed milestones and objectives at which time you would like to move the force out.

Senator INOUYE. Mr. Secretary, do you agree with that response?

Secretary COHEN. I do.

ACHIEVING MILESTONES IN BOSNIA

Senator INOUYE. In the President's report, he cites great successes in just about every criteria. While the report claims much success in moving toward these goals, there is no timetable as to when they will be achieved. How does one define how to measure whether the achievement has been successful.

Secretary COHEN. I think you have to look at the record itself. For example, one of the objectives is to have free elections in Bosnia. We are having free elections in Bosnia. One of the objectives is to start to get the resettlement of refugees. Refugees are starting to flow back into the region.

Another objective is to prosecute the war criminals. There have been almost one-third of those who have been publicly indicted who are now before The Hague. So you can, in fact, point to a number of successes in the objectives and see what is taking place on the ground itself.

There has been a change in momentum. We now have a new leader, for example, in the Republic of Srbska. And that leader is, in fact, pushing for changes in that country. And those are taking place. And sometimes you have to build up a momentum. And as

you build that momentum, you see an acceleration of the kinds of things, of achievements. I think that is taking place now.

Could it go the other way? The answer is yes. Senator Byrd talked about events taking place in that region today which could spread all over southeastern Europe.

But right now, the trend is very positive. The trend lines are in our favor. We have had General Clark, who has been helpful in putting together a special unit, as such, that will serve as a buffer between the armed forces and the police forces which are being trained by the IPTF. So the trend lines are quite favorable. They could be reversed, but right now they are positive.

Senator INOUYE. If the trend line proceeds as you have described it, when do you think we will have a successful certification report?

Secretary COHEN. I cannot tell you that. That is going to be up to the President to decide, in consultations with Congress. As I have indicated before, there can be no open-ended commitment as long as Congress is the one that really controls the purse strings and says, we are not going to pay for this; we are going to say no more funds, period. Then, under those circumstances, it comes to an end, whether any administration likes it or not.

CEASEFIRE IN BOSNIA

Senator INOUYE. General Shelton, there is a ceasefire in effect at this moment. When would you consider this ceasefire to be permanent?

General SHELTON. Senator, that is a hard question to answer. In terms of certainly right now, it appears that the ceasefire has been holding for quite a period of time. I do not know what the technicalities are for when you say we have transitioned to a permanent ceasefire, from a legal standpoint.

But I would also say that a part of that agreement, to add on to what Secretary Cohen said, is that every 6 months, we will review our accomplishments laid out in the milestones that we are attempting to achieve in Bosnia right now, reassess where we are, see if, in fact, we are getting to a point that we could even further reduce our force. And that is all part of the milestones that have been laid out for us to go with.

PILOT RETENTION AND READINESS

Senator INOUYE. One of the concerns that we requested the administration to respond to was the matter of morale, effectiveness, and retention. And the report indicates that morale is high. And yet we have heard reports from chiefs, telling us that something is wrong. For example, pilots are leaving at unprecedented numbers. How do you explain this?

Secretary COHEN. Well, I will defer to the chairman in a moment, but I wanted to come back to this point. Because there was something in Senator Domenici's request which I thought was necessary to require us to explain what the impact would have been had we had $16.1 billion for other items. But he mentioned, please show us what the impact would have been upon pilot retention.

In factoring to that equation, you have to say, can we exclude hiring practices on the part of the private sector? Because that has been a major problem as far as how does the Air Force deal with

a private commercial sector that is hiring them at rates that are unprecedented, at levels of compensation that cannot be matched by the military? And so there are a number of factors involved as far as pilots are concerned.

There are also some readiness problems and retention problems with units that we call low-density/high demand. They have fewer of them, but they are in greater demand. There is a new management system that has been instituted by the chiefs. And they are now trying to have a better management control on those forces that are in high demand, that we track them, that we try to find alternatives to sending them on continuous rotations.

So we do have a management problem which is now being addressed. But it is a very complicated issue, and it is not confined to just one area.

Senator INOUYE. Thank you very much.

Chairman STEVENS. Thank you.

For the information of the Senators, I am informed there is just one vote now. We tried to have it postponed, but it will commence at 11 o'clock. The next Senator is Senator Cochran and then Senator Bumpers, and then Senators Dorgan and Leahy. I would suggest that those who could, go over and vote and then come back. We might be able to meet the requests of the witnesses who want to leave here right after 11:30.

Senator BUMPERS. Why don't we come back after the vote.

Chairman STEVENS. There was an objection, from your side as a matter of fact, to that, because someone is scheduled to leave at noon.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you very much.

On the subject at hand, the request that has been submitted by the administration is in two parts, as the witnesses have pointed out. And the first is the one that is really the subject of this hearing this morning. And that is the supplemental request, not the budget amendment for fiscal year 1999. And that includes Bosnia and Southwest Asia, a total of about $1.8 billion.

As I see it, the question before our committee is whether we are going to approve this request or try to modify it in some way, or to reflect concerns with the administration's policies by refusing to vote for it. I worry that those alternatives are really going to undermine the ability of the country to continue to maintain a military that can protect our national security interests in this very dangerous world that we find ourselves in right now. And that is the reality.

And the reality is, if we do not approve this supplemental budget request as an emergency, as requested by the administration, we are going to hurt those who are in the military, who are obligated to continue to serve. Because we are going to reduce their training. We are going to cut back on the housing allowances that are available. We are going to threaten their quality of life, and exacerbate the pilot retention problems and the other difficulties that the military is facing right now, with a shortage of funds to do the things that are necessary to help attract career service from young men and women that we need today.

This was brought home to us in the Subcommittee on Defense appropriations, when we reviewed the budget request for the Air Force for the next fiscal year. Even though we have the pilot retention problem, and some of that has to do with the quality of life—it is not all just money—housing requests are down for this next fiscal year compared to the current year, other military construction accounts that have to do with quality of life are down. The request is down.

We have got to do something about the management of this whole situation. We have got to control those things that we can control. Maybe we cannot control the level of pay for pilots, although the chairman made a very persuasive argument in our hearing on the Air Force budget that we need to look at that, and maybe increase the pay for pilots. We need to think about that—a way to do it. We already have a bonus system now, but we need to explore other options.

So the point I am trying to make is, what is the impact of a decision by this committee to reject, if we reject the President's proposal, if we do not go along with it? I do not think we have any choice. And we can debate the policy. We can talk about Saddam Hussein. We can talk about the Bosnia war criminal situation and all that. And all of those are very important issues. But we are not going to settle them on this supplemental appropriations bill.

What we would do, if we do not approve the President's request, is undermine the capacity of this country to continue to defend itself, because we are going to weaken the military if we do not. Because these funds are going to be spent, and they will have to come out of other accounts that are already down in the projected budget for next year—already down. Under the President's budget request, he is requesting less for housing, less for military construction; less for the Guard and Reserve, which are being called upon now to train more, to be ready to deploy more, spending more time overseas, away from their homes. You have got people now rethinking their obligations who are in the Guard and Reserve because of these very same problems.

So this administration has been tough on the military. They can continue to cut the programs that would help retain and attract high-quality service for our military, and then expect that it is all going to get better just by itself. And they are making it worse.

