



THE JOINT CHIEFS OF STAFF
WASHINGTON, D.C. 20301

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DIA

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MEMORANDUM FOR THE RECORD

Subj: Budget Planning (B)

COPY

1. Dr. KISSINGER asked to see the Chairman, JCS at noon today. The subject of this meeting was to discuss budget planning for FY-71.

2. Dr. KISSINGER opened the meeting by stating that the President may decide to submit a DOD budget request above the fiscal guidance of \$74.5B. Dr. KISSINGER stated that he was aware of the fact that the JCS obviously were basing their force planning on present fiscal guidance, and that it may turn out in the final analysis that the current level will constitute all we get. However, he said that Soviet attitudes were of great concern, that he saw nothing in their behaviour that might be interpreted as consistent with a desire for a detente. On the contrary, their world-wide strategy seems to be getting rougher and rougher, starting with SALT and extending to the Middle East and Cuba. He characterized the erratic movements of the submarine tender off Cuba as either petty or a deliberate attempt to worsen our relationships.

3. In view of this unsettling situation, Dr. KISSINGER thought the President might give serious consideration to an increase in the Defense budget. He thought the President might consider a new level as much as \$79.5B, provided he is given a clear concept of just what we would buy and how such increases would affect our policy options. From an administrative viewpoint, Dr. KISSINGER recommended that we package five (5) different increases in \$1B increments, with each increment containing two (2) different options.

4. The CJCS then described his concept of how the Defense budget should be structured, based on four (4) major objectives:

- Force levels of a pre-determined number,
- The logistics back-up necessary to give this force sustained combat power,
- A modernization program,
- Research and Development.

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5. Under such a concept the CJCS thought that a \$1B increase might reasonably result in an allocation of the total amount in one-quarter slices for each of the major objective areas defined above. As we proceed toward a \$5B increase, there might be a significant increase in number of bombers, interceptors, carriers, ASW forces, and possibly, two or three tactical fighter wings and two more Army divisions. In addition, such augmentation should provide support and equipment necessary to the sustaining power of the overall force.

6. Dr. KISSINGER questioned the add-on of two additional divisions, commenting that it was his instinct that we would be better advised to hold at 16+plus division level, then go for modernization in any budget increases. He recommended that any large increase in manpower be reflected only at the extreme end of a budget increase, rather than in the early phases of any augmentation. He thought it fully conceivable for the President to increase the defense budget but not to ask for a higher Draft. The CJCS agreed, and reassured Dr. KISSINGER that he had mentioned an increase in ground divisions only as one of several options possible in a budget increase. Both agreed that it would be far preferable to maintain present force levels, while using any increased dollar levels to modernize that force.

7. Dr. KISSINGER emphasized that the incremental packages which he envisioned must be general in detail, yet specific enough to give positive direction to the Department of Defense in the event the President should select one for implementation. BG HAIG added that it would be useful for each option to provide the President with a positive statement as to how its acceptance would improve both the President's position and our national security. Dr. KISSINGER concluded this portion of the meeting by reaffirming his deep concern that the Soviets are fully aware of our force drawdown, and the US must make some tough decisions in early 1971 if we are to stem the tide of USSR initiatives. He added that it was not in keeping with his present job to be pessimistic, but as a historian he held a very bleak outlook as to the future unless we can achieve the necessary military strength to influence Soviet decision-making. The CJCS agreed, adding that we must turn the present trend around.

8. Dr. KISSINGER commented on one additional matter concerning our withdrawal of forces from Southeast Asia. He felt it absolutely necessary to keep the Navy and Air Force forces in Southeast Asia as long as possible even though we may have to accelerate the withdrawal of Army forces. If we do otherwise, he thought that our posture in Southeast Asia would come apart, all at the same time. He asked the CJCS to provide him

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with some idea of our time table for Navy/Air Force withdrawals. The CJCS replied that he would do this, but such action must be predicated on the size of our end strength in Southeast Asia at various dates. These end strengths, in turn, would be predicated on national decisions which have not been made. Dr. KISSINGER asked the CJCS to take whatever action is necessary to ensure that we retain our air strike capability in Southeast Asia far into the future.

9. In summary, Dr. KISSINGER would like to have the following:

--Five packages, consisting of two options each. Each package would be in increments of approximately \$1B each.

--The packages should be designed to stem the Soviet threat, while at the same time, improving our domestic economic posture.

--Any small personnel increases should be placed in the first package in order to preserve skills and to restore losses in efficiency which have resulted from hidden budget cuts in the past.

--Emphasis throughout should be on modernization, which in turn will serve as a means of economic pump priming.

--At the breakpoint (possibly about \$3B) we should start to add dramatic combat capability.

--Keep packages general in nature, yet specific enough to permit the issuance of credible White House direction, e.g. "increase in aircraft interceptors," rather than "increase of 75 planes."

--Timing is important. All packages should be ready by 4 December.

--Finally, we need a redeployment plan which reflects the drawdown of Navy and Air Force forces for each of the projected overall manpower end strengths in Southeast Asia. (Maintaining strong Navy/Air Force strength as long as possible.)

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