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THE SECRETARY OF DEFENSE  
WASHINGTON, D. C. 20301

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10 DEC 1977

MEMORANDUM FOR THE PRESIDENT

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Chief, Records & Declass Div, WHS

Date: SEP 02 2015

(23)

SUBJECT: NATO Initiatives and Improvements

In preparing our FY 79 budget and FY 79-83 FYDP, we have paid special attention to improving our contributions to NATO. This is consistent with the emphasis you have placed on having this country lead the Alliance toward an improved military posture that will mean greater security for all. Although we still have a long way to go, the situation is a hopeful one. Continuation of our progress will depend in part on decisions we make now on the FY 79 budget. Accordingly, I think it is useful to step back from the details of the budget review to take a broad look at the improvements we and our Allies are planning.

The end of U.S. involvement in Vietnam permitted a healthy shift of our attention to Europe. Studies of the military picture there identify two principal concerns. The first is that our current rough parity with the Soviets in strategic forces may make them bolder about using their conventional forces, or make our Allies less confident in resisting Soviet pressures. Our second concern is that the change in the strategic relationship has not been accompanied by any reduction in the Soviet advantage in conventional forces. To the contrary, since the late 1960's Soviet military resources have been increasing steadily, while U.S. defense spending declined until last year. The Soviets have been out-producing the U.S. in tanks by nearly six to one, tactical fighters by two to one, and artillery weapons by eight to one, to cite just three important examples. When we include our Allies the picture improves, but the basic problem remains. The capability of Soviet forces in Europe and the speed with which they could mount an attack have increased markedly.

We should not and probably cannot meet this danger by increasing our present reliance on strategic forces. It would be very risky to let the Soviets take a substantial and visible lead in strategic forces. We will have to continue to respond appropriately with actions of our own to their strategic forces changes, while striving for stabilizing SALT limitations. But an attempt to rely on stronger strategic forces to offset the Soviet conventional force buildup would be dangerous, inconsistent with our arms control efforts, and probably futile to boot. Instead, we must improve NATO's theater forces, particularly those that would be available in the early stages of a war that starts with little warning. We must also make sure that the Soviets see no military advantage in the use of tactical nuclear weapons.

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10 Dec 77

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~~EXECUTIVE ORDER 11652 AUTOMATICALLY DOWNGRADED~~  
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This Administration inherited and has expanded a substantial program for modernizing our conventional forces and improving their capabilities to fight against Soviet forces in Europe. If we carry through with our programmed modernization and procurement, we will have "heavied up" eleven of sixteen Army divisions and fleshed out a full 26 tactical fighter wings. From FY 77 to FY 83 we are planning to purchase roughly 5,000 tanks and 18,000 anti-tank guided missiles for the Army, and more than 2,000 advanced tactical aircraft (A-10's, F-15's and F-16's) for the Air Force alone.

We must continue that modernization and perhaps even accelerate it in key areas. But this Administration has recognized that it is not enough just to increase resources for NATO. We must make sure that those resources are used effectively. Buying the heavy equipment that an Army division needs to fight effectively in Europe is of little value if that division takes months to get ready for combat or if it arrives only after a failure of NATO's conventional defenses has forced us to resort to nuclear weapons. Nor is that investment of much value unless the division can fight effectively with our European Allies. These premises set the themes for my guidance to the Services in the preparation and review of this year's Defense Program: reinforcement, readiness, and coalition warfare.

As I survey the resulting defense program, I see some real progress being made. Probably the single most important decision this year was to accelerate planned improvements in U.S. reinforcement capabilities. By the end of FY 83, these plans will result in a dramatic increase in the speed with which U.S. Army and Air Force reinforcements could arrive in Europe. Currently we could only augment our deployed ground forces by a little over one division within ten days of a deployment decision; by end-FY 82, we plan to be able to deploy five reinforcement divisions in that time. At present, we could probably get 40 tactical air squadrons from the United States to Europe in a week; by end-FY 82, we plan to move 60 squadrons. The resulting increase in U.S. ability to reinforce NATO is summarized in the table below.

REINFORCEMENT IMPROVEMENTS

Army Division Equivalents  
(1 Brigade = 1/3 Division)

|         | <u>M-Day</u> | <u>M+10</u>   | <u>M+30</u> |
|---------|--------------|---------------|-------------|
| Current | 5 2/3        | 6 2/3 - 7 1/3 | 9-10        |
| FY 83   | 5 2/3        | 11            | 15-16       |

Air Force Fighter Squadrons

|         | <u>M-Day</u> | <u>M+7</u> | <u>M+30</u> |
|---------|--------------|------------|-------------|
| Current | 28           | 68         | 100         |
| FY 83   | 26-34        | 86-94      | 108         |

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Dramatic as these results are, they will be achieved without large cost increases. In the case of the Army, we will reallocate war reserves and equipment not needed for training US-based forces to prepositioned storage in Europe, ready for the all-important units that arrive early. In the case of the Air Force, we plan to exploit the greater availability of tanker aircraft made possible by your decision on the B-1.