I am not talking about the two witnesses here, but the policymakers at the White House are making this problem worse, I think. We are left with a situation where I think we have to support the budget request, and that is the way I am going to vote. I hope a majority of this committee will do so, and that the Senate will. And we will try to work our way through the conference with the House and get this money into the hands of the Department of Defense so you can do what you need to do to deal with these problems in Southwest Asia and in Bosnia, fulfill our responsibilities that the President has undertaken, whether they are right or wrong, so we will not hurt the military in the future and jeopardize the security of the country in the process.

A strong letter follows, I guess.

What is your reaction to that?

Oh, Senator Dorgan, you are here.

Chairman STEVENS. Well, you have still got a couple of minutes.

Senator COCHRAN. I am sorry, Mr. Chairman, I thought you had gone to vote.

Chairman STEVENS. What is your reaction?

DAMAGE FROM FAILURE TO PASS SUPPLEMENTAL

Secretary COHEN. I agree with Senator Cochran that a failure to pass this supplemental will result in something that I would describe as calamitous, in terms of its impact upon the military. The chairman has outlined it in his oral presentation, I have it in my written presentation, what the consequences would be for a failure to have these additional funds.

It would impact upon certainly housing. It would impact upon depot repair work. It would impact upon hiring and recruitment. It would have a reduction in training. And that means a reduction in readiness. It would have very serious consequences to the military were we not to get the supplemental. So I agree with you that we need it.

Chairman STEVENS. Senator Dorgan.

Senator DORGAN. Thank you, Mr. Chairman.

I will be brief. You both have tough jobs. And this morning's hearing reflects, once again, that there is a great deal of impatience and concern about some of these issues. I think Senator Cochran and Senator Domenici, and I think Senator Stevens, alluded to this issue. They have raised important questions. And I guess I would like to hear a response.

What about readiness? What about the issue of taking for the purpose of these missions, weakening the structure? I mean, I think you will want to respond to that and should respond to that. Let me say I agree with them that we will, I am sure, approve this supplemental request.

And, finally, before you respond to the questions of readiness and strength, let me also say that Senator Specter talked of a resolution which I am a cosponsor of, calling for the formation of an international tribunal on Iraq. I noticed in a newspaper recently, I think in the last week, a suggestion that Saddam Hussein be considered for the Nobel Peace Prize. That suggestion would not be made of a convicted war criminal. He should have probably been convicted of war crimes 6 years ago. Certainly we ought to ask the United Nations to convene an international tribunal, present the world with the evidence, indict, and try—in absentia if necessary.

I think that is an important recommendation and I hope the administration will consider that and discuss it. We certainly will be doing that in Congress with the resolution Senator Specter has offered.

Now, I wonder if you might respond to the question of, does this money, which I think we will approve, does it lead to questions about taking money from readiness and other accounts that inevitably weaken our military?

BALANCED BUDGET PRESSURE

Secretary COHEN. If we do not have the funding, it will certainly have an impact on readiness. And that is a given.

I would like to make just a quick response to Senator Cochran's comments and your own. We also live in a balanced budget environment. This body, along with the other, has gone along with passing a balanced budget amendment, which does, in fact, present some unique challenges for the future, in terms of the allocation of defense versus domestic spending. This year you have walls that have been set up between defense and nondefense matters. Next year the wall comes down.

It will be interesting to me to see whether there can be support for a greater allocation of resources coming from the domestic programs going into defense, or whether the reverse will be true. But, nonetheless, we had to at least try to anticipate what the level of funding would be for the foreseeable future.

I assumed, in a balanced budget environment, we were going to plan on having roughly the same amount, plus inflation, for the foreseeable future. Given those parameters, how do we allocate money for readiness versus modernization and investment?

BALANCING DEFENSE NEEDS

As you look at the QDR, we tried to come up with a responsible balance. Sometimes we have to cut back on readiness in order to achieve the kind of savings that would be necessary to put into investment. We have to achieve overhead reductions. We have not been successful in persuading the Congress yet that we have got too much overhead and too much infrastructure to support the forces structure. But those are the kinds of things that we are faced with.

The chairman can give you a recitation in terms of what the impact has been on readiness. We have got some shortfalls. We are now trying to address them. But there never will be a point in our history where we can say everything is in perfect balance, we have got the money necessary to pay for compensation, we have got the money necessary for full readiness across the board, plus we have what we need for investment. It is always a balance. Sometimes we will be higher on investment, sometimes higher on readiness. But it is a management problem that we are trying to deal with.

I do not want to take the chairman's time, but he can tell you how we are proposing to deal with the readiness issues which have surfaced in recent months.

Senator DOMENICI. Is this weakening the military, this diversion of money?

General SHELTON. Senator Dorgan, let me address that if I could. And I underscore everything that the Secretary said. But when we went into the QDR, one of the things that each of the service chiefs did in the process of trying to see how he could continue to manage within the balanced budget amendment and, at the same time, we were drawing down the force, there was an understanding that we would, first of all, take advantage of a revolution in business affairs to gain greater efficiencies, that we would be able to get rid of some of the excess capacities that we have, and that we would have to take a greater risk in the area of readiness. All of that had to be very carefully balanced in the process.

We started down that particular road, and are able to balance those things right now. In the out-years, if we are not able to

achieve the savings through efficiencies or through eliminating excess capacities, then we have got some problems on the horizon as we try to continue to modernize. And that is critical for modernization.

By basically having the modernization accounts fenced and trying not to have to cut into those in order to shore up the readiness accounts, by having these unforeseen requirements that we are asking this nonoffset supplemental for, it means that you have no place to go, really, except into your discretionary funds. And as an example, this particular supplemental that we are asking for would take out about 80 percent of the Army's discretionary funds in the fourth quarter.

POSSIBLE DAMAGE TO READINESS

I can give you some specific examples of direct impacts on readiness in order to move forward, or not to get the supplemental. We would have to cancel the combat training center rotations in the Army. That is their premier training event, the one that keeps the forces trained and ready at the battalion and brigade level. The Army would cancel their participation in JCS exercises. Their home station training would be reduced to individual-and platoon-level. That is about a 30-man unit—level of training. So you lose the combined arms aspect, which is critical to maintaining a trained and ready army.

In the Air Force, you have to severely curtail your peacetime flying training. And, of course, as a result of that, you get air crew readiness degradation. And, of course, these great pilots that we have in the Air Force love to fly. They want to be trained and ready. And when they see they are not getting to fly, then that adds to our pilot retention problem. Because the commercial airlines now are hiring at unprecedented rates. And they would allow them to fly. And that, consequently, is another draw on the pilot shortage that we already are experiencing.

They would have to defer some depot-level maintenance. And that means, in essence, that some of the aircraft would be grounded as a result of that. And then they would have to park all their nonmission-essential vehicles. These are some of the things that our services have looked at.

The Navy and Marine Corps would defer depot maintenance, and then they would have to restructure and stretch out their modernization program—again, something we have tried to stay away from in order to ensure that we continue to be technologically ahead of any potential adversary.

