

STATEMENT OF ROBERT HENRI BINDER, DEPUTY ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS, DEPARTMENT OF TRANSPORTATION, BEFORE THE SUBCOMMITTEE ON AVIATION OF THE SENATE COMMERCE COMMITTEE CONCERNING USE OF THE CIVIL RESERVE AIR FLEET, WEDNESDAY, MAY 19, 1971.

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you today to discuss the use of civil air carriers for the transportation of Government traffic.

The subject of these hearings is a matter of considerable interest to the Department. Under the Department of Transportation Act and other statutes administered by the Department, the Secretary of Transportation is responsible for exercising leadership in transportation matters, including those affecting the national defense and those involving national emergencies. The Secretary also is responsible for consulting with the heads of other Federal agencies on the transportation requirements of the Government, including the procurement of transportation or the operation of their own transport services in order to encourage them to establish and observe policies consistent with the maintenance of a coordinated transportation system. In fact, one of the basic reasons for the establishment of the Department was to facilitate the development and improvement of coordinated transportation service, to be provided by private enterprise to the maximum extent feasible. The question of the appropriate use of civil air carriers for the transport of Government shipments has implications touching upon all of these responsibilities and policy matters.

DOT REVIEW OF CRAF PROGRAM

To understand the specific responsibilities of the Department of Transportation under the Civil Reserve Air Fleet (CRAF) Program, it is necessary

to refer to an agreement reached between the Secretaries of Defense and Commerce in 1963 (which updated the earlier arrangement reached between them when the CRAF program was initiated in December 1951). In that 1963 Agreement, responsibilities were assigned to the Director of the Office of Emergency Transportation in the Department of Commerce, the Assistant Secretary of Defense for Installations and Logistics, and the Secretary of the Air Force. A copy of the text of that agreement is appended as Exhibit 1. Of particular relevance here, it states that the Secretary of the Air Force has "responsibility in matters relating to contractual relationships with air carriers."

When the Department of Transportation began operations in 1967, we assumed the responsibilities for the preparation of plans for the allocation, including pre-allocation, of civil air carrier transportation to meet national emergencies. These responsibilities are exercised in the following manner: The DOD emergency requirements for civil airlift -- which under CRAF constitutes a pre-allocation of specific civil aircraft to DOD in the event of an emergency -- are prepared by the Air Force, and submitted to the Department of Transportation. They are projected for various time periods up to one year in advance and are stated in terms of the numbers of aircraft and type for the time periods involved. This projection of requirements is analyzed by DOT in the light of other forecasted essential emergency requirements and in light of projected civil aircraft production. Following this analysis, the Air Force is informed as to whether or not its requirements can be met. Based upon this planned commitment, the Air Force intermittently requests that certain specific aircraft be added to CRAF and that certain aircraft be deleted to

keep the program in balance. On a quarterly basis, DOT publishes an allocation notice which identifies by carrier, type of equipment, and tail number, the aircraft committed to the CRAF program. For your information, as of May 1, 1971, there were 429 aircraft in the CRAF program. This allocation breaks down into 322 aircraft for long-range international use, 46 for short-range international, 43 for domestic and 18 for Alaska.

Aside from the emergency aspect of the program for which rather formal and detailed procedures are established, the Department has a vital interest in the impact of CRAF, not only during emergencies, but at other times, on the development and improvement of our total transportation system in general, and the civil air carriers in particular.

From the standpoint of the individual carrier, the amount of aircraft lift capability committed by that carrier to CRAF is important, because it is this commitment that largely determines how much of the military air movement business will be offered to that carrier in times of non-emergency. DOD contract airlift services in "peacetime" are procured only from air carriers participating in the CRAF programs and then only in accordance with a formula which recognizes the emergency commitment of each of the participating carriers. In essence, a carrier's share of the DOD "peacetime" airlift business is dependent upon how many, of the types of aircraft that DOD wants, the carrier is willing to commit to emergency utilization.

II

CIVIL AIR CARRIER PARTICIPATION IN THE AIRLIFT PROGRAM

The participation of CRAF aircraft in the international movement of military traffic has varied over the years. In terms of the dollar revenues

earned by the civil air carrier industry as a whole, Table 1 shows the trend that has disturbed the industry. Clearly, the dollar amount spent on cargo carriage dropped sharply from \$282 million in FY 1967 to \$40 million in FY 1971. As Table 2 shows, this is partly due to a decrease of air cargo from a high point of 725,000 tons in 1969. The drop in the use of CRAF planes for cargo carriage is due to both the drop in air cargo and prior decisions to increase military airlift capacity. The necessary use of this capacity for training and other military readiness purposes has also led to the present levels of the use of commercial cargo carriers for military purposes.

