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Chief, Records & Declass Div, WHS
Date: SEP 21 2015

THE SECRETARY OF DEFENSE
WASHINGTON D C. 20301

5 MAY 1978

(170)

MEMORANDUM FOR THE PRESIDENT

You and I and Charles Duncan will be meeting with the Joint Chiefs of Staff for lunch on Wednesday, May 10th. This will be followed by a meeting of the NSC (Dave Jones will be the only Chief present) to which Jim McIntyre has also been invited. The announced subject in both cases is the Consolidated Defense Guidance. I hope that the bulk of the discussion in both sessions will center on the elements of that guidance that deal with foreign policy, defense strategy, and defense programs, though inevitably the fiscal guidance portion is also likely to be touched upon.

If you care to examine some materials in advance of the meeting, I suggest that you re-read the 10-page summary of the major issues and features of the DOD Consolidated Guidance for Fiscal Year 80-84 and my accompanying memorandum to you dated 10 March. (Copies are attached.)

The Chiefs, I think, may be more outspoken than at previous meetings. My impression from their remarks to me is that they value the opportunity to interact with you, but have concluded from their past experience that these interactions have not produced decisions they consider favorable. They were particularly disappointed with the budget decisions in the Fiscal 79 budget -- decisions that some of them saw as contrary to the points that they raised in their December 14th breakfast with you. They are rather pessimistic in general about the prognosis (from the U.S. point of view) concerning Soviet politico-military actions throughout the world. You can expect to hear that changes even since March in the Horn of Africa and in Afghanistan have reinforced their pessimism. They may well raise the issue of whether we are doing enough in Defense to meet your direction in PD-18 that the United States will "maintain an overall balance of military power between the U.S. and its allies on the one hand and the Soviet Union and its allies on the other at least as favorable as now exists."

Dave Jones may note that the current program guidance corresponds roughly with the enhanced budget level of the fiscal guidance. After a 2% budget scrub, the enhanced level is about 5% above the

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- 2 -

five-year top line that you have approved at the beginning of the period, and about 9% above at the end of that period. This implies that at the approved budget levels for the out-years, substantial cuts in present program plans will be required. By mid-summer, after the Service requests have been submitted to me and reviewed, I expect to be able to present a clearer picture of just what each Service and the Department of Defense as a whole would be able to do with funding levels higher or lower than that now approved by you for the out-years.

Dave Jones may also want to speak to the strategic balance and to intra-theater airlift. Jim Holloway is likely to talk about the size of the Navy, and its role on the NATO flanks; Bernie Rogers may speak to the question of sustainability.

What the Department of Defense most needs from you at this point is your reactions to some of the issues raised in the Consolidated Defense Guidance Summary, particularly your views about which geographical areas we need to concentrate on and what assumptions are justified about how we would plan to support our interests in these areas.

Harold Brown

Attachments - 2

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