Those are just some specific examples, but it is a rather bleak picture, without the supplemental, for readiness in the third and fourth quarter.

Senator DOMENICI. Thank you.

Chairman STEVENS. Gentlemen, there is a $50 million request here for drawdown authority. And I have been told that that may be used to transport military forces from other nations to the gulf region. Is that what that is for?

Secretary COHEN. The answer is yes.

Chairman STEVENS. And just to make sure, this is an emergency supplemental with money for military personnel, are those person-

nel costs associated exclusively with the overseas contingency operations?

Secretary COHEN. Yes, Mr. Chairman.

Chairman STEVENS. With regard to the costs, when Deputy Secretary Hamre was here before us earlier, he said that the Department had been compelled to borrow from the fourth quarter training, base operations, maintenance, and quality-of-life funds already. Will passage of this supplemental request restore those funds that have already been taken from the fourth quarter for any functions of the Department?

Secretary COHEN. The answer is yes.

General SHELTON. Yes, sir.

MILESTONES LEADING TO TROOP REDUCTIONS

Chairman STEVENS. You mentioned, Mr. Secretary, some specific milestones. I think they may be in your statement. What events or milestones must we reach before the U.S. presence in the gulf would be reduced?

Secretary COHEN. Well, we have some key military tasks which I believe I have outlined, but let me just take a moment to talk about them. Maintaining the deterrence of renewed hostilities, we are doing that today. We are preventing the removal of heavy air defense weapons from cantonments. I can go down the list of all of the objectives.

We are achieving those military objectives. We are also seeking the creation of an independent judiciary. We are seeking to train local police forces so they can be competent and professional. We are trying to persuade our European friends to put more money into the IPTF. We think we are making some progress there.

One of the major, I think, accomplishments has been the efforts on the part of Bob Gelbard and also on the part of General Clark, and other members of the administration, to persuade our European friends—and including myself, speaking to the NATO members—to help form a special unit that would be a buffer between our forces and the local police, until such time as they become trained and competent.

We are looking to see whether or not we can have greater economic progress undertaken so that these democratic institutions can take deeper root. There is no one fixed date in which we could say, now it has been complete. It is an ongoing process. And as we see this evolving, again, it looks very positive.

Could it go the other way? My answer is yes. It can go the other way more quickly if we do not maintain a presence there. I think that that would assure a reversal of the——

Chairman STEVENS. I see the vice chairman is here.

Senator Inouye, would you recognize members as they come in for 5 minutes, and Senator Bumpers first?

Senator INOUYE [presiding]. Sure.

Senator Bumpers.

Senator BUMPERS. Thank you, Mr. Chairman.

Mr. Secretary, first of all, let me compliment you on what I thought was an excellent opening statement. And, frankly, all of your answers have demonstrated a sensitivity and a depth of un-

derstanding of the issues that gives me great comfort. I think you are doing a fine job.

And, second, I would say we have another tinderbox developing there. About 4 years ago, Senator Warner, Senator Nunn, and a group of us went to Europe and we visited with the president of Macedonia, who predicted and demonstrated a really great fear of precisely what is now developing. And that is that Albanian refugees are going to come across the border into Macedonia, and that that has the potential of involving Greece and other countries in the region.

I thought General Shelton's answers to Senator Hollings was excellent. When you start setting a date for getting out, you just reveal your hand and you help defeat your very purpose of being there. It seems to me that things are very tentative and difficult in Bosnia right now, but they are getting better every day. So I do not want to put a date on it, and I am going to continue to support our troops there, as long as people who are more knowledgeable than I am think we ought to be there.

But, as I say, the cost of the whole thing has the potential for being a bigger nightmare to us than perhaps Bosnia was. The President seems to be on top of that.

ALLOCATION OF DOD INFLATION SAVINGS

Mr. Secretary, I have a question about this request for the supplemental. And it goes to this point. The administration has granted the Defense Department a $21 billion windfall over 5 years because inflation was lower than expected. And that windfall translates into $796 million for this year, 1998. And my question is, where is that money? Can you spend it without further congressional approval? And, third, why not use that at least to take care of roughly 50 percent of this request?

Secretary COHEN. If I could, Senator Bumpers, with respect to the so-called windfall, the moneys that have been allocated to the Defense Department as a result of allowing for the inflation costs really have been allocated into a number of accounts—most specifically the modernization accounts.

One problem that always occurred when I was sitting on the other side of this table and the Pentagon would come up to testify before the Senate Armed Services Committee, General Shali would point to a chart, saying, we hope to get up to roughly $60 billion on investment, because there has been such a depreciation since the height of the cold war in our modernization accounts that unless we reverse it and climb to $60 billion, we are going to be in deep trouble in the future.

So when I took over as Secretary of Defense and started to preside over the QDR process, I made a pledge to Congress this past year. And I said we will hit that $60 billion mark by the year 2002, and that next year, I will pledge to you, when I come up to make a presentation, there will be $49 billion allocated for modernization.

I was a bit shy. I came up, as I recall, at $48.7 billion. But it was a very significant increase in modernization. So those dollars which have been allocated to the Defense Department really have

gone into accounts—readiness accounts, also the modernization accounts. And that is where the money is being allocated.

Senator BUMPERS. Well, Mr. Secretary, let us just take an example. Let us assume that you had so much money, a couple of billion dollars, for the F–22, and that a part of the so-called windfall due to the lowered inflation is in that program. Let us say $100 million of that is in the F–22 program. Does that money stay in that program, No. 1? No. 2, can you spend that money, even though it is in excess of what you had intended to spend, without congressional authority?

Secretary COHEN. Well, in terms of an F–22 program, by way of example, the money is not spent out equally in any given year. And one would take whatever excess there was, as a result of inflation adjustments or being allowed to keep them, to go to a variety of accounts. It is not specifically laid out each year so that we cannot touch the money. It would not necessarily go into the F–22 program. But there is, I believe, the authority, once the money comes back, to spend at a certain level.

If we are going to reprogram, for example, if we are going to say, OK, we are going to plus-up F–22 or reallocate the money for F–22 into a helicopter program, we would have to come back to Congress for reprogramming.

Senator BUMPERS. But you have got $2.8 billion of this allocated in 1999. This is $21 billion over a 5-year period. I assume that that assumes that inflation will remain at a lower level than we had anticipated. Is that a fair statement?

Secretary COHEN. That is a fair statement.

Senator BUMPERS. In other words, it disappears if inflation starts back up?

Secretary COHEN. That is right.

Senator BUMPERS. And you would use it to take care of inflationary increases, in case in the year 2000–01, for example, if inflation starts back up, you will have to use a part of that $21 billion to take care of that, would you not?

Secretary COHEN. Right. We are talking budgetary numbers now. And it may not be real, as you have indicated. If inflation goes up, there is no surplus as such. So we are really talking about notional numbers at this point that we would have. So we have to plan, as far as our budgeting is concerned, that inflation is going to stay where it is or possibly lower. But we plan where it is. If it goes up higher, then we no longer have that level of funding available.

I think the Comptroller is sitting behind me, and he can perhaps give you a better explanation of how that is allocated.