In hearings before the Congress last year, the Military Airlift Command stated that future peacetime "cargo requirements will be purchased from commercial sources only to the extent needed to satisfy the cargo requirements (which remain) after utilization of military airlift capability."

As Table 2 shows, the total number of tons of cargo moved by CRAF aircraft is now twice what it was eleven years ago. It rose from 20,000 in fiscal year 1960 to a peak of 202,000 in 1967, tapered off to 104,000 in 1970, and dropped to 39,650 in 1972.

Over the same period, the organic military airlift trebled in size: from 149,000 tons in 1960 to 449,000 in 1972. In percentage terms, however, the civil cargo airlift ran from 12 percent of the total military cargo in 1960, to 33 percent in 1967, down to 6.6 in 1971 and 8.1 in 1972.

On the passenger side, Table 2 shows that civil carriage of passengers in 1972 will be four times the number carried in 1960, and 88 percent of the total compared to 43 percent twelve years ago.

Table 1

DOD PROCUREMENT OF INTERNATIONAL AIRLIFT
FROM COMMERCIAL AIRLINES
(\$ millions)

	<u>FY 61</u>	<u>FY 62</u>	<u>FY 63</u>	<u>FY 64</u>	<u>FY 65</u>	<u>FY 66</u>	<u>FY 67</u>	<u>FY 68</u>	<u>FY 69</u>	<u>FY 70</u>	<u>FY 71</u>	<u>FY 72</u>
Passenger	54	77	101	99	109	188	269	333	336	321	335	223
Cargo	25	66	63	46	87	128	282	198	143	76	40	43
Mail	35	42	48	48	40	77	110	119	89	109	106	103
Other	--	--	--	--	--	2	25	41	49	52	44	28
Total	<u>113</u>	<u>185</u>	<u>212</u>	<u>193</u>	<u>236</u>	<u>394</u>	<u>685</u>	<u>691</u>	<u>617</u>	<u>558</u>	<u>525</u>	<u>397</u>

Table 2

DEPARTMENT OF DEFENSE--INTERNATIONAL AIR PASSENGERS AND CARGO

Fiscal Year	Tons of Cargo			Number of Passengers		% Moved Commercially	
	Total	Military	Commercial	Total	Commercial	Cargo	Passengers
1960	168,787	149,206	19,581	993,209	428,912	11.6%	43.1%
1961	159,700	133,291	26,409	986,978	408,675	16.5	41.4
1962	118,707	45,038	73,669	992,062	558,410	62.0	56.2
1963	184,359	115,282	69,077	1,157,704	768,201	37.4	66.3
1964	196,841	153,158	43,683	1,102,290	754,044	22.1	68.4
1965	253,392	187,325	66,067	1,127,311	816,999	26.0	72.4
1966	338,368	236,262	102,106	1,615,943	1,446,494	30.1	89.5
1967	599,202	397,297	201,905	2,123,725	1,929,010	33.6	90.8
1968	679,079	516,006	163,073	2,700,266	2,482,281	24.0	91.9
1969	725,322	577,719	147,603	2,920,436	2,718,801	20.3	93.0
1970	658,643	554,652	103,991	2,890,514	2,626,953	15.7	90.8
1971	583,722	545,263	38,459	2,713,205	2,467,889	6.6	91.0
1972	488,740	449,090	39,650	1,978,703	1,744,890	8.1	88.2

Sources: 1960-1969, USAF data for House Armed Services Subcommittee on Military Airlift; 1970-1971, Military Airlift Command actuals for 1970 and estimates for 1971 and 1972 provided January 1971 with FY '72 Budget Request.

With the low commercial cargo percentage figures in mind, let us recall that portion of the Declaration of Purpose in the Department of Transportation Act that speaks of the provision of coordinated transportation service "to be provided by private enterprise to the maximum extent feasible." Let us also recall the testimony before this Committee earlier this year on the financial condition of the airline industry, particularly including the testimony of Assistant Secretary of Transportation Charles D. Baker: "Every segment of the air carrier industry lost money last year, and the industry's forecasts predict a worsening trend, or at best, only a slight recovery over the next year or two."