Our changes to this year's defense program also included a wide range of measures to improve the readiness of our early-deploying forces. We increased manning of critical combat equipment, such as tanks and aircraft, and the density of artillery and anti-tank weapons. More ammunition will be loaded on combat vehicles, and we plan to continue improving the realism of our training exercises. Finally, our readiness benefits from improved morale and a continuing reduction in drug and race-related discipline problems. In sum these changes should significantly improve the day-to-day readiness of our forces in Europe.

Our European Allies, who supply the major portion of NATO's conventional combat capability, have not been standing still either. Non-US NATO anti-tank guided missile launchers in Central Europe will increase next year by almost 2,000, and stocks of the missiles themselves by 14,000. German stocks alone of anti-tank missiles will total 40,000 by 1982. The United Kingdom, Belgium, and The Netherlands all report plans to improve their reinforcement capabilities.

In order to eliminate duplication in these individual plans and make sure that NATO can fight effectively, this Administration launched two improvement efforts at the NATO Ministerial meeting in May. Our Short-Term Initiatives Program has already produced promising results in three critical areas -- readiness and reinforcement, anti-tank capabilities, and war reserve munitions. The NATO Long-Term Defense Program will integrate long-range programs in ten critical areas of NATO's conventional and theater nuclear capability. That effort will challenge many vested interests and cherished but costly commitments to "go-it-alone" national programming. But if we are successful, we should get a further increase in NATO's effectiveness.

I am optimistic about our prospects, but it will take a sustained effort to realize these plans. Greater efficiency is necessary, but efficiency alone is not enough. It will not do much good to get forces to Europe faster if they lack the modern equipment necessary to be effective in European conditions against improved Soviet forces. This modernization requires an increase in Defense expenditures, although not as large an increase as the Ford Administration programmed. Our early "scrub" of the FY 78 Ford budget cut \$3 billion -- before the further \$1 billion net reduction in the FY 78 B-1 amendment. We have continued working this year to reduce projected spending for FY 79-82. In FY 79 alone these reductions amount to about \$6 billion in constant FY 78 dollars. This still leaves us with a gradual increase in real defense spending, but we need this increase to continue our major conventional force modernization efforts.

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We also need that increase if we are to maintain the momentum of our NATO initiatives. At the May NATO Ministerials we secured with some difficulty a joint commitment to a 3 percent real increase in defense spending. We did not want a greater U.S. effort simply to become an excuse for our Allies to do less, with no overall increase in the conventional capability that we need. In the recent past, of course, it has been the United States that reduced its efforts. Between FY 71 and FY 76, U.S. real defense spending declined by about 2 percent per year (even after excluding the drop in Southeast Asia expenditures), while the European allies combined achieved increases in real defense spending averaging around 2 to 3 percent per year. I do not think we can continue to get needed increases from our Allies without a real increase of our own.

The only measure of budget that our allies or our adversaries will credit is the total budget. Much -- perhaps all -- of the real increase which we plan will go to strengthen forces directly connected with NATO. But the strength of NATO forces is not separable in a meaningful way from the totality of our defense. We could not force others to accept only certain budget accounts as the proper measure in assessing our defense commitment, even if we believed -- as I do not -- that such an assessment would be meaningful. Moreover, playing with allocations is too easy a game -- and all can play at it. If we were to tell others, for example, to disregard the size of our research and development, or intelligence, or central support services, then our Allies could say the same. In the end we would find that everyone had decreased his real efforts while pretending to increase them.

Perhaps even worse, our credibility would be questioned -- and that credibility is central to the success of the entire effort. Our Allies never have been as enthusiastic as we about improvements in conventional forces. We have had some success in pushing such improvement, in part because they value the overall U.S. commitment. That commitment has been enhanced by the actions of your Administration. The NATO initiatives of last spring, and your reaffirmation this summer in PD-18 of the commitment to 3 percent real growth of the U.S. Defense budget, were greeted in Europe as a demonstration of our seriousness and our credibility. The Europeans at last have begun to believe that we are serious. If we were to back off now, I am afraid we would see a reduction and fragmentation of European efforts. Some Allies would be likely to put more emphasis on their independent nuclear capabilities and less on conventional force improvements. Others could well seek a political accommodation with the Soviet Union on the latter's terms. It would be a long time before we ever could put the pieces back together again, or recreate a framework as promising as the present one.

*Harold Brown*

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