Senator BUMPERS. Let me suggest this, Mr. Secretary, that you provide that to the committee, or just me individually, because maybe nobody else on the committee is concerned about it. I am concerned about it because I just thought that is a place we might pick up $796 million to help offset this.

I must say, I know you probably gave a very lucid answer to my question. I do not understand it. And my time is up. So I am going to suggest, if you will, that you send a letter to the chairman of the committee, and copy the other committee members, about how the inflation money is going to be spent, and what role Congress has, if any, in allocating the money.

Secretary COHEN. Of course.

[The information follows:]

As in past years, the Office of Management and Budget directed the Department of Defense to reprice its Future Years Defense Program (FYDP) based on revised inflation rates. For fiscal year 1998, the increased buying power that came from reduced inflation in the investment accounts is outweighed by increased costs in the military personnel and operations and maintenance accounts. For fiscal years 1999 through 2003, the savings from reduced inflation were applied to fact of life bills, such as increased costs in the Defense Health program and a higher than forecasted pay raise, and to protect the procurement programs. All of these changes are subject to congressional approval through either the reprogramming or appropriations process.

FUNDING FOR NATURAL DISASTER REPAIRS

Senator INOUYE. Thank you.

Senator Cochran.

Senator COCHRAN. There is a small amount of the budget request that has to do with natural disasters. And I know you touched on that in your opening statement. Are these funds that are needed to be spent in this fiscal year? You are not looking at just adding money for the next fiscal year, but these are funds that are needed now; is that correct?

Secretary COHEN. That is correct. This is to help repair the damage that Guam suffered, and also facilities in California, obviously, with El Niño, and throughout the country, as far as ice storms are concerned. So these are funds that—we have $123 million, plus there is a $50 million request which we would have to come forward in the future to identify exactly what those costs are, because some of them are quite soft at this point. We have not seen the full consequence.

But, in Guam, as far as the estimate of what damage has been done that needs to be repaired, it is fairly solid.

ANTICIPATED FUNDING SHORTFALLS

Senator COCHRAN. Are there any other programs where there have been shortfalls that were unanticipated, where we would have to consider offsets? Is there another supplemental, for example, that is not emergency in nature, that will be submitted to this committee?

Secretary COHEN. Well, as I have indicated in my opening statement, the supplemental being requested for Southwest Asia really only keeps our forces at their current level, not counting on any sort of a military action itself. It does not take into account the deployment costs or the return costs or the reconstitution costs. And we may have to look at those costs in 1999.

But if we were to have to exercise that military option, obviously we would have to come back and say this is a big bill involved in that.

Senator COCHRAN. Is that one of the things that the amended budget request seeks to address—and that is things that you know really are going to be required to go on and tell the Congress about them in advance rather than waiting until after the budget has been submitted and the President claims to have balanced the budget, submitted the first balanced budget in the history of—well, in 30 years?

Secretary COHEN. Well, with respect to Southwest Asia, all we can predict right now is that we intend to maintain the current level of operations at least until the end of this fiscal year. It could be less, but it could be longer, depending upon what takes place over there.

We cannot predict at this point or project what will take place beginning in October, as far as the level of our operations are concerned. I would hope that it would be far less. But there is no way to predict that right now. So that is the reason why we have confined the Southwest Asia request to fiscal year 1998.

With respect to Bosnia, we have, in fact, indicated it is $1.9 billion for Bosnia for fiscal year 1999, which would have to be an amendment to the budget agreement and a nonoffsetting allocation of funds of $1.9 billion, because we anticipate that will be the level that will be required for fiscal year 1999.

Senator COCHRAN. This may or may not have a budget impact, but we know that there has been a tremendous investment made at Aviano, and that missions are flown to Bosnia from Aviano. Training occurs in that area as well. When this committee visited that area, it seemed to me that it was part of a trend. And that is, you are trying to close bases, and you have argued for closing bases here, having another base closure round. The Air Force says, even if we do not agree to another base closure round, they may close bases on their own. That was the testimony of the acting Secretary of the Air Force.

Secretary COHEN. Well, there is something called the law.

Senator COCHRAN. Well, that is what we thought, too. But, anyway, we discussed that a little bit yesterday.

SPENDING ON OVERSEAS FACILITIES

But the point is this: It seems that we are making huge expenditures of funds in military construction dollars at Aviano, at Prince Sultan in Saudi Arabia. The budget request contains requests for funding in Korea, where we have 37,000 troops deployed. Huge expenditures are required in those areas. And unlike in Japan, where our costs are being paid by the host country, in effect, these costs are being paid by the American taxpayers.

And my question is, in connection with these budget amendments which we will consider in due course, to what extent are these requests reflecting the decision to make these huge expenditures on our own, unilaterally? Other countries are not paying the costs in these situations. We do not even have title to the land in Aviano, yet we are building these facilities over there, again, trying to make sure that our troops are taken care of, that they have a place to sleep and have food that is available, and it is safe and all the rest.

What is your reaction to that? Have we gone too far in that direction? Shouldn't we be insisting, for example, that our NATO allies, or our coalition partners in Southwest Asia, pay those costs?

Secretary COHEN. Well, let me respond, first, by saying that we are in Southwest Asia to serve our own interests. I wanted to go back, when the question was raised by Senator Domenici, he would like a list of all that we have foregone as a result of expending.

And I will take his numbers and assume that they are accurate—$16.1 billion.

I was going, if I had the chance, to ask the other question: What are the consequences were we not to have spent this money? And I go back to 1973, when I can recall the gas lines that were in this country, and people being shot trying to get gasoline as a result of the controversy in the gulf in terms of the interruption of the flow of energy.

So it is not exactly a full comparison if you say, what are the consequences to us not having spent this money for readiness and modernization? We also have to look at the other side of the equation, what would have been the consequences if we were not to have deployed our forces there? What would be the consequences if Bosnia did, in fact, disintegrate and spread throughout Kosovo, down to Albania, involving Greece and Turkey? What would have been the requirements of military spending at that time, when there would be a conflagration in Europe and possibly a shutoff of energy in Southwest Asia? So those have to be factored in, as well.

ALLIED CONTRIBUTIONS

Obviously, I think that our allies should help bear this particular burden, as far as the gulf is concerned and also in Bosnia.

In the gulf, the states, Saudi Arabia and Kuwait, they contribute roughly $326 million on an annual basis in the way of support. Can they do more? I would hope so. I think the committee going there will be very helpful in making them understand the pressures that are on our budget, as well.

The British have been helpful in terms of the no-fly zone in the south. The French have been helpful in that respect, as well, in helping to patrol the no-fly zone in the south.

We have had support from other countries, as far as their willingness to help us on this particular crisis.

And so, asking them to do more, many of them are going through the same sort of downsizing that we have been going through. And so their resources are somewhat limited.

I have been impressed with the fact that we had 25 countries line up and say, what can we do, and, can we send a carrier? The Brits have a limited carrier capability, but, nonetheless, they have two carriers that have been changing and coming into the gulf.

The Canadians offered a frigate, plus some C–130's. Australia, New Zealand—there have been a variety of countries saying, how can we help?

Now, they may be limited in their ability, and we may, frankly, have a problem in terms of integrating what they would like to do with our plan. But General Zinni has worked this to the point where we have a very good plan.