We appreciate that any aggravation of the current financial condition of the air carriers would be a serious matter, not to be taken lightly. We therefore welcome this opportunity to focus more clearly upon some of the basic policy questions that we believe are associated with the use of DOD aircraft to move military cargo.

Perhaps the most basic question is whether the peacetime utilization of civil air carriers for military airlift requirements is a matter of national policy? To what extent should DOD's organic air fleet be operated in competition with private industry?

We believe that it has been a matter of national policy, and that it should continue to be national policy, that civil air carriers should be used for military airlift requirements in peacetime to the maximum feasible extent. As Secretary Volpe recently stated: "In the interest of overall efficiency and economy, I strongly support the fundamental policy that our commercial air carrier fleet should be utilized for military airlift in peacetime to the maximum extent possible."

We must, of course, address the question of defining what is the "maximum extent possible", and in this process, we do not believe it possible to ignore the organic airlift capability of the Defense Department: It is a given, and it is substantial.

The national defense purpose of that organic military airlift capability is, of course, the principal province of the Department of Defense. Assistant Secretary Whittaker's testimony for this hearing explains this military purpose.

On the other hand, it is clear that the creation, maintenance, and operation of a substantial organic military airlift capability can have an important effect upon the civil air carrier fleet, and it is this we consider to be a principal province of the Department of Transportation.

We continue to adhere to the policy to use private air carriers to the maximum feasible extent for the carriage of military cargo, but in determining that feasibility we must make decisions in light of prior decisions to procure military airlift capacity.

When there is an organic military airlift capability in being, as is the case today, the Department of Defense should demonstrate that from the taxpayers' standpoint these military planes are flying in any event (on training missions) and can carry military cargo at low cost. Indeed, this is one major thrust of Assistant Secretary Whittaker's testimony.

However, this raises a fundamental question: Does the use of existing military aircraft in lieu of civil air carriers result in adequate military readiness, the best utilization of the nation's transportation resources, and provide for the transportation of cargo at the lowest cost to the taxpayer.

This fundamental question should not be limited to cases where there is existing military equipment that will be used in any event for military training or other reasons. An earlier and possibly more effective point for the policy to be considered and applied is the time when it is proposed to add equipment -- be it planes, ships or whatever -- to maintain or increase the Government's organic lift capability.

A related and most important question is what impact the greater reliance on military aircraft for cargo carriage will have on the incentive and ability of air carriers to support and contribute to CRAF? While the capability of military aircraft may be on the rise, and may become more of a match for airlift needs during relatively slack periods, will greater reliance on such aircraft to the detriment of commercial aircraft serve to decrease the combined capability of military and commercial aircraft to meet emergency needs? In an exchange of correspondence with the Defense Department last year, we covered this point and other matters. (I have for inclusion in the record (Exhibit II) Assistant Secretary Baker's letter of July 13, 1970 and Deputy Assistant Secretary Riley's response of November 17, 1970 (some classified portions excised)). While Riley there stressed that contingency planning is a most uncertain business, he also observed that it "would be premature to assume that DOD's normal peacetime utilization of the air carriers in the 1970's will not suffice to maintain the needed mobilization base."

On the other hand, while we defer to the Defense Department for the identification of the needed mobilization base, we must also note here the earlier testimony of the Air Force before the House Armed Services Committee in January 1970 that "current firm orders for aircraft do not indicate

projection of enough convertible or cargo aircraft to fulfill projected wartime requirements." They added that "the cargo capability of every convertible or cargo aircraft will be added to the CRAF until requirements are satisfied."

Mr. Chairman, that concludes my prepared statement. I will be happy to answer any questions the Committee may have.

MEMORANDUM OF UNDERSTANDING
By and Between
THE SECRETARY OF DEFENSE AND THE SECRETARY OF COMMERCE
With Respect To
THE CIVIL RESERVE AIR FLEET PROGRAM

GENERAL

Under Executive Order 10999, the Secretary of Commerce is charged with developing plans for a national program to utilize the air carrier civil air transportation capacity and equipment in a national emergency. During such an emergency and at other times, there is a recognized need to operate a substantial part of such capacity and equipment in providing airlift exclusively for the Department of Defense.

