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Date: 08-09-2009  
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REAGAN DEFENSE BUDGET CUTS . . . ?



# CASPAR W. WEINBERGER

## Secretary of Defense

16-M-0961

50.S.C. 552

Office of the Secretary of Defense  
Chief, RDD, ESD, WHS  
Date: 11 Feb 2016 Authority: EO 13526  
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Declassify in Part: \_\_\_\_\_  
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WHERE WE LEFT OFF . . .

- U.S. MILITARY POSITION HAS DETERIORATED
- NEW DEFENSE POLICY DESIGNED TO RESTORE MARGIN OF SAFETY
- ADDITIONS TO 1981 AND 1982 BUDGET WERE INITIAL DOWN PAYMENT ON REARMING AMERICA TO REDRESS SERIOUS SHORTFALLS WE INHERITED
- 7 PERCENT REAL DEFENSE INCREASES OVER FY 1982 BASE OF \$221.5B TO SUSTAIN MOMENTUM
- REDRESS STRATEGIC BALANCE
- ENHANCED READINESS/SUSTAINABILITY OF CURRENT/PROGRAM FORCE
- STABLE FISCAL GUIDANCE IS ESSENTIAL
- FOR SOUND MILITARY PLANNING
- TO ENCOURAGE SUSTAINED INVESTMENT LEST WE LOSE INDUSTRIAL BASE
- TO SIGNAL OUR DETERMINATION TO FRIENDS AND POTENTIAL ADVERSARIES

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SUPPORT FOR ADMINISTRATION'S DEFENSE PROGRAM COMMITMENT

-- CONSENSUS FOR STRONG DEFENSE

-- ELECTION -- MANDATE FOR CHANGE

-- CONGRESSIONAL SUPPORT

-- PASSAGE OF FY 1981 SUPPLEMENTAL AUTHORIZATION

"THIS BILL SENDS THE NATION AND THE REST OF THE WORLD A MESSAGE.  
IT IS A MESSAGE OF COMMITMENT -- COMMITMENT TO THE DEFENSE OF FREE  
PEOPLE. WE ARE GOING TO IMPROVE OUR DEFENSE FORCES TO GUARANTEE  
THAT WE ARE SECOND TO NONE. NO ONE MUST DOUBT OUR RESOLVE."

JOHN TOWER

FIRST

-- CONCURRENT RESOLUTION FY 82 BUDGET      -- DOD FY 82 AUTHORIZATION

-- HOUSE -- 244 TO 155

-- HOUSE -- 354 TO 63

-- SENATE -- 76 TO 20

-- SENATE -- 92 TO 2

SCHROEDER AMENDMENT -- TO CUT \$8B FROM DEFENSE BUDGET

DEFEATED -- 276 TO 142

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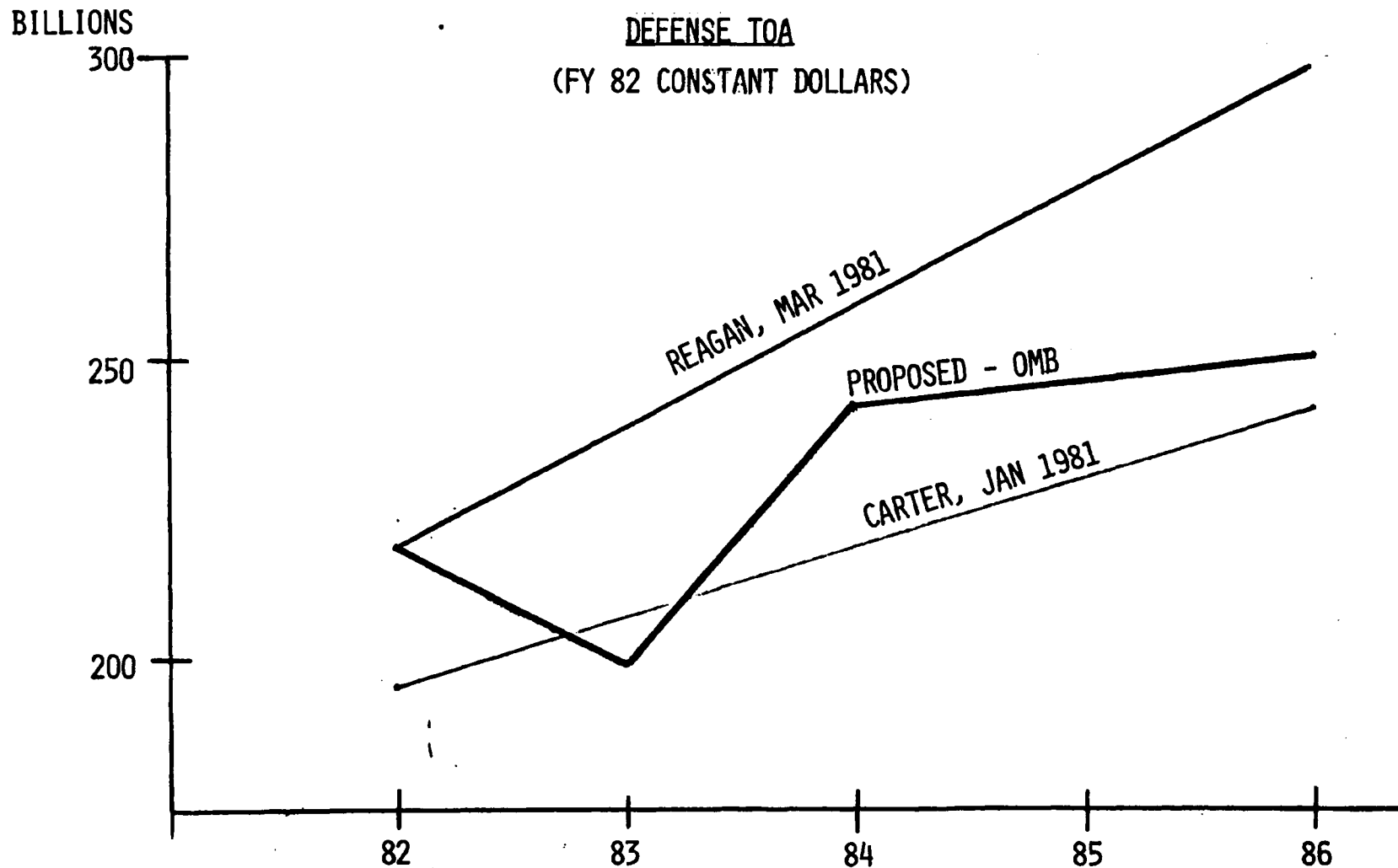
FISCAL GUIDANCE AGREEMENT TO MEET DEFENSE COMMITMENT

- DOD/OMB ORIGINALLY SUGGESTED 9 PERCENT REAL GROWTH (FY 1982 BASE)  
FY 1983 AND ON THROUGH THE PROGRAM PERIOD
- FINAL AGREEMENT: FY 1982 -- \$222.2 BILLION -- THEN 7 PERCENT CONTINUED  
REAL GROWTH (FY 1982 BASE) -- COMMITMENT NOT TO REDUCE FURTHER (MAR 81)
- OMB APPROVAL
  - INHERENT IN BUDGET SUBMITTAL
  - EXPLICIT IN REVISED 1981-1982 BUDGETS