POLICY TOWARD IRAQ

And I wanted to respond to Senator Hollings, as well. That this may be a flawed policy. I have never seen a perfect policy. But the fact is that Saddam Hussein has been deprived of $110 billion over the past 7 years. He has not been able to rebuild his military. And when Senator Burns said, gee, this money, the oil being sold will go for his military, that is incorrect. The oil for food program is

something that we have supported. And he does not get to use that money. That money goes for food and humanitarian matters, as controlled by the United Nations and not by Saddam Hussein.

So there are things that have been done. Again, Senator Hollings said he does not want to play games with our military. I do not want to play games with our military. And, frankly, Chairman Shelton is not going to play games with our military. And General Zinni is not going to play games.

We all understand what it means to put the troops at risk. What we have done is put together a plan, should it become necessary, that I believe would have a very serious impact upon Saddam Hussein's ability to threaten his neighbors. He might emerge from that particular type of operation. He will not do so in a manner that will allow him to pose a threat to his neighbors for the foreseeable future with these weapons of mass destruction.

And so I think that we have had a policy. It is not perfect. But the fact is that he has been deprived of what he wants to do to rebuild his military. We have got a no-fly zone in the north, a no-fly zone, no-drive zone in the south. He is contained. He has got inspectors on the ground. And, by the way, Scott Ritter is back in Baghdad, over the objection of the Iraqis. Butler still retains his authority. And Butler will retain the authority to determine whether and when and under what circumstances the inspections will be carried out.

So I think there are a lot of positive aspects to this which is being overlooked.

PROVIDING FOR FORWARD DEPLOYED FORCES

With respect to this particular issue, Senator Cochran, I think that you asked a question about based—are we shoring up those bases overseas? The answer is yes, to some degree. We also want to provide a quality of life, which you just touched upon. If we do not have a good quality of life, be it in Aviano or be it over in Prince Sultan Air Base.

Why are we there? Because we had the Khobar Towers bombing. We had an inadequate force protection in Saudi Arabia. And so it was decided, to protect our troops, we needed to go to Prince Sultan Air Base. We have got a vast improvement in force protection. We have got quality-of-life improvements. All of which is essential. And it comes around to retention.

If you have got troops who are out there who are either exposed to unreasonable risk, their lives are in greater danger, but, No. 2, if you have got a quality of life which is unacceptable, they are not going to stay. So all of this is part of our QDR: shape, respond, prepare.

We are trying to shape the environment by being forward deployed. To be forward deployed means you have got to have physical assets and facilities that are acceptable to the men and women that we put there. And so, in order to shape the environment, we had to be forward deployed. We have to be able to respond to all of these contingencies, and also prepare for the future. That is part of the whole QDR process.

And shaping that environment means being forward deployed. It means having facilities. It means having good facilities—the best we can afford. And there is always a tradeoff.

You mentioned the housing. The housing is of concern to me. There are 375,000 housing units that we have in the Department of Defense [DOD], two-thirds of which are in need of repair. We have not got enough money, on a year-by-year basis, to start repairing those. We have turned to a new private incentive, or private mechanism, to try to leverage private dollars, almost on a 4-to-1 basis, that we would have to spend if we were doing it simply through Government financing.

So we are trying to cope with dealing with housing issues, involving the private sector into DOD so we can get more bang for our dollars, so to speak, because of the fact that we have got a fairly limited amount that we are going to be able to spend in the foreseeable future. But there is no easy answer to should we close bases here or do you shut down those facilities where the action is likely to take place, where we are most at risk in terms of our national security interests, and do we provide an adequate quality of life for those men and women who we ask to serve over there. We try to make the best allocation that we can under the circumstances.

Chairman STEVENS [presiding]. Senator, did you have another question?

Senator INOUYE. Yes, I do.

ADDITIONAL NATURAL DISASTER FUNDING

Mr. Secretary, in your request, there is $50 million assumed for El Niño damages. The Navy and Marines have already indicated, as of the time of submission, that their costs will exceed $46 million. The National Weather Service tells us that El Niño will be around for at least another 2 months. So we should be anticipating additional damage.

Can you assure us that you will be advising us of additional costs, if such should come about, before we act upon this bill?

Secretary COHEN. The total request for natural disasters we have at $123 million, plus the $50 million that we would have to come forward and identify what those costs would be for. Those cost figures are not very hard right now, so we want to have some flexibility. But we have to come back to you to demonstrate what those would be used for.

Senator INOUYE. In your supplemental for Southwest Asia, you are assuming that the funding will be for the rest of the year. What impact would it have on the troops if they had to stay there on a wartime readiness basis for the rest of the year? Or are we rotating them?

ROTATION PLAN FOR TROOPS

General SHELTON. We have a rotation plan that we are in the process of developing right now. But the plan is to rotate. And the cost for doing some of those rotations are included in the supplemental request.

Senator INOUYE. So we will not insist that they remain there, for the rest of the time, on a wartime readiness level?

General SHELTON. No, sir; we will not. As a matter of fact, they will remain at a readiness level, ready to carry out the operation as long as it appears that they need to stay in that position. But, for example, we go with about a 120-day rotation with the air crews that are there. The carriers turn over—in fact, we have one that is going through the Suez tonight that is en route to a normal turnover in the gulf. So the forces will be rotating that are on station right now.

Senator INOUYE. Thank you very much.

Thank you, Mr. Chairman.

Chairman STEVENS. Could you supply us for the record the specific amounts that were borrowed or withheld from each major command in the military service? I think those would be important for us on the debate on the floor on this bill. I would hope, and I have already asked and you said they were going to be repaid, but I think members should know where the money was borrowed and how much has to be put back.

[The information follows:]

Thus far, commanders have not been forced to spend fourth quarter funds for Bosnia and Southwest Asia. To ensure readiness was not adversely affected, the full amount of contingency funds previously appropriated were distributed, and commanders were advised to assume expeditious approval of the supplemental request. Therefore, commanders currently have adequate financing for ongoing operations without using fourth quarter funds. However, action on the supplemental request is needed by early April to ensure the Services can continue their normal rate of activity for the remainder of the fiscal year. Early in the third quarter, the Services must assess their funding posture and make responsible management decisions. In some cases, they will be required to pull funding forward from the fourth quarter and may have to curtail some activities to maintain the current level of contingency operations. The structure of the fiscal year 1998 supplemental request (emergency and non-offset) has enabled the Services to direct their major commands to continue operating at the approved budgeted level without mission degradation. A non-offset supplemental is necessary to shield these commands from program turbulence and potential funding delays. Approval of the supplemental in its current form is absolutely critical to protect readiness and avoid serious disruption of core Service programs.

Chairman STEVENS. I am told that now we have two aircraft carriers, an amphibious group of marines, various Air Force units, and an Army brigade with supporting units; that the Army and the Air Force is going to rotate every 4 months, the Navy and Marine Corps every 6 months. Is that the plan now for this deployment, at least until something changes? If they would have to accelerate, I am sure that might be changed.

General SHELTON. That is the plan as of right now, Mr. Chairman.