A plan for meeting the Defense requirements during a formally declared national emergency was initiated by joint agreement between the Secretaries of Defense and Commerce on December 15, 1951. This plan is known as the Civil Reserve Air Fleet (CRAF) Plan.

To meet its requirements for air carrier civil air transportation capacity and equipment during periods other than a national emergency, the DOD makes provision therefor by contractual arrangements with individual air carriers which are members of the Civil Reserve Air Fleet.

To assure timely response of air carrier civil air transportation capacity and equipment in the wide range of possible contingencies which may confront the DOD and require air carrier civil airlift service support,

conceptual changes regarding the activation of the Civil Reserve Air Fleet not envisaged at the time of the original agreement between the Secretaries of Defense and Commerce have had to be adopted.

This agreement recognizes such changes and defines responsibilities of officials of the Department of Defense and Commerce accordingly.

INCREMENTAL ACTIVATION

There is a requirement for incremental activation of the Civil Reserve Air Fleet (CRAF) to meet varying defense emergency needs for civil airlift augmentation to the military airlift capability. To this end four stages of civil airlift operations are recognized beginning with the normal day-to-day civil airlift augmentation obtained under MATS fixed contract covering domestic, international, and overseas requirements, and ending with the full implementation of CRAF. Each of the four stages is identified and will be implemented as described in Annex A.

RESPONSIBILITIES

1. The Director of the Office of Emergency Transportation is the action agent for the Department of Commerce and has the responsibility for developing plans for a national program to utilize the air carrier civil air transportation capacity and equipment, both domestically and internationally, in a national emergency, particularly in the following areas concerned with:

a. Obtaining from the Department of Defense, the Civil Aeronautics Board, and other agencies, and analyzing requirements for the services of air carrier aircraft for essential military and civilian use.

b. Allocation of air carrier aircraft to meet the needs of the Department of Defense for military operations and the Civil Aeronautics Board for essential civilian needs.

c. Providing aviation war risk insurance coverage as appropriate.

2. The Assistant Secretary of Defense (Installations and Logistics) is the action agent for the Department of Defense in matters relating to (a) airlift requirements and (b) policy coordination. He will serve as the primary Department of Defense point of contact with the Office of Emergency Transportation on all such matters.

3. The Secretary of the Air Force is the action agent for the Department of Defense and has responsibility in matters relating to:

a. All operational planning in connection with the use of CRAF aircraft pre-allocated or allocated by the Office of Emergency Transportation, Department of Commerce.

b. Determining suitability of aircraft for allocation.

c. Exercising operational control over allocated CRAF airlift resources.

d. Contractual relationships with air carriers.

RELATIONSHIPS

The Director of the Office of Emergency Transportation and the Executive Director of the Single Manager Operating Agency for Airlift Service (Commander, MATS) will collaborate and coordinate concerning the CRAF allocation. Thereafter the aforementioned Executive Director (Commander, MATS) will keep the Director, Office of Emergency Transportation advised in the following areas:

a. The status of contracts or other arrangements for the use of CRAF resources.

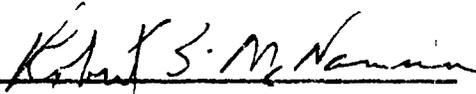
b. The number of aircraft by carrier, type and registration number, committed within the respective stages of peacetime contracts.

c. Upon the determination of an airlift emergency, the number of aircraft by carrier, type and registration number, activated and utilized under the terms of the peacetime contracts.

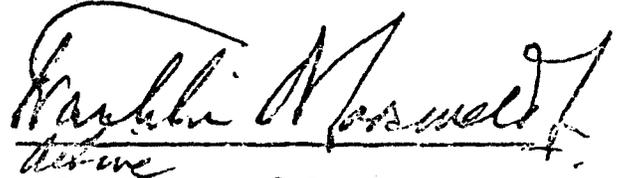
d. The availability of CRAF aircraft for other employment when military requirements permit.

This Memorandum supersedes Memorandum of Understanding between the Secretary of Defense and the Secretary of Commerce dated December 15, 1951, and regulations and procedures issued pursuant thereto.

This Agreement, executed this 8th day of August, 1963.



