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MEMORANDUM FOR, SECDEF

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Chief, Records & Declass Div, WHS
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When you see Randy Jaynes he may try out interpreting the "3% real growth" mandated by NATO and PD-18 as applying only to NATO-committed forces. Russ Murray tells me OMB may feel us out on this.

From a NATO point of view this would be a disaster. The real purpose of this 3% target was to jack up Allied spending (though it also served a very useful purpose in shaping PD-18). Indeed our NATO initiatives as a whole are aimed primarily at the Allies (at present we're way ahead of them). But Jaynes' proposal (which they would copy avidly) would let them off the hook. I can't stipulate that Allies would go for 3% growth just because we did, but they certainly wouldn't if we didn't.

Moreover, OMB may naively think that most Allied defense outlays are for NATO-committed forces, hence that its interpretation would not risk much reduction of their budgets. But most Allies have large "national" contingents not committed or even earmarked for NATO. All their R&D, procurement, support, overhead, etc. is also "national." Ergo, they would have infinite ways of showing that they were increasing their "NATO" outlays 3% per annum, while really going down.

If this molehill shows signs of becoming a mountain, I urge the following rebuttal. The Administration has firmly committed itself to a major effort to revamp NATO's defense posture. While we've been careful not to over-publicize it till we could see likely outcome more clearly, it could become one of our more solid successes next year. And God knows it's crucial to our national security interest. So let's not mischievously play with cute budget cutting devices like reinterpreting 3%, which might end up costing us far more in overall terms than any marginal short term gains involved.

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RWK
R. W. Komer

cc: Russ Murray

Classified by Advisor to SecDef on NATO Affairs
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