Chairman STEVENS. It is my understanding—and this will be my last question, and Senator Byrd may be coming and that is why we are waiting—we pay 26 percent of NATO, we pay 23 percent of the U.N. costs, we are paying about one-half of the cost of the Bosnia operation, and we are now going to pay more than 90 percent of the cost of the Iraq operation. And none of those are contributing to our modernization. None of them are at all helping with improving the quality of life or trying to catch up with the backlog in maintenance and repairs, as you have just mentioned, of the housing. We have the same thing with regard to aircraft, tanks, everything.

We are building up an enormous backlog. Now, can you tell me, is there any hope we can get any change in our contribution to these international organizations? And those figures were computed, the percentages, were computed in the fifties. We are still paying on the basis of being the largest military in the world, which we are not any longer.

Now, what hope do we have that we are going to get some of those international contributions reduced?

Secretary COHEN. Mr. Chairman, I cannot predict what the success will be. I think it is important that we ask that there be changes in the allocation.

A lot of changes have taken place since these formulas were created, or established. I was thinking, as one of the—I cannot recall who mentioned this point—about the contributions that each of the countries are making. It may have been Senator Hollings. But Germany, for example, you may recall that about 5 or 6 years ago, I attended a function, the Wehrkunde Conference, and I questioned, why couldn't the Germans do more, in terms of participating in out-of-area activities? And it may have been more recent, maybe only 4 years ago or 3 years ago.

And at that time, you may recall that the Germans had taken the position they could not be deployed anywhere where they had occupied territory during World War II. I found that to be an unacceptable argument. And, in fact, you had people like the minister of defense, who also agreed that that was unacceptable. They took it to their supreme court. They now have a supreme court ruling. At that time, it was considered to be quite an improvement that they could have personnel aboard our AWACS in Bosnia. Now, they have almost 3,000 troops in Bosnia.

And so there have been a lot of changes that have taken place as a result of the money we have spent on PFP, the Partnership for Peace, program. You now have countries who are exercising regularly with NATO, who want to become part of NATO, which is another issue I know the chairman is very concerned about. But you see these countries who have tried to formulate their policies, structure their militaries in ways that are comparable, or complementary at least, to the United States. That has worked to our advantage.

That is why we had Hungary say, how can we help in Southwest Asia? Poland said the same. The Czechs said the same. And so you have got countries who, 5 or 10 years ago, it would have been inconceivable that they would be willing to participate in some of these activities.

So there are a lot of changes that have taken place. I think it is important that we raise this. I cannot impress upon all of you enough the importance that the congressional delegation meant to the conference in NATO the first week in February. Senator McCain, Senator Warner, Senator Robb, Senator Smith, and so many others who were there, said, wait a minute, you are asking us to go it alone in Southwest Asia, while you are demanding that we be the ones who carry the load in Bosnia. That is not going to happen. We are not going to accept that.

As a result of those kinds of statements, showing congressional support for saying we are going to insist upon more, you suddenly

had a catalyst. And Chancellor Kohl responded that day: How can we help? Other countries called immediately, saying, we are prepared to send an aircraft, we are prepared to send a ship; how can we help?

So I think it is important that you, as chairman of the Appropriations Committee, that other members of the committee remind our friends in Europe and elsewhere that this is not something that the United States is going to continue to bear the majority of the burden on.

Chairman STEVENS. Well, I may not succeed, but I intend to offer a condition to the NATO expansion that will say that we will consent to that expansion only when they reduce our participation costs in NATO to less than 20 percent. I do not see why, if we have three new nations coming in, our costs should increase. They should be able to take off of our shoulders some of the cost we have borne in the past. It was our costs, our expenditures that led to their freedom.

Now, by the same token, this problem, as Senator Byrd said, of constantly following the United Nations dictates, when they do not put any money up to enforce their dictates, and we are called upon to do it all, I think that our people are going to really tire of supporting either NATO or the United Nations if this cost squeeze on our future does not change. We will not be able to modernize our force and be a superpower after 2005 if we continue expenditures like we have outlined here today, unless we have another revenue stream from somewhere.

I am told Senator Byrd will be here in a minute.

I have just conferred with the leadership, and I told them that I have, in fact, indicated to the committee that we want to go to the area, and we will visit our friends in the Persian Gulf and in Bosnia and in Belgium.

It will be a fast trip, but we intend to take them a message: We control the funding for this operation, and this committee, the country, ought to be alerted to the fact that I believe the majority of this committee agrees with what Senator Byrd said this morning. We cannot jeopardize our balanced budget process by continually taking these expenditures off budget. And unless there is another revenue stream, it means that we will demand that the United States withdraw from these areas if we do not get some help.

We are very serious about it, Mr. Secretary and General. We put the survival of our country first, and that means modernization of these forces and continuation of our acquisitions as planned in your QDR. Currently we will have to reduce that, as you know, in 1999 if we stay within the caps that we have now.

Do you have any comments, Senator?

Senator INOUYE. You are doing very well, sir.

Chairman STEVENS. Senator Cochran, do you have a comment?

Senator COCHRAN. No; I have asked all the questions I need to ask. I do agree with you that we are going to have to insist that we get a better rate of participation financially from our NATO partners and from our other coalition partners. That was a point that I was making when you were voting.

I think the time has come for the administration to recognize that we are no longer going to shoulder a disproportionate share of the financial responsibility for conducting these operations. We have got to insist on more from others.

Chairman STEVENS. Senator Byrd, you have the opportunity to have the last word, sir.

Senator BYRD. I thank the Secretary and General Shelton. They have listened to a great deal of expressed views here from this side of the table. They have not had much of an opportunity to respond. But I think that the hearing has been of great service.

I am sure they can understand body language as well as that which flows from the lips. And I think they understood the message today. I am sure they will be able to carry it back to the others in the administration.

I would simply sum it up by saying I am not suggesting we jerk our men out of there all of a sudden, but I am suggesting and I just want to add this postscript, I am suggesting that we get busy and get our so-called allies and friends to join in the effort. And if they cannot commit forces, they can commit money. With respect to biological and chemical weapons, there are many countries that are not in the immediate neighborhood who are reachable by this kind of weapon. And to name one would be Japan, and one that is in the area, Saudi Arabia.

If they are concerned that they may be offending this man, they ought to consider that he might not be around. They ought to take a chance on being with the United States and the others, who see the importance of stopping him. So perhaps, as you say, they are concerned because they have to live with him. Well, he will not be here always, just as Robert Byrd will not. He will not be around always. And if we get into a real conflict over there, he may go sooner than even Robert Byrd.

So they ought to consider about what it is going to be like after he is gone, as well as if he is still around. He leads pretty much of a charmed life. But we have got to get off this kick of following the United Nations around, rag-tagging after the United Nations, letting that be the kite and we are the tail. I got into this when this administration first came into power. They sent people into Somalia. And they were going to engage in nation-building there. And it was mission creep. And, well, take a lesson.

When I came to this Senate, we did not follow the United Nations. We were a power in our own right. We exercised leadership. And the Congress and the administration both felt that way about it and worked in that fashion.