Secretary of Defense



Secretary of Commerce

- 1 Attachment
Annex A - Incremental
Activation

INCREMENTAL ACTIVATION

<u>STAGES</u>	<u>DESCRIPTION</u>	<u>AUTHORITY</u>
Peacetime Operations	Perform airlift service in support of deployed forces.	Executive Director, Single Manager Operating Agency for Airlift Services
Airlift Emergency Stage I	When required to perform airlift services for DOD operations in support of, but not confined to, counterinsurgency activities and localized emergencies.	Secretary of Defense
Airlift Emergency Stage II	When required to perform airlift services for DOD operations in support of, but not confined to, limited wars.	President of the United States
Airlift Emergency Stage III Activation of CRAF	When required to perform airlift services for DOD operations during major military engagements involving U. S. forces (limited or general war).	Declared National Emergency- Secretary of Defense, or in accordance with the conditions of the contracts.

July 13 1970

Honorable Barry J. Shillito
Assistant Secretary of Defense
(Installations and Logistics)
Department of Defense
Washington, D. C. 20301

Dear Mr. Shillito:

In an exchange of letters with Mr. William M. Allen of the Boeing Company (copies enclosed), the Secretary of Transportation has agreed to undertake a review of current Civil Reserve Air Fleet (CRAF) policy and an appraisal of what changes, if any, may be required in order that the CRAF program will be fully responsive to the requirements of national defense in the 1970s. An initial conference between representatives of DOD (Mr. Caputo and Mr. Perry) and DOT (Mr. Ira Dye and Mr. Donald Leavens) on this subject was held on April 17, 1970, prior to the Secretary's reply to Mr. Allen of April 23, 1970.

The Secretary has asked me to look into the suggestions made by Mr. Allen as well as other issues that may be pertinent to the problem. However, it appears to us that answers to the questions raised hinge primarily upon the determination of a national policy with respect to the utilization of the CRAF participants for Military Airlift Command (MAC) Airlift requirements in the 1970s. In order to aid in the establishment of a national policy, answers to the following questions are requested:

1. For FY 1971 through 1979, by years, what are the projected total tons and passengers of MAC airlift requirements and what percentage of the total tons and passengers, by years, is planned to be carried by MAC's organic fleet and how much is planned to be carried by CRAF participants? What are DOD's criteria with respect to the determination as to whether an airlift movement requirement is handled by MAC contract aircraft or by MAC organic aircraft?
2. Can the projected wartime requirements for military airlift be met solely by MAC's organic fleet and Civil Reserve Air Fleet? How much of the military airlift requirements in wartime will be in support of combat needs and how much will be in support of other essential purposes not directly related to combat operations?

3. Is there a floor in the amount of international and domestic MAC traffic which will be extended to CRAF participants below which DOD does not plan to go? What is the floor shown separately for international and domestic traffic?
4. New generation wide-bodied civil aircraft will significantly increase the national airlift capability. What effect will this increased civil airlift capability have on DOD's peacetime utilization of MAC's organic fleet and CRAF participant aircraft? What will be DOD's operational policy for the C-5A's with respect to peacetime airlift? What impact will this policy have on the peacetime allocation of military airlift traffic to CRAF participants?
5. If there is a significant decline in DOD's peacetime utilization of CRAF participant aircraft, what changes or additional incentives should be planned in order to assure the availability of civil aircraft in sufficient numbers to meet military wartime requirements? In addition to administrative actions which can or may be instituted, what new legislation or changes to existing legislation should be considered?

Should you desire, we will be pleased to discuss these questions further. To facilitate communication between our Departments on this matter, I have assigned Donald C. Leavens of my staff as project officer. He may be reached on Dial Code 13 - Extension 25678. In order for me to provide timely advice to the Secretary on this subject, an early reply will be appreciated.

Sincerely,

Charles D. Baker
Assistant Secretary
for Policy and International Affairs

17 November 1970

Honorable Charles D. Baker
Assistant Secretary for Policy and
International Affairs
Department of Transportation
Washington, D. C. 20590

Dear Mr. Baker:

This refers to your letter of July 13, 1970 and discussions between members of our respective staffs with a view to assuring that the CRAF program will be fully responsive to the requirements of national defense in the 1970s.

The attached summary provides the most reliable answers possible at this time to the questions which were raised in your letter. You will recognize that, to the national defense, transportation is a service, supporting a combat activity, which must be responsive to whatever changes may arise in the combat environment.

