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Authority

952305

By

MMA HARA Date 5/31

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2 Dec 1961

MEMORANDUM FOR THE SECRETARY OF THE AIR FORCE

SUBJECT: GAM-87A Skybolt Revised Program

I share your concern and dissatisfaction over the recent upward revisions in the estimated cost of the Skybolt program, and I would like to be assured that the estimated costs to completion agreed upon as a result of the review you are now conducting will be realistic and will not have to be revised upward again. There are limits to what we should be willing to pay for the Skybolt weapon system.

It seems to me that the value of Skybolt is to be found primarily in the defense suppression role. Skybolt is not a good choice for counter-city retaliation because of the low survival potential in the wartime environment of the bombers that carry it, and the fact that they have to be committed to attack, if at all, early in the war. It is not a good choice as a weapon for attacking high priority military targets because it takes hours to reach its targets and it is vulnerable on the ground. However, for defense suppression, Skybolt has the important advantages of being available when the bombers are, invulnerability to anti-bomber defenses, and, hopefully, relatively low cost.

But there are substitutes for Skybolt for defense suppression; principally Hound Dog and Minuteman. Hound Dog will be vulnerable to anti-bomber defenses though it is likely to continue to have some effectiveness, and it is available and cheap. Skybolt would be superior to Minuteman for the defense suppression role only if it were to cost substantially less, for Minuteman has the advantage of being hardened and dispersed and presenting a set of targets independent of the B-52 bases.

The estimated total R&D and initial investment costs for Skybolt in your revised program package come to \$1,771.8 million, of which \$1,554.6 million will remain ahead of us at the end of January 1962. In the currently approved program there will be about 704 Skybolt missiles on alert B-52s. Thus, the cost of Skybolt that will remain ahead of us (i.e., ignoring sunk cost) will come to about \$2.2 million per alert missile. By comparison, the initial investment cost for additional Minuteman (R&D) would be about \$4 million per missile. (The total R&D for Minuteman would not be affected by the addition of extra missiles. Therefore, it would not be appropriate to include Minuteman R&D costs in this comparison.) If Skybolt costs were higher than now estimated, the system would compare unfavorably with Minuteman for the defense suppression role.

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These considerations lead me to believe that we should not continue the Skybolt program unless we can be assured that it can be completed within cost totals that will make it substantially less than Minuteman. Therefore, in the preparation of your revised costs to completion, would you please bear in mind that if we decide in January to continue the Skybolt program, it will be with the understanding that it will have to be completed within the cost totals agreed upon at that time.

15/ Robert S McNamara

cc: ODDR&E

OASD(C)Budget

Prepared by:
A. K. Thoven: gmc: Nov 29, 61
OASD(C) Programming
Rm 3C-868 x-57191
CCS: #
Rec # _____

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