But since this administration came in, it has been mainly follow the United Nations. And I am not for that. I am for exercising our own leadership and for both the executive and the legislative working together. Do not follow their recommendations, hitch the tail onto their kite and then come with hat in hand to the Congress, asking for money. Start here. This is the place to start. Those people up there in the United Nations are not going to—there are very few of them who are going to lay their money on the barrel head. And there are not many of them who are going to come up with manpower.

They are long on advice and moral lecturers. But when it comes to putting something on the barrel head, they are not there. So I think it is about time to stop and take note and come back to our original thinking, and follow the concept that was expressed by Abraham Lincoln and George Washington.

I will not go any further. Just thank you both for coming. You will have an opportunity, maybe at another day, to respond longer and more fully.

Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED TO WILLIAM S. COHEN

QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

Question. Mr. Secretary, I am concerned that during the last few years, the Administration has neglected the Gulf War Coalition. In the last few months, it appears as if there is no international resolve to contain Saddam Hussein's long-term strategy regarding Iraq? How does the present response to the immediate crisis with Saddam Hussein fit into your broader strategy?

Answer. Our long term objective is to see that Iraq is readmitted to the international community and abides by acceptable norms of international behavior. Much must happen before this goal can be realized. First and foremost, Iraq must honor its U.N. obligations; demonstrate to U.N. inspectors that it has destroyed its WMD programs, account for over 600 Kuwaiti missing and prisoners of war—numbers which include non-combatant Kuwaiti civilians; return property and weapons stolen from Kuwait; renounce terrorism; and, end internal repression, specifically, the marsh Arab community in southern Iraq and the Kurds in the north.

While the recent crisis with Iraq was over the issue of access for U.N. inspectors, the broader issue is Iraq's compliance with and respect for its U.N. obligations. We will not allow Iraq to flout the will of the international community. Our military deployments in the region, and those of our coalition partners, were of critical importance in producing a viable diplomatic solution to the recent crisis. U.N. Secretary General Anan has clearly acknowledged this. We are now in a testing phase to see whether Iraq will live up to the commitments it made in the February 23 MOU to provide immediate, unconditional and unrestricted access to all sites the weapons inspectors choose to visit.

CONTINUING DEPLOYMENT OF U.S. TROOPS IN BOSNIA

Question. The President recently proposed an open-ended deployment of U.S. troops to Bosnia in support of the Dayton Accords. Our nation's pilots have been enforcing the no-fly zones over Iraq for more than six years. Do you foresee any likely end to these missions? With neither mission likely to end in the near future, do you consider these regional deployments to be semi-permanent missions, such as our commitment to protect South Korea? Why do you continue to fund these operations through the services' O&M accounts as if they are temporary contingencies?

Answer. The NATO-led military mission in Bosnia was never intended to be a permanent deployment but rather one to assure the successful implementation of the Dayton peace process. U.S. force levels in Bosnia have continually been reduced from the initial deployment of 30,000 troops in December 1995 to a new level of 6,900 in June of 1998. NATO will pursue a transition strategy with the aim of progressively reducing force levels taking account at the time the security situation in theater and the implementation of the Dayton Agreement. NATO's intent is to review tasks, the security environment and risks at about six-month intervals with reductions in force size beginning, if possible, after the national elections in September 1998.

Rather than focus on a specific end date, the aim is to achieve an end state of a secure environment adequate for the consolidation of the peace without further need for a NATO-led military force. As the President said, "the mission must be achievable and tied to concrete benchmarks not a deadline. We should have clear objectives that when set—when met, will create a self-sustaining secure environment and allow us to remove our troops."

I cannot say how long our stay will be. We have developed aims which we consider necessary in creating a sustainable peace. The basic idea is to create the conditions necessary for non-military instruments (diplomatic, institutional, economic) to be able to work effectively without the presence of a large NATO-led military force.

In reference to the fiscal year 1998 supplemental and fiscal year 1999 budget amendment, DOD did not request any funds to establish permanent infrastructure in Bosnia. However, the request does include $47 million in fiscal year 1998 and $30 million in fiscal year 1999 to improve the quality of life for our troops stationed in Bosnia. The request for the Army includes $42 million in fiscal year 1998 and $30 million in fiscal year 1999 for infrastructure upgrades to improve living and operating conditions in Bosnia for our troops. The Air Force includes $5 million for refurbishment of an existing building into a contingency dormitory due to the removal of an existing tent city in Bosnia.

BOSNIA AND SOUTHWEST ASIA—SUPPORTING THE TWO MRC SCENARIO

Question. What specific impact does the President's decision to extend the deployment of U.S. troops beyond the June 30 deadline have on our ability to respond with military force to other crises?

Answer. Participation in Bosnia (SFOR) does not seriously reduce the ability of U.S. forces to fight and win a regional conflict elsewhere. Combat forces most needed in the opening phase of a regional conflict would still be available to deploy on short notice. There is, of course, some degradation in the preparedness of SFOR deployed units to immediately engage in combat missions elsewhere. Some period of time would be needed to withdraw, repair and replace equipment, retrain, and prepare for deployment to a Major Theater War. This is the normal cost of doing business.

QUESTIONS SUBMITTED BY SENATOR LAUCH FAIRCLOTH

Question. Please list, by year, for the past three years, what priorities would have been funded if not for the fact that there have been U.S. troops in Bosnia?

Answer. The Department has spent a total of $4.8 billion in fiscal year 1996 and fiscal year 1997 for operations in Bosnia to support the Dayton Peace Accords. It is estimated that an additional $2 billion will be required for fiscal year 1998 to continue this effort. If the U.S. had not been involved with the heavy commitment in Bosnia, then the Department would have allocated additional resources towards our modernization effort to replace our aging systems and incorporate cutting edge technologies into the force to ensure continued U.S. military superiority over time.

Question. How much is reserved in the current plans for the budget for fiscal year 2000 for maintaining troops in Bosnia?

Answer. No funds have been budgeted for operations in Bosnia during fiscal year 2000. The Defense topline set in the bipartisan budget agreement did not anticipate costs for Bosnia beyond June 1998. If it is decided that the United States will continue to have a role in Bosnia during fiscal year 2000, we will have to address this requirement in next year's budget.

Question. What has been the total cost to date of our effort in Bosnia?

Answer. The incremental costs of DOD participation in operations in and around the Former Yugoslavia, predominately Bosnia, totaled $2.5 billion for fiscal year 1996 and $2.3 billion in fiscal year 1997, and costs of $2 billion are projected for fiscal year 1998. These Bosnia costs cover the preparation, deployment and sustainment of U.S. forces, as well as the costs associated with enforcement of the no-fly zone over Bosnia, and support of other U.N. observer related missions in the Area of Responsibility (AOR). Incremental costs totaling $347.4 million in fiscal year 1995, $292 million in fiscal year 1994, $138.8 million in fiscal year 1993, and $5.8 million in fiscal year 1992 were incurred by the DOD to support humanitarian-related missions in, and aircraft operations over, the Former Yugoslavia.

DEPARTURE DATE OF U.S. TROOPS FROM BOSNIA

Question. What is the new departure date from Bosnia?