Specific requirements during contingency periods are difficult to estimate in advance since we must contemplate a great range of possible contingencies and combinations of contingencies. Moreover, if a major contingency does arise, its exact nature will be determined in large part by the action of others. Thus, only when a contingency has arisen can the United States Government determine what course of action should be followed for national defense, precisely what airlift this requires, and on what timetable, and finally how productive our airlift resources can be under the conditions which arise at the time.

Similarly, in peacetime, DoD airlift requirements will depend upon the size and location of our military forces, particularly those located overseas, and upon the nature of the supply system supporting these forces. Peacetime requirements will also depend, to a significant degree, upon the nature and extent of our training and exercise requirements considered necessary to maintain wartime readiness for the use of our military airlift. All of these factors can, and do, change significantly from year to year.

As a result of these considerations, any attempt to estimate DOD's air transportation requirements for several years into the future, as you have suggested, must be recognized as incorporating uncertainties which can completely alter the figures with the passage of time.

For more detailed information as to the day-to-day relationship between the Military Airlift Command and the air carriers under contract to it, you may wish to have your staff review the record of the Hearings this year before the Subcommittee on Military Airlift of the Committee on Armed Services, House of Representatives, and the Report of that Subcommittee issued on June 24, 1970.

I hope that this information will be helpful to you.

Sincerely,

signed

PAUL H. RILEY
Deputy Assistant Secretary
(Supply, Maintenance & Services)

DoD Responses to Questions in
Department of Transportation Letter
Dated July 13, 1970

1. Question: For FY 1971 through 1979, by years, what are the projected total tons and passengers of MAC airlift requirements and what percentage of the total tons and passengers, by years, is planned to be carried by MAC's organic fleet and how much is planned to be carried by CRAF participants? What are DoD's criteria with respect to the determination as to whether an airlift movement requirement is handled by MAC contract aircraft or by MAC organic aircraft?

DoD Comments: It would be well to respond to the second sentence of this question first since our long established policy provides the criteria for commercial augmentation of MAC organic aircraft. Our basic policy requires that DoD transportation resources be so organized and managed as to assure optimum responsiveness, efficiency, and economy in support of the Defense mission. Further, that there shall be maintained and operated in peacetime, sufficient DoD-owned transportation resources to meet approved DoD emergency and wartime requirements, having due regard for available commercial transportation. These transportation resources are used in peacetime to provide essential training for operational personnel and for logistic needs as appropriate to assure military effectiveness in support of National Defense policies. The military capability generated thereby is utilized in the most efficient and effective manner possible. Since the military aircraft are designed primarily to transport cargo and troops, their use for this type of traffic is most appropriate, while commercial air carriers under contract to DoD concentrate on general passenger (and mail) transportation.

Based upon current budget projections, the following is a summary of planned expenditures by MAC for commercial augmentation during the current and ensuing fiscal years:

	<u>In Millions of Dollars</u>
	<u>Fiscal Years</u>
	<u>1971</u>
Passengers	335.5
Cargo	40.3
Mail	<u>106.8</u>
Total	482.6

The size of the commercial augmentation [redacted] will depend on the size and location of U. S. forces stationed overseas. The air carrier contracts in these years are expected to cover almost all of the passenger and mail transportation for DoD and some small amount of cargo transportation particularly in mixed configuration flights.

Since 1960 Department of Defense airlift policies have had four fundamental goals which interrelate peacetime and wartime requirements for commercial augmentation:

1. To encourage U. S. air carriers to procure the kinds of modern, turbine-powered cargo and convertible aircraft best suited to provide needed contingency support;
2. To assure that even in periods of high requirements, DoD can continue to obtain commercial augmentation at minimum fair and reasonable rates;
3. To provide for incremental increases in commercial augmentation in limited emergencies; and
4. To provide for availability of the full CRAF under more demanding emergency conditions.

In recent years DoD has achieved both the contractual and the personal relationships by including contingency operating provisions in annual peacetime contracts. For the past several years every one of the CRAF carriers has agreed to enter into this kind of peacetime "fixed buy" or "call" contract, and thus the entire allocated Civil Reserve Air Fleet has been contractually committed to DoD.

If the Department of Defense had not had the pre-existing contractual arrangements, in all probability the amount of commercial augmentation which was made available to support Southeast Asian activities could not have been obtained without some formal emergency action by the Government. Consequently, notwithstanding the peacetime capabilities of the military airlift fleet, the Department of Defense must continue to have peacetime contracts with most, if not all, of the CRAF air carriers in order to maintain the necessary continuing contractual and working relationships.