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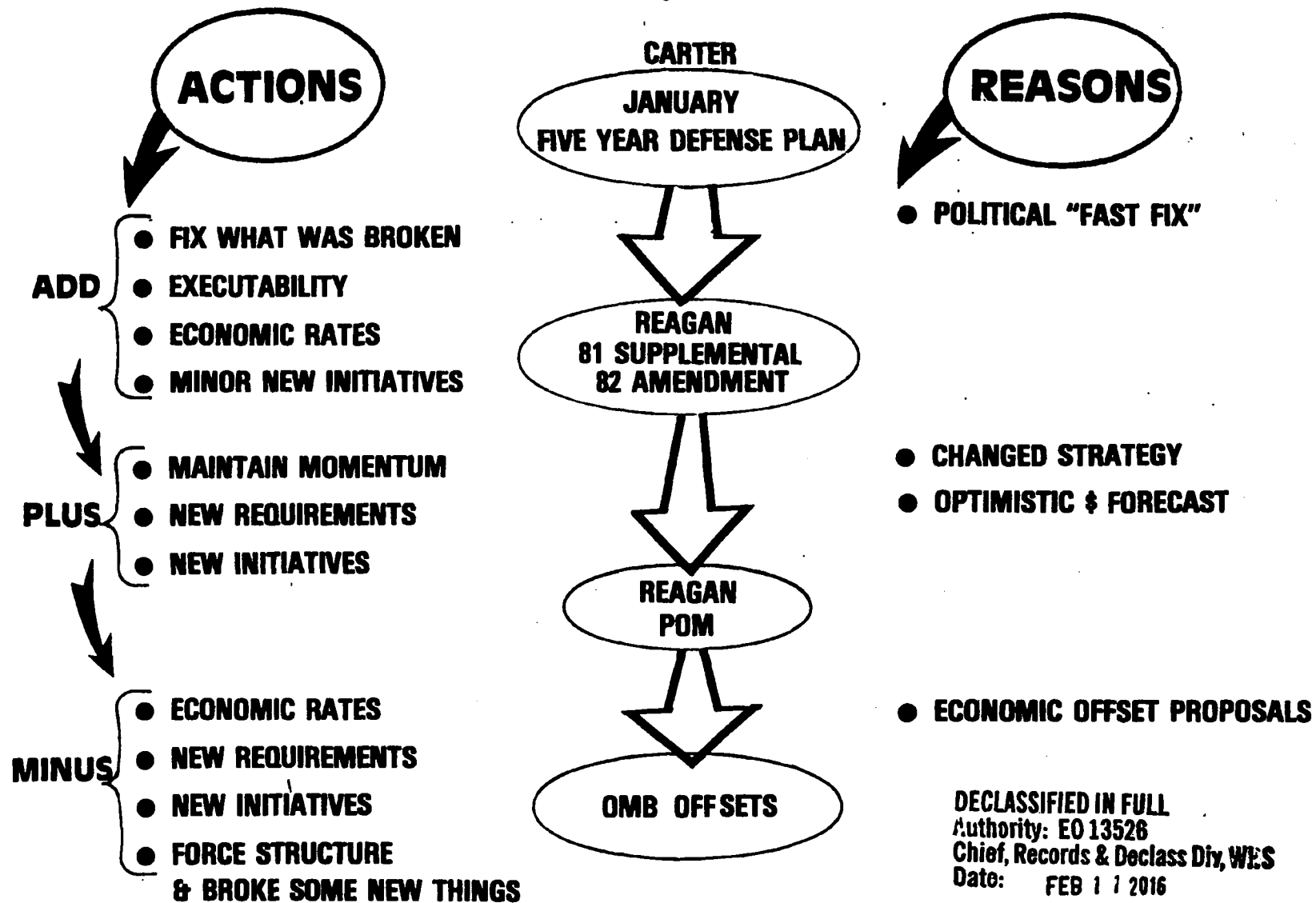
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AND NOW ANOTHER PROPOSAL . . .  
DEFENSE TOA  
(FY 82 CONSTANT DOLLARS)



AND NOW ANOTHER PROPOSAL . . .

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**"WHY SUCH A DIFFERENT MILITARY THAN  
CARTER PORTRAYED?"**

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**ANSWER: COULDN'T ACHIEVE CARTER  
PROGRAM WITH CARTER RESOURCES!**

**CARTER PROGRAM PROVIDED:**

- WRONG CAPABILITY
- FOR WRONG WAR
- AT WRONG TIME
- &
- IT IS HOLLOW

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**THUS:**

**CANNOT ASSUME THAT THE CARTER PROGRAM  
IS A VALID BASE FOR COMPARISON!**

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PA&E

BECAUSE CARTER PROGRAM UNDERFUNDED

SERVICE UNDERFUNDING DATA

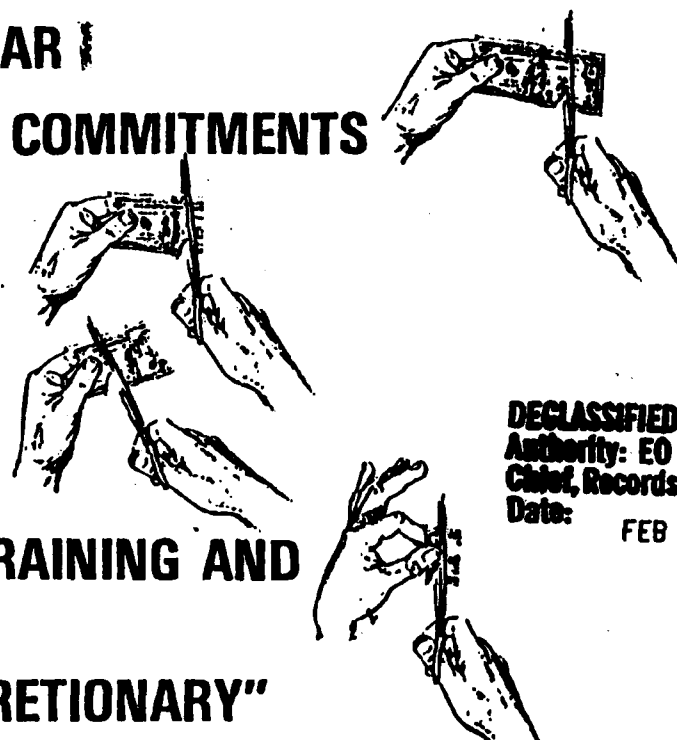
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# WHY IS IT SO HARD TO CUT DEFENSE SPENDING QUICKLY?

- 93¢ OF EACH DEFENSE OUTLAY DOLLAR IS SPOKEN FOR AT THE START OF THE YEAR
  - 28¢ FOR PRIOR YEAR COMMITMENTS
  - 8¢ FOR RETIRED PAY
  - 34¢ PAYS PEOPLE
  - 22¢ FOR MINIMUM TRAINING AND OPERATING COSTS
- LEAVING ONLY 7¢ "DISCRETIONARY"
- 5¢ OF THIS WOULD HAVE TO GO TO COVER OMB'S CUTS

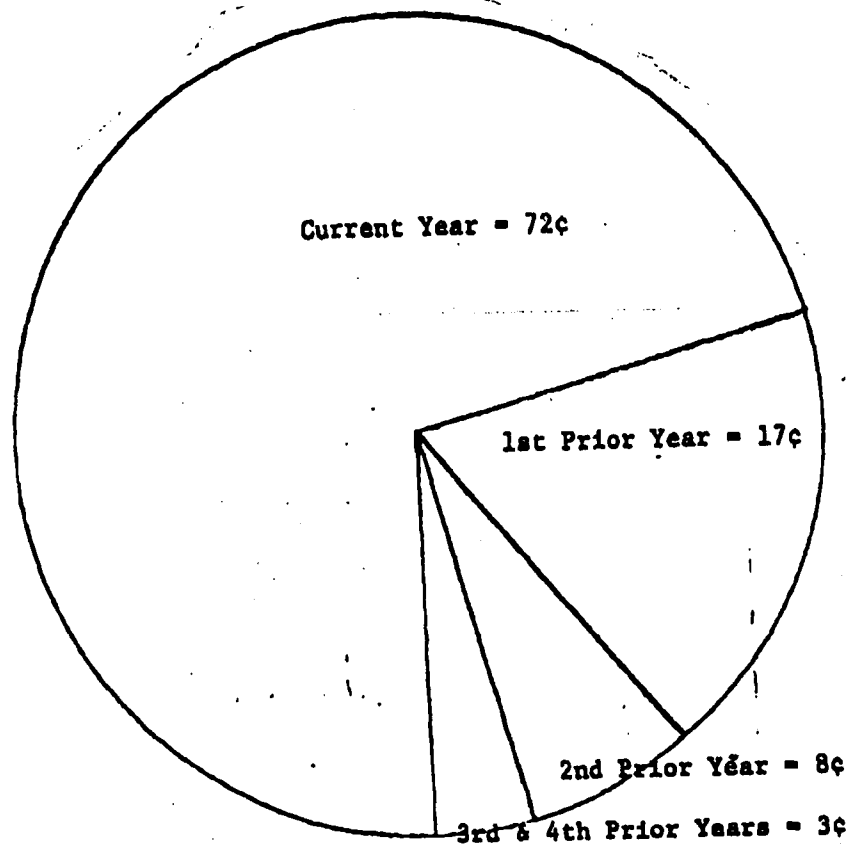


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**THIS IS WHY OMB'S 1983 OUTLAY GOAL REQUIRES  
\$35 BILLION IN TOA CUTS**

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# DISTRIBUTION OF DEFENSE OUTLAY DOLLAR



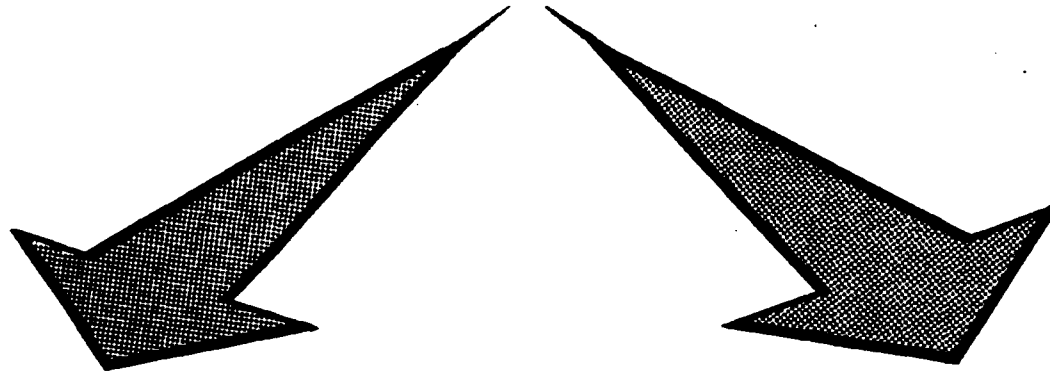
- 0 28% OF FY 82 OUTLAYS FROM CARTER PROGRAMS, OR 28 CENT PER DOLLAR
- 0 72 CENT PER DOLLAR IN FY 82 AGAINST PRESIDENT REAGAN'S BUDGET
- 0 41 CENT FOR PAYROLL
- 0 21 CENT FOR O&M PURCHASES, (C-5 WING MODS, ETC.)
- 0 ONLY 10 CENT AVAILABLE FOR WEAPONS INVESTMENT

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## FUNDAMENTAL OPTIONS FOR THE ADMINISTRATION

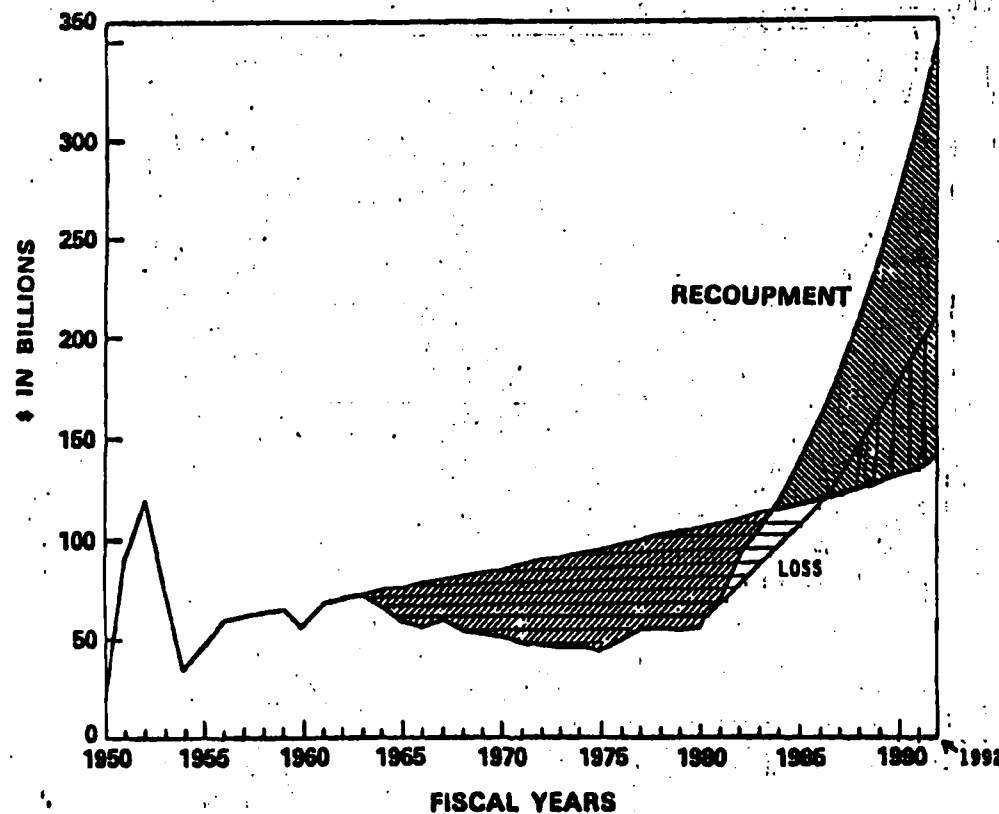


- **MAINTAIN FORCE LEVELS AND MILITARY ENDSTRENGTH AND ACCEPT A MILITARY WITH OLDER/ LESS THREAT CAPABLE EQUIPMENT, SLOW MODERNIZATION AND EQUIPMENT FILL RATES. REDUCE SUSTAINABILITY BUILD-UP.**
- **ACCEPT A SMALLER MILITARY TO PROTECT MINIMUM ESSENTIAL MODERNIZATION, SUSTAINABILITY, AND READINESS INITIATIVES.**

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# **BASELINE INVESTMENT TOTAL OBLIGATIONAL AUTHORITY CONSTANT FY 1982 DOLLARS**



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- PROPOSED REAGAN INVESTMENT RATE FOR FY 82-92 WOULD RECOUP LOST GROWTH OF 20 YEARS WHICH AVERAGED LESS THAN 2 %/YEAR
- DURING SAME PERIOD, USSR MAINTAINED 5% GROWTH/YEAR IN DEFENSE INVESTMENT
- BY FY 92 OMB INVESTMENT RATE WOULD ACHIEVE LESS THAN 50% OF REAGAN PROPOSAL

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# HOW WOULD THE OMB CUTS AFFECT THE MODERNIZATION OF OUR CONVENTIONAL FORCES?

(QUANTITIES PROCURED FY83-87)

## REAGAN BUDGET

## OMB CUTS

### LAND FORCES

M-1 TANKS \_\_\_\_\_

FIGHTING VEHICLES \_\_\_\_\_



\*-1577



-1731



### NAVAL FORCES

GENERAL PURPOSE SHIPS \_\_\_\_\_

ASW AIRCRAFT \_\_\_\_\_



-35



-58



### TACTICAL AIR FORCES

NAVY/MARINE FIGHTER/\_\_\_\_\_

ATTACK AIRCRAFT



966

-112



AIR FORCE FIGHTER/\_\_\_\_\_

ATTACK AIRCRAFT



1192

-398



\*BELOW CARTER

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COMPARISON OF TACAIR MISSION CAPABLE RATES



AIR FORCE

FY 1984



REAGAN

66%



OMB

56%



NAVY

FY 1984

REAGAN

61%



OMB

53%



-----  
BY FY 84, 1 IN 6 READY AIRCRAFT LOST

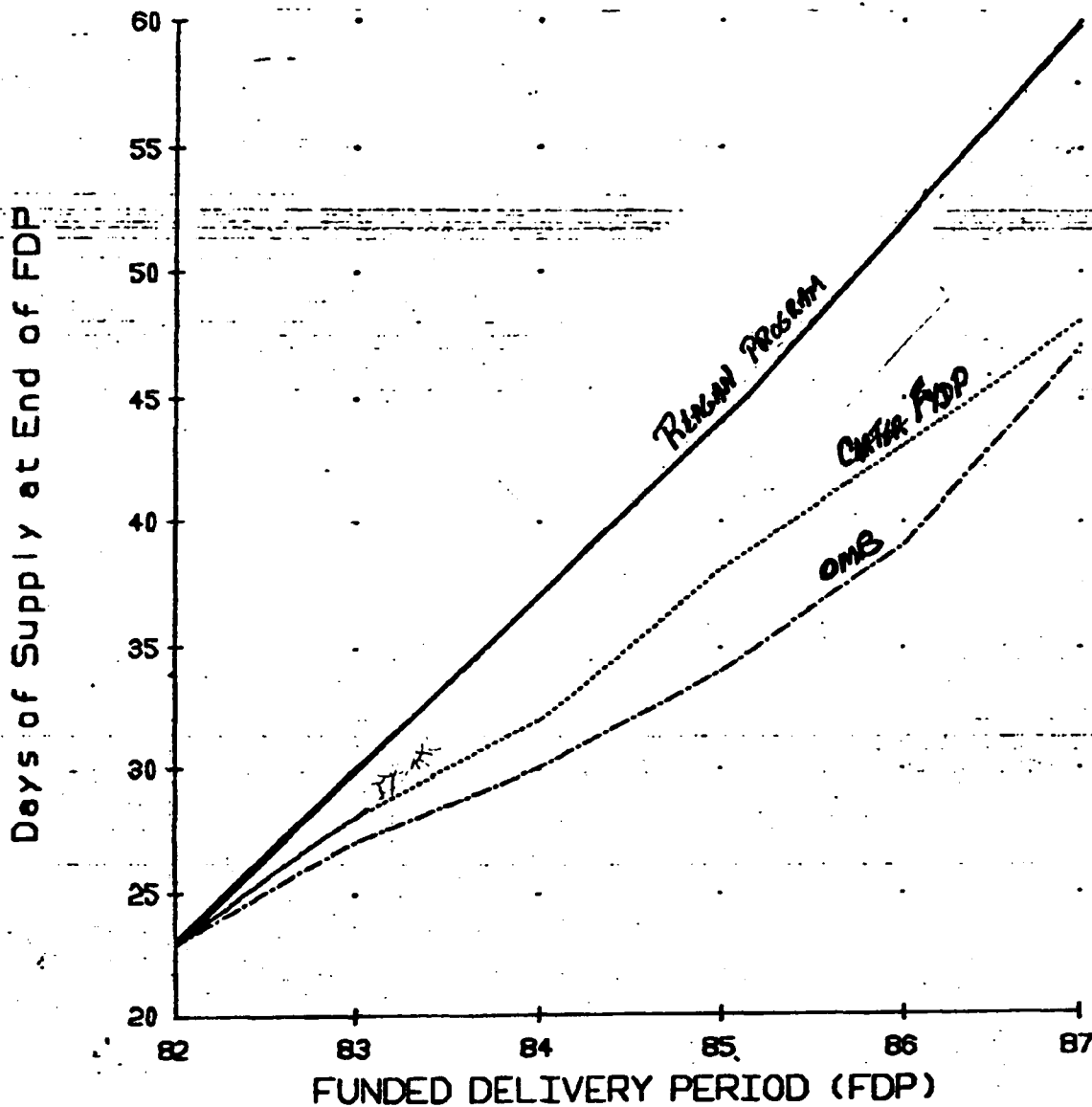
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ARMY AMMUNITION SUSTAINABILITY

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## CHART 15

### OUR FOREIGN POLICY COMMITMENTS CANNOT BE SUSTAINED

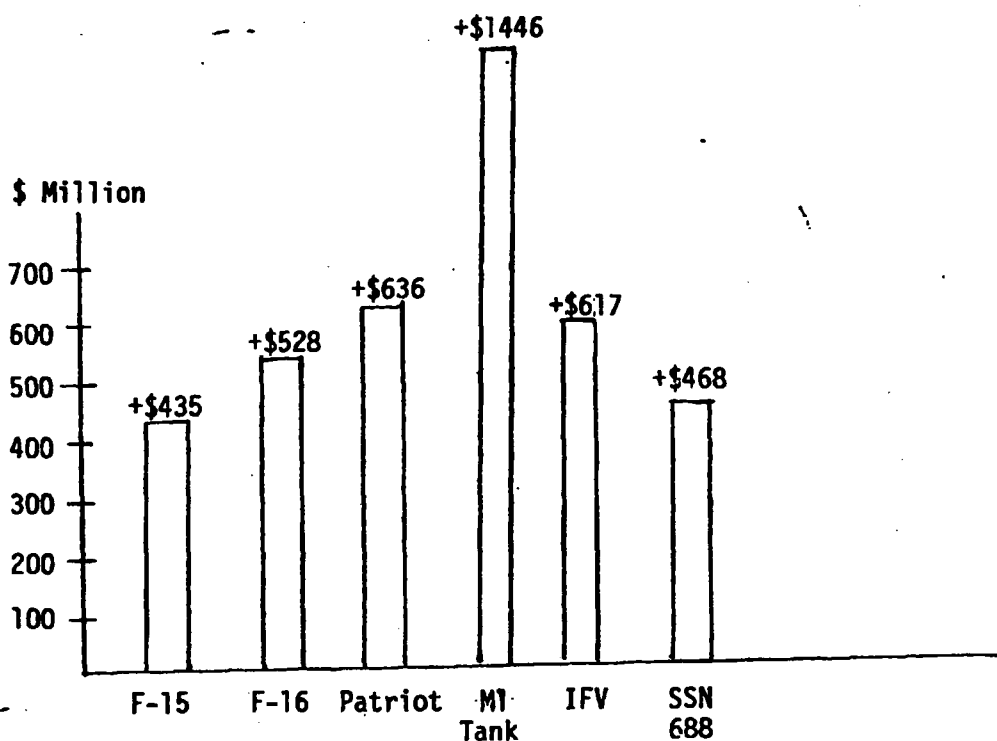
- WE WILL CONTINUE WITH 1 1/2 OCEAN NAVY.
- CANNOT MEET 10 DIVISION COMMITMENTS TO NATO.
- NO ADDITIONAL FORCES CAN BE DEDICATED TO RDJTF.

SWA COMMITMENT WILL BE NO MORE THAN THE HOLLOW  
RHETORIC IT WAS WHEN CARTER ANNOUNCED IT.

- Navy ~~would~~ would have to withdraw  
all forward deployed units in Pacific



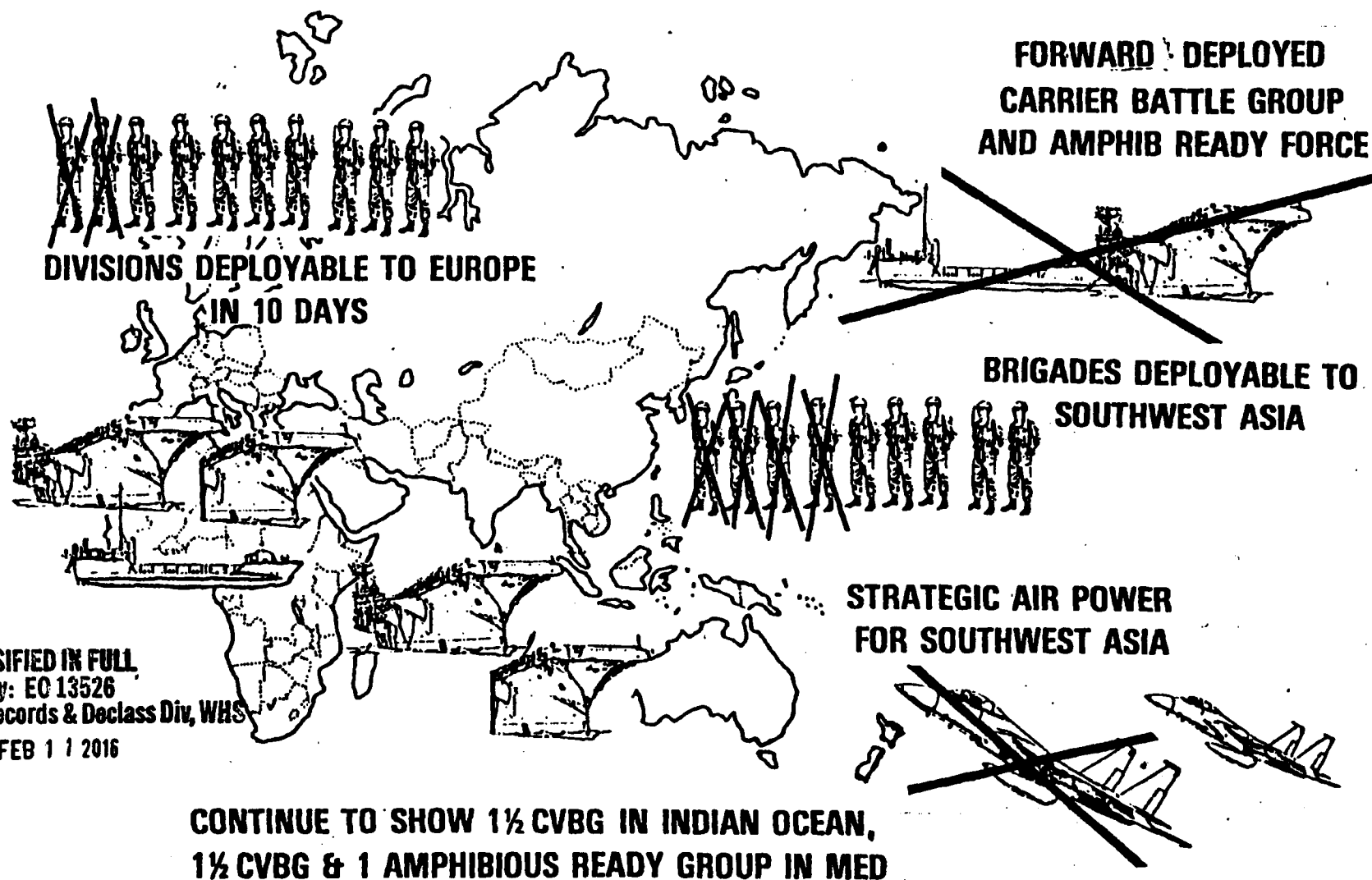
How Much Would the OMB  
Budget Add to the Cost  
of Weapons We do Buy  
in FY83-87?



Total for just 6 systems: +\$4.1 billion plus others . . . .

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# HOW WOULD THE OMB BUDGET AFFECT US GLOBAL COMMITMENTS?



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IMPACTS OF OMB PROPOSED CUTS ON DEFENSE COMMITMENT

-- UNDERCUTS FOREIGN POLICY

- POTENTIAL TO UNDERMINE ENTIRE INITIATIVE
  - AFFIRMS WEST GERMAN CUTS -- INVITES OTHER NATO CUTS
  - JAPAN: ARGUE RATE OF INCREASE EXCEEDS U.S.
- GLOBAL STRATEGY
  - DRAWDOWN OF NAVAL DEPLOYMENTS
- SOUTHWEST ASIA STRATEGY
  - WITHOUT CUTS -- UPHILL FIGHT IN CONGRESS FOR BASING \$
  - WITH -- MOST LIKELY BASING TO BE CUT
- SOVIETS
  - PERCEPTIONS/ACTIONS AFFECTED
- ARMS CONTROL LEVERAGE

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PUBLIC ACKNOWLEDGEMENT OF MILITARY CAPABILITY FOR SINGLE THEATER OF OPERATIONS ONLY

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IMPACTS OF PROPOSED OMB CUTS ON DEFENSE COMMITMENT

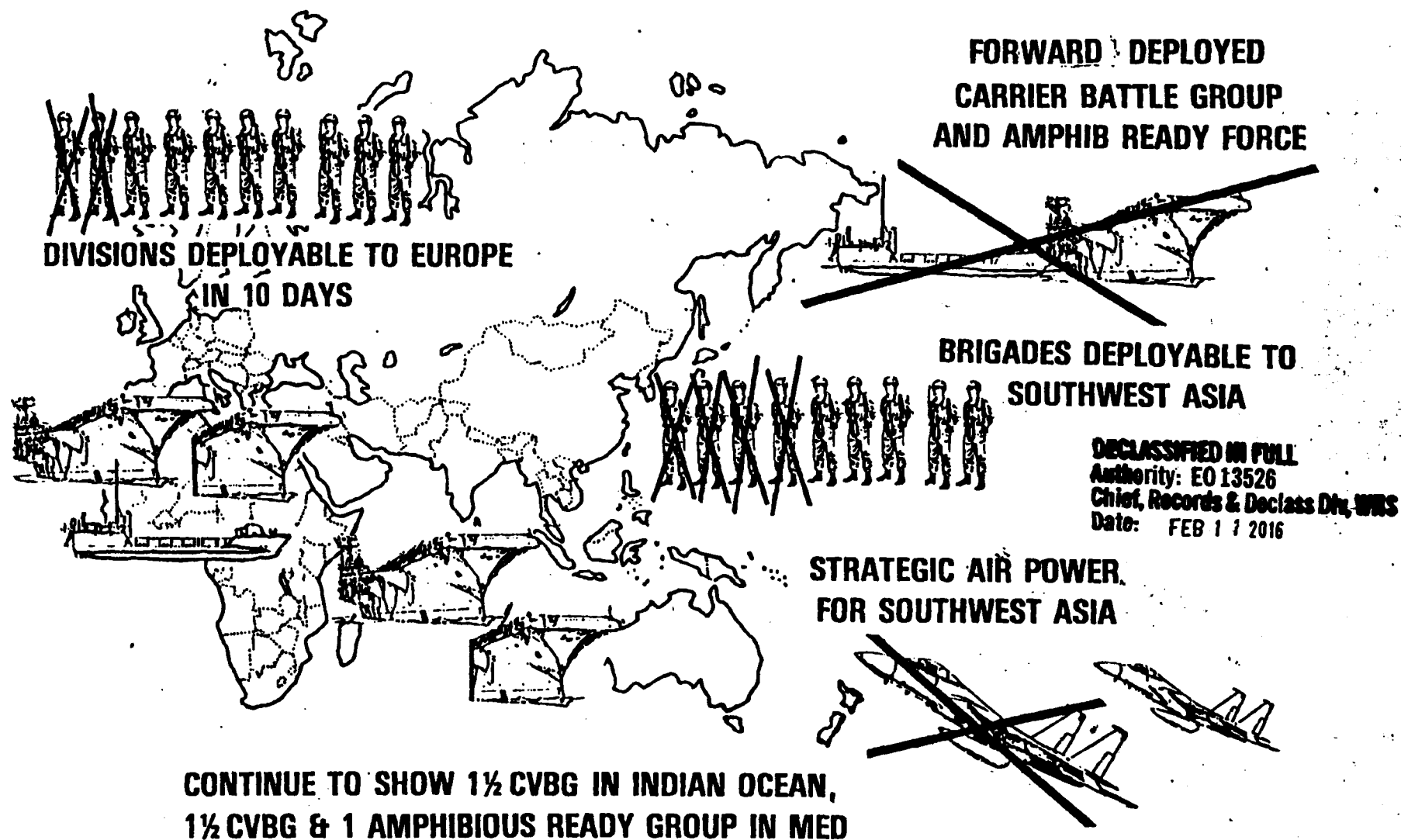
-- DOMESTIC

- CONGRESSIONAL -- LOSING CREDIBILITY!
- DoD/SERVICES -- LEADERSHIP IN CHAOS!
- INDUSTRY -- WHAT TO PLAN FOR?
- REPUBLICANS (PLATFORM) -- LOST PLEDGE!
- AMERICAN PUBLIC -- LACK OF DIRECTION!

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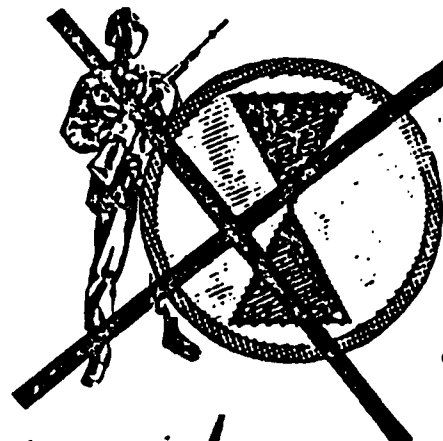
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# HOW WOULD THE OMB BUDGET AFFECT US GLOBAL COMMITMENTS?



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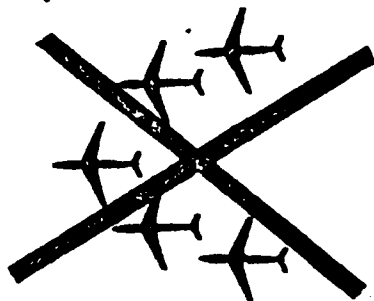
# WHAT IMMEDIATE CUTS IN FORCE STRUCTURE WOULD THE OMB BUDGET REQUIRE?



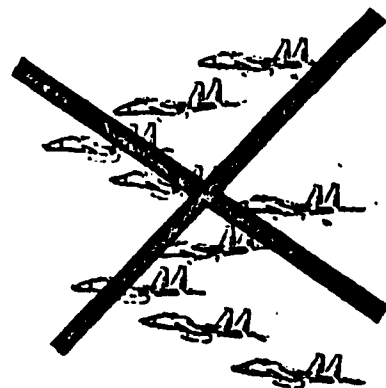
**THE 7TH INFANTRY DIVISION DEACTIVATED**

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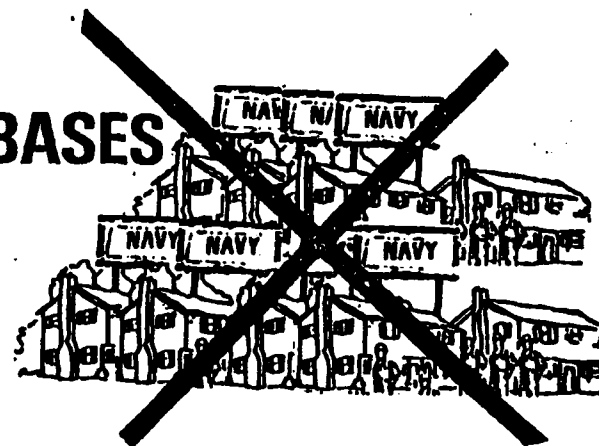
**18 NAVY SHIPS RETIRED**



**TWO AIR FORCE FIGHTER WINGS  
AND ALL B52D SQUADRONS RETIRED**



**7 NAVY AND 5 AIR FORCE BASES**



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DOD PROPOSAL

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- ACCEPT \$7B TOA REDUCTION IN FY 1983 -- BUT . . .
- MUST HAVE 7 PERCENT STEADY GROWTH FY 1984 AND ON
- NO FUTURE TAMPERING
- AGREEMENT NOW ON STABLE FISCAL GUIDANCE IS ESSENTIAL
- FOR SOUND MILITARY PLANNING
- TO ENCOURAGE SUSTAINED INVESTMENT TO PREVENT LOSING  
INDUSTRIAL BASE
- TO SIGNAL FRIENDS/ADVERSARIES ALIKE OF OUR DETERMINATION

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SUMMARY

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- ADMINISTRATION HAS COMMITTED TO REDRESSING STRATEGIC BALANCE
- U.S. MILITARY CAPABILITY HAS IN FACT DETERIORATED
- WHILE SOVIETS (AND SURROGATES) CAPABILITIES HAVE GROWN
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OMB PROPOSED CUTS WILL DEGRADE REAL POTENTIAL OF ENTIRE FOREIGN POLICY/DEFENSE INITIATIVE  
AND FURTHER THREATEN NATIONAL SECURITY

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**OUTLAY RATES\***  
(Approximate Percentages of TOA)

<u>Appropriation</u>	<u>1st Yr</u>	<u>2nd Yr</u>	<u>3rd Yr</u>	<u>4th Yr</u>	<u>5th Yr</u>	<u>Beyond</u>
Military Personnel	87-98%	2-13%				
Operations and Maintenance	69-91%	8-26%	1-5%			
Procurement						
Aircraft	9-14%	41-42%	26-37%	7-14%	3-4%	1-2%
Weapons, Ammo	8-12%	35-47%	20-37%	10-18%	2-5%	1-4%
Shipbuilding	2%	14%	19%	16%	15%	34%
RDT&E	54-60%	34-38%	5-7%	1%	1%	
Military Construction	10-20%	26-45%	20-30%	8-15%	3-10%	3-5%

\*Source: Summarized from POM Preparation and Format Instructions (FY 83-87), 15 Apr 1983

SEP 8 1981  
DEP SEC HAS SEEN

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# WHAT COULD OUR FORCES DO ?

FY 81

REAGAN PROGRAM

OMB BUDGET



**ARMY: NOT READY  
TO FIGHT—"HOLLOW"**



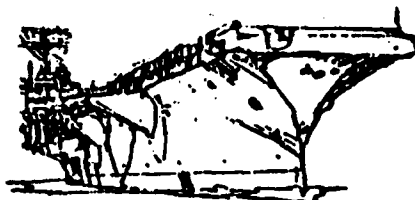
**ARMY: READY TO FIGHT  
GLOBALLY**



**ARMY: AT BEST READY TO  
FIGHT IN ONE THEATER**



**NAVY: "ONE AND  
A HALF OCEANS"**



**NAVY: 600+ SHIPS —  
THREE-OCEAN COVERAGE**



**NAVY: TWO OCEANS  
AT BEST**



**AIR FORCE: SHORT  
WAR ONLY**



**AIR FORCE: READY FOR  
PROTRACTED CONFLICT  
IN ALL WEATHER CONDITIONS**



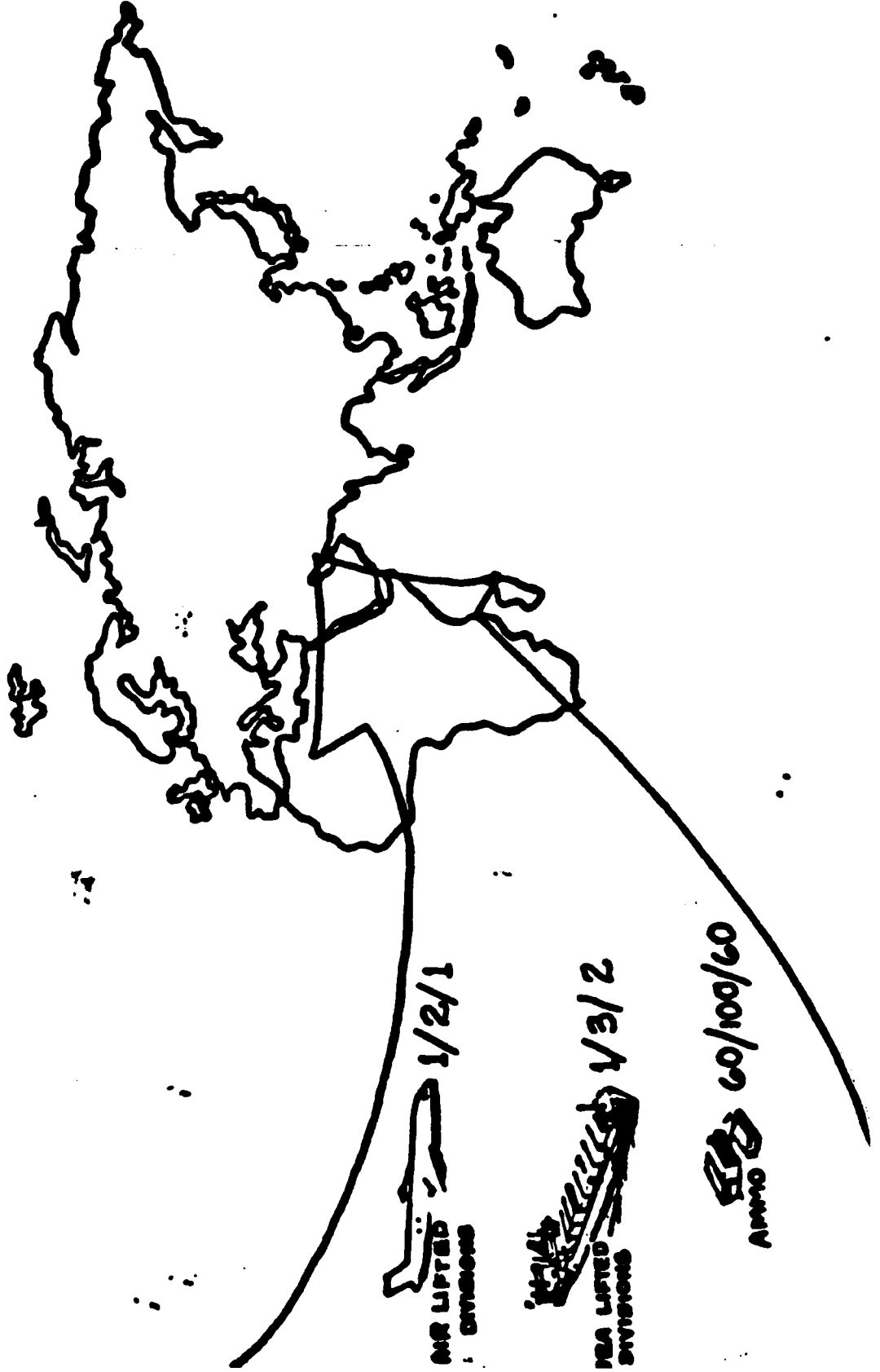
**AIR FORCE: SHORT WAR,  
LIMITED ALL-WEATHER  
CAPABILITY**

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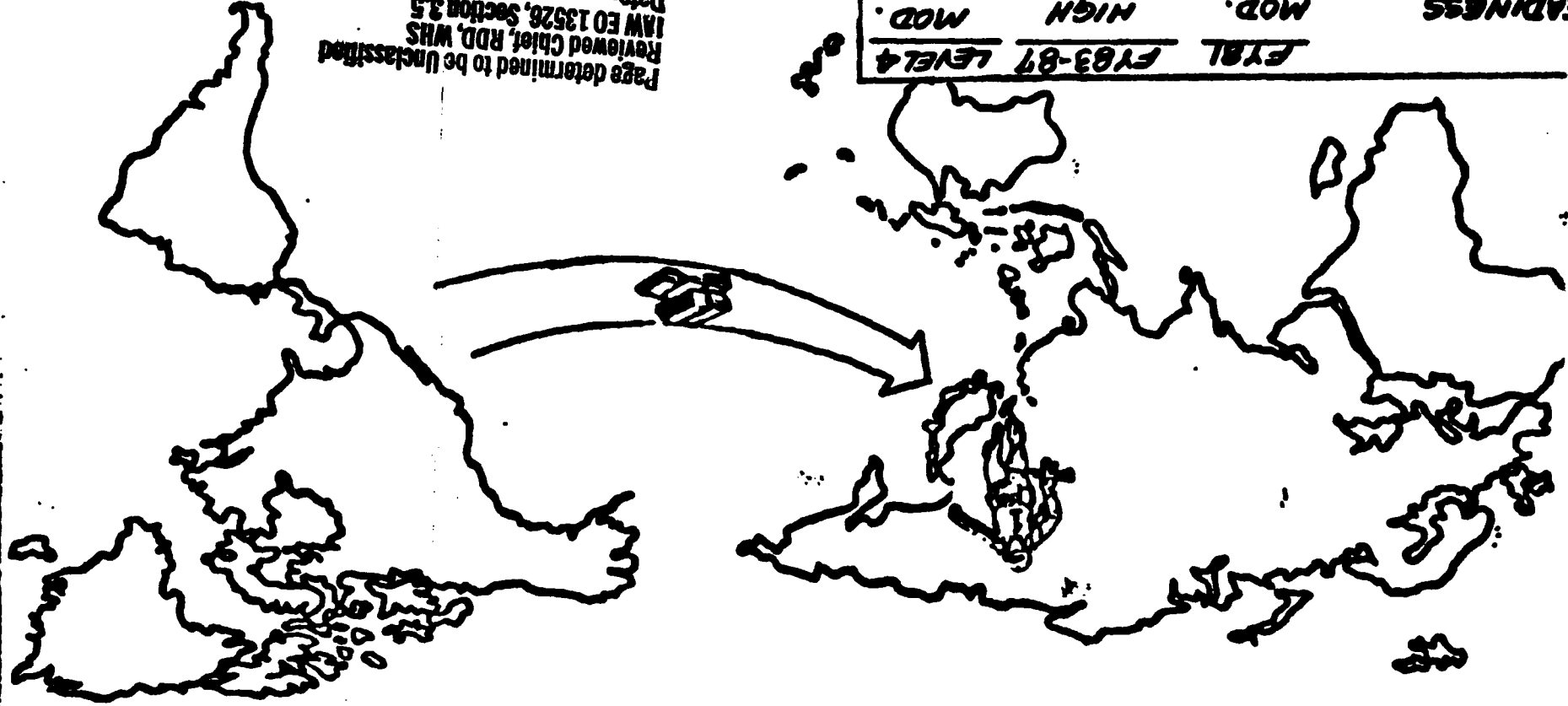
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# SW ASIA



# NORTHEAST ASIA

ISC



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FY81 FY83-87 LEVEL 4			
EADNESS	MOD.	HIGH	MOD.
ODERNIZATION	LOW	MOD.	LOW
STAINABILITY	MOD.	MOD. +	LOW

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IN SUMMARY WE HAVE FOUR OPTIONS:

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IOA CURRENT DOLLARS

<u>FY</u>	<u>POM</u>	<u>DoD A-I</u>	<u>OMB # 2</u>	<u>OMB # 1</u>
1983	255	248	229	216
1984	289	281	279	277
1985	327	317	306	298
1986	368	356	335	318
1987	412	400	365	339

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IN SUMMARY WE HAVE FIVE OPTIONS:

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IOA CURRENT DOLLARS

<u>FY</u>	<u>SERVICES</u>	<u>POM</u>	<u>DoD ALT</u>	<u>OMB # 2</u>	<u>OMB # 1</u>
1983	255	255	248	229	216
1984	289	289	281	279	277
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IN SUMMARY WE HAVE FOUR OPTIONS:

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TOA CURRENT DOLLARS

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1983	255	248	229	216
1984	289	281	279	277
1985	327	317	306	298
1986	368	356	335	318
1987	412	400	365	339

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WE RECOGNIZE THE FISCAL REALITIES AND WE'RE PREPARED FOR SOME REDUCTIONS  
EVEN IF IT REDUCES OUR MILITARY CAPABILITY

-- BUT -- THERE ARE OTHER REALITIES

-- SOVIETS ENGAGED IN LARGEST ARMS BUILDUP IN HISTORY -- RAPIDLY  
PASSING US BY

-- SOVIETS BECOMING MORE AGGRESSIVE AROUND WORLD AS U.S. RELATIVE POWER  
DECLINES

-- ODDS STRONG AT SOME POINT ADMINISTRATION WILL HAVE TO CALL  
ON MILITARY TO PROTECT NATIONAL INTERESTS

-- TODAY'S MILITARY CANNOT MEET CURRENT FOREIGN POLICY COMMITMENT

-- BY ERODING READINESS/SUSTAINABILITY ACCOUNTS -- CREATE "HOLLOW"  
MILITARY

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WE BELIEVE AMERICAN PEOPLE DO NOT WISH TO BE SECOND MOST POWERFUL

-- NOVEMBER ELECTION -- SWEEPING MANDATE FOR FOREIGN POLICY OF WORLD LEADERSHIP  
AND MILITARY STRENGTH TO SUPPORT IT

-- THE CONGRESS RESPONDED:

-- PASSAGE OF FY 1981 SUPPLEMENTAL AUTHORIZATION

"THIS BILL SENDS THE NATION AND THE REST OF THE WORLD A MESSAGE.  
IT IS A MESSAGE OF COMMITMENT -- COMMITMENT TO THE DEFENSE OF FREE  
PEOPLE. WE ARE GOING TO IMPROVE OUR DEFENSE FORCES TO GUARANTEE  
THAT WE ARE SECOND TO NONE. NO ONE MUST DOUBT OUR RESOLVE."

JOHN TOWER

FIRST

-- CONCURRENT RESOLUTION FY 82 BUDGET

-- DOD FY 82 AUTHORIZATION

-- HOUSE -- 244 TO 155

-- HOUSE -- 354 TO 63

-- SENATE -- 76 TO 20

-- SENATE -- 92 TO 2

SCHROEDER AMENDMENT -- TO CUT \$8B FROM DEFENSE BUDGET

DEFEATED -- 276 TO 142

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FISCAL GUIDANCE AGREEMENT TO MEET DEFENSE COMMITMENT

- NEEDS ARE ENORMOUS
- REAGAN PROGRAM MOVES OUT FIRMLY TO MEET THEM
- DOD/OMB ORIGINALLY SUGGESTED 9 PERCENT REAL GROWTH (FY 1982 BASE)  
FY 1983 AND ON THROUGH THE PROGRAM PERIOD
- FINAL AGREEMENT: FY 1982 -- \$222.2 BILLION -- THEN 7 PERCENT CONTINUED  
REAL GROWTH -- COMMITMENT NOT TO REDUCE FURTHER (MAR 81)
- OMB APPROVAL OF FY 82 BASE AND FUTURE 7% RATE OF GROWTH
- INHERENT IN BUDGET SUBMITTAL
- EXPLICIT IN REVISED 1981-1982 BUDGETS

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