Answer. Rather than focus on a specific end date, the aim is to achieve an end state of a secure environment adequate for the consolidation of the peace without further need for a NATO-led military force. As the President said, "the mission must be achievable and tied to concrete benchmarks, not a deadline. We should have clear objectives that when set—when met, will create a self-sustaining secure environment and allow us to remove our troops."

I cannot say how long our stay will be. We have developed aims which we consider necessary in creating a sustainable peace. The basic idea is to create the conditions necessary for non-military instruments (diplomatic, institutional, economic) to be able to work effectively without the presence of a large NATO-led military force.

HUMANITARIAN PROJECTS IN BOSNIA

Question. Are U.S. troops involved in any humanitarian projects in Bosnia?

Answer. SFOR and U.S. forces continue to focus on their key military tasks which include: Deterring the resumption of hostilities by maintaining a military presence, monitoring, and if required, enforcing compliance with the military aspects of the GFAP, contributing to a secure environment which allows civilian organizations to accomplish civil tasks, ensuring force protection/own freedom of movement, operating Joint Military Commissions, and enforcing rules/procedures governing the use of and controlling the airspace over Bosnia. One humanitarian program that U.S. forces have been actively involved in is demining. The goal of the SFOR-regulated military demining program is to assist the Bosnian Entity Armed Forces in establishing a self-sustaining indigenous demining capability. U.S. soldiers are conducting a "train the trainer" program within the Serb, Croat, and Bosniak Armies to establish a cadre of trained demining instructors able to instruct the basic deminers course syllabus.

U.S. TROOP PARTICIPATION IN NONSECURITY ACTIVITIES

Question. What activities in which U.S. troops participate are non-security related?

Answer. Noticeable progress has been achieved in all areas of the GFAP, particularly SFOR's contribution to a stable environment. SFOR and U.S. forces assistance to civil authorities remains within available resources and subject to the primacy of the military mission. Examples of these activities include economic reconstruction (road reconstruction, bridge building/repair and opening the railroad) and democratization (election assistance). Although these activities appear to be non-security related, they indeed are, as reconstruction projects provide lines of communication for SFOR troops/equipment and democratization efforts contribute to a stable security environment which fosters continual progress toward democratic reform.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

Question. If the funding for Bosnia will not be provided until October for operations throughout the next fiscal year, why is it an emergency? What is the "sudden, urgent, usually unforeseen occurrence or occasion requiring immediate action?"

Answer. The President announced in December 1997 his decision to support an extension of the U.S. mission in Bosnia past June of this year. There was insufficient time to assess the planning and resource implications of the decision for inclusion of a budget quality cost estimate of the mission extension in the fiscal year 1999 budget request. More importantly, however, the Defense topline set in the bipartisan budget agreement did not anticipate costs for Bosnia beyond June 1998. As a result, the Administration decided to propose an "emergency," non-offset fiscal year 1998 supplemental funding request for Bosnia. To cover fiscal year 1999 Bosnia costs, the Administration decided to submit a non-offset budget amendment that is also designated as an "emergency" to ensure that Bosnia is considered as Congress sets its spending priorities before deliberations on the fiscal year 1999 Budget Resolution are completed.

Question. We know now that we will need to pay bills in Bosnia for next year. We've known that for quite some time. Wouldn't it be more responsible to budget the $1.9 billion as part of the defense appropriations bill and within the defense cap for fiscal year 1999 rather than outside of it?

Answer. The Defense topline set in the bipartisan budget agreement did not anticipate costs for Bosnia beyond June 1998. To cover fiscal year 1999 Bosnia costs, the Administration decided to submit a non-offset budget amendment that is also designated as an "emergency." The President's fiscal year 1999 budget request contains an allowance for undistributed funds to cover contingency events, such as Bosnia and natural disasters. The Administration considers Bosnia funding requirements to have first claim on the undistributed allowances, and we have informed the relevant committees in Congress of this. In sum, we have structured the fiscal year 1998 and fiscal year 1999 Bosnia funding requests in such a way that resources are not diverted from the Department of Defense's current and future appropriation levels. By so doing, we hope to avoid adverse effects on military readiness.

Question. There is no emergency request for domestic spending as part of the fiscal year 1999 budget. Why should the Pentagon be treated differently than domestic agencies?

Answer. The Pentagon is not being treated differently than the domestic agencies. The President's fiscal year 1999 budget request contains an allowance for undistributed funds to cover unanticipated contingency events. This allowance would cover requirements in the domestic agencies as well as the DOD for unanticipated situations such as natural disasters (e.g., floods, tornadoes, etc.) as have occurred this past year.

QUESTIONS SUBMITTED TO GEN. HENRY H. SHELTON

QUESTION SUBMITTED BY SENATOR RICHARD C. SHELBY

BOSNIA-AMERICAN MILITARY OBJECTIVES

Question. General Shelton, during your confirmation hearing before the Senate Armed Services Committee, you raised several concerns about the duration and conduct of the Bosnia operation. Considering the President's intention to extend the U.S. mission beyond the June 30 deadline, please explain your view of the objectives for American military personnel deployed to Bosnia and the surrounding Balkan states?

Answer. SFOR and the U.S. military forces participating in it will continue to deter a resumption of hostilities and provide support for civil implementation in a manner similar to the current approach of SFOR. SFOR's objective will be to consolidate the gains achieved to date while sustaining the current pace of civil implementation. This approach will encourage the implementation process to become progressively more self-sustaining without exceeding SFOR's current level of intensity and involvement. Overall, the aim is to establish conditions under which Dayton implementation can continue without the support of a major NATO-led military force.

QUESTION SUBMITTED BY SENATOR LAUCH FAIRCLOTH

BOSNIA-U.S. PARTICIPATION

Question. With the information you have today, do you anticipate that the United States will have to participate in any way in the NATO Follow-on Force in Bosnia?

Answer. As the President certified in his 4 March letter to the Speaker of the House, the continued presence of U.S. armed forces, after June 30, 1998, in Bosnia and Herzegovina is required in order to meet the national security interests of the United States.

QUESTION SUBMITTED BY SENATOR FRANK R. LAUTENBERG

BOSNIA-U.S. PARTICIPATION

Question. Will NATO troops continue to arrest war criminals if they do not surrender voluntarily and the tactical situation permits?

Answer. NATO political guidance for the development of the OPLAN for the follow-on force states that "current policy towards detention of indicted war criminals would remain in force and should continue to be implemented rigorously." In that regard, current guidance authorizing SFOR soldiers to detain persons indicted for war crimes if they come into contact with them in the performance of normal activities and when the tactical situation permits, would remain in force.

CONCLUSION OF HEARING

Chairman STEVENS. Thank you very much. We are going to do our best to mark this bill up next Thursday afternoon, and, hopefully, get it to the floor the following week. We are working with our colleagues in the House to try and see if we can effect a miracle, and that is to have both bills be the same. But you must say your prayers to have that happen.

Thank you very much.

Secretary COHEN. Thank you, Mr. Chairman.

General SHELTON. Thank you, Mr. Chairman.

[Whereupon, at 11:52 a.m., Friday, March 6, the hearing was concluded, and the committee was recessed, to reconvene subject to the call of the Chair.]