For CRAF to respond promptly and effectively in an emergency -- with aircraft and with the management personnel, ground crews, and flight crews necessary to operate those aircraft -- the Military Airlift Command (MAC) needs to have appropriate contractual arrangements in advance with the CRAF air carriers. In addition, the Department of Defense considers that the airline response to a contingency situation will probably be most rapid and effective if the airline people and the MAC people have had experience in working together on a day-to-day basis in the period preceding the contingency.

The DoD has the following two basic objectives in carrying out Department of Defense airlift activities during peacetime periods.

1. To maintain both the military airlift force and the commercial augmentation force in a state of readiness to respond promptly when needed; and
2. To avoid any unnecessary expenditures in meeting DoD peacetime airlift needs.

In order to surge quickly to the planned contingency utilization rate which the Department of Defense contemplates for both military and commercial augmentation aircraft, those aircraft, and the personnel operating and maintaining them, must be performing at a substantial utilization rate in peacetime immediately prior to the contingency. This is necessary both to give the military and civilian personnel the necessary experience and training to enable effective wartime operation, and to provide a substantial flying hour performance base from which the surge and utilization rate can take place. It is hoped that the CRAF aircraft can continue to obtain a significant part of this needed peacetime utilization from their commercial, non-defense air transport business.

MAC personnel whom we must have trained and ready to meet our planned wartime aircraft utilization rates will use the MAC military aircraft at the rate established to maintain essential training during peacetime. As indicated in our comments above, the capability generated by military aircraft will be used productively if the costs to the taxpayers and this department are to be minimized.

When the Department of Defense began the present interrelationship of peacetime and wartime requirements for commercial augmentation airlift, under the 1960 Presidentially Approved Courses of Action, the military airlift fleet was composed in large part of aircraft quite similar in operating characteristics to the then existing CRAF. Plans for wartime airlift envisaged the use of both military aircraft and CRAF aircraft interchangeably, with both types operating

into large fields suitable for all types of aircraft -- and unfortunately moving only the people and light armament of our combat units. The heavy fire-power and other major equipment was to come along later by sea -- unless it was already available in the destination area through prepositioning. In contrast, today's military transport aircraft are uniquely configured to our military needs, able to transport combat units with full fire-power directly to where they are really needed, even if only a second-rate airfield, completely lacking ground handling equipment is available. At the same time, the airlines, striving for greater economies in meeting the needs of the general public, have moved to larger faster aircraft increasingly dependent upon major airports with extensive ground handling equipment.

In view of this somewhat diverging trend, the role now developing for CRAF is to replace the MAC aircraft which have been diverted from their regular logistics operations and only secondly to augment the military airlift force, if operationally necessary and feasible, by moving troops and resupply cargo to contingency areas, or to enroute bases near contingency areas.

A continuing contractual relationship between MAC and the CRAF carriers in peacetime is considered to be the most appropriate -- indeed a necessary -- way to maintain the clear mutual understandings and the day-to-day cooperative operating experience to assure that the airlines are able, as well as willing, to respond as rapidly as the Department of Defense will need them in a major contingency.

2. Question : Can the projected wartime requirements for military airlift be met solely by MAC's organic fleet and Civil Reserve Air Fleet? How much of the military airlift requirements in wartime will be in support of combat needs and how much will be in support of other essential purposes not directly related to combat operations?

DoD Comments: The greatest anticipated DoD need for airlift will be during contingency periods when the rapid deployment of military forces by air is necessary. To meet these peak needs the Department of Defense relies on three basic elements to make up the total defense airlift force, the active military airlift force, the reserve military airlift force, and the Civil Reserve Air Fleet (CRAF). All three of these elements are essential to total military airlift planning, and all three elements will continue to be essential in the future. DoD contingency plans involving the use of airlift are necessarily based on the amount and nature of the capacity available. CRAF requirements will be changed only if more capacity becomes available and if DoD determines that such capacity could be used effectively. Since the limiting factor on airlift capacity continues to be intercontinental cargo capacity, every intercontinental jet convertible or cargo aircraft now on order by the U. S. carriers will be requested by DoD to be added to the CRAF. Currently the Department of Defense has 200 intercontinental jet cargo aircraft allocated to CRAF. By 1975 the Department of Defense anticipates that cargo aircraft roughly the equivalent of 250 standard DC-8/B-707 aircraft will be available to, and allocated to, CRAF. Looking still further to the future DoD has considered the likelihood of a CRAF intercontinental cargo fleet equal to 290 standard DC-8/B707's. By the time that many aircraft are available, however, the Department of Defense plans for using them may well have evolved to a point where still more capacity could be used effectively. We do not know how long the civil cargo capacity can continue its steady growth before the Department of Defense will reach a point where it concludes that not all of the available intercontinental jet cargo capacity is needed for national defense purposes.

In contrast, there is an excess capability to meet DoD wartime passenger airlift requirements. Therefore, the Department of Defense can tailor the CRAF passenger fleet to a desirable mix of wide-bodied, stretched and standard jets to give us the flexibility to transport smaller loads and use airfields which do not have the ground support equipment for wide-bodied aircraft. For the foreseeable future, MAC expects to maintain about half of the CRAF passenger airlift capability in the smaller jets. For example, 42 B-747 passenger aircraft can satisfy 55% of the DoD passenger airlift requirement. This is less than one-half of the overwater capable B-747's owned or on order by the U. S. air carriers.

3. Question: Is there a floor in the amount of international and domestic MAC traffic which will be extended to CRAF participants below which DoD does not plan to go? What is the floor shown separately for international and domestic traffic?

DoD Comments: Estimated Department of Defense requirements to be airlifted worldwide in the MAC system during fiscal years 1971 and 1972 are as follows:

<u>FY 1971</u>	<u>Passengers</u> (Millions)	<u>Cargo</u> (000's S/T)
Outbound	1.252	355.4
Inbound	<u>1.434</u>	<u>228.4</u>
Total	2.686	583.8

Because of the configurations of the aircraft involved, essentially all of the DoD regular channel passenger business will continue to be placed with the air carriers. The air carriers in the CRAF program all own, or control, passenger or convertible aircraft so that the mobilization base relationship between the carriers and MAC can be maintained with passenger business.

Experience has indicated that, at least during periods when the MAC fleet is engaged in extensive exercise activities, some peacetime cargo business will be placed with the air carriers in addition to the passenger business. In addition to such international cargo business, the Department of Defense anticipates that the CONUS LOGAIR and QUICKTRANS business will continue to be placed with contract carriers. During FY 1971 the fixed buy for LOG-AIR is \$ 34.0 MILLION and QUICKTRANS \$ 8.0 MILLION.

Based on these considerations, DoD contemplates that the amount of business placed with the MAC mobilization base air carriers will substantially exceed any "floor" which might be justified on the basis of assured requirements through the 1970's.

4. Question: New generation wide-bodied civil aircraft will significantly increase the national airlift capability. What effect will this increased civil airlift capability have on DoD's peacetime utilization of MAC's organic fleet

and CRAF participant aircraft? What will be DoD's operational policy for the C-5A's with respect to peacetime airlift? What impact will this policy have on the peacetime allocation of military airlift traffic to CRAF participants?

DoD Comments: All of the wide-bodied aircraft which have been delivered to the airlines to date, and most of the additional wide-bodied aircraft on order, are passenger aircraft. They increase a passenger capacity which is already well in excess of DoD's CRAF needs. Further, these wide-bodied aircraft, including the few cargo and convertible aircraft on order, require extensive special ground handling equipment currently available at very few airfields. Consequently, there is no sufficient basis, as yet, for expecting a substantial further effect on CRAF or on MAC's annual procurements. The C-5A is unique in its ability to carry items outside to other aircraft, and will be used predominantly for that purpose.

5. Question: If there is a significant decline in DoD's peacetime utilization of CRAF participant aircraft, what changes or additional incentives should be planned in order to assure the availability of civil aircraft in sufficient numbers to meet military wartime requirements? In addition to administrative actions which can or may be instituted, what new legislation or changes to existing legislation should be considered?

DoD Comments: DoD was able to maintain its mobilization base program for airlift throughout the early 1960's when the total procurement was less than \$200 million per year. It would be premature to assume that DoD's normal peacetime utilization of the air carriers in the 1970's will not suffice to maintain the needed mobilization base. DoD does not contemplate recommending at this time, any changes to the statutes upon which the airlift mobilization base program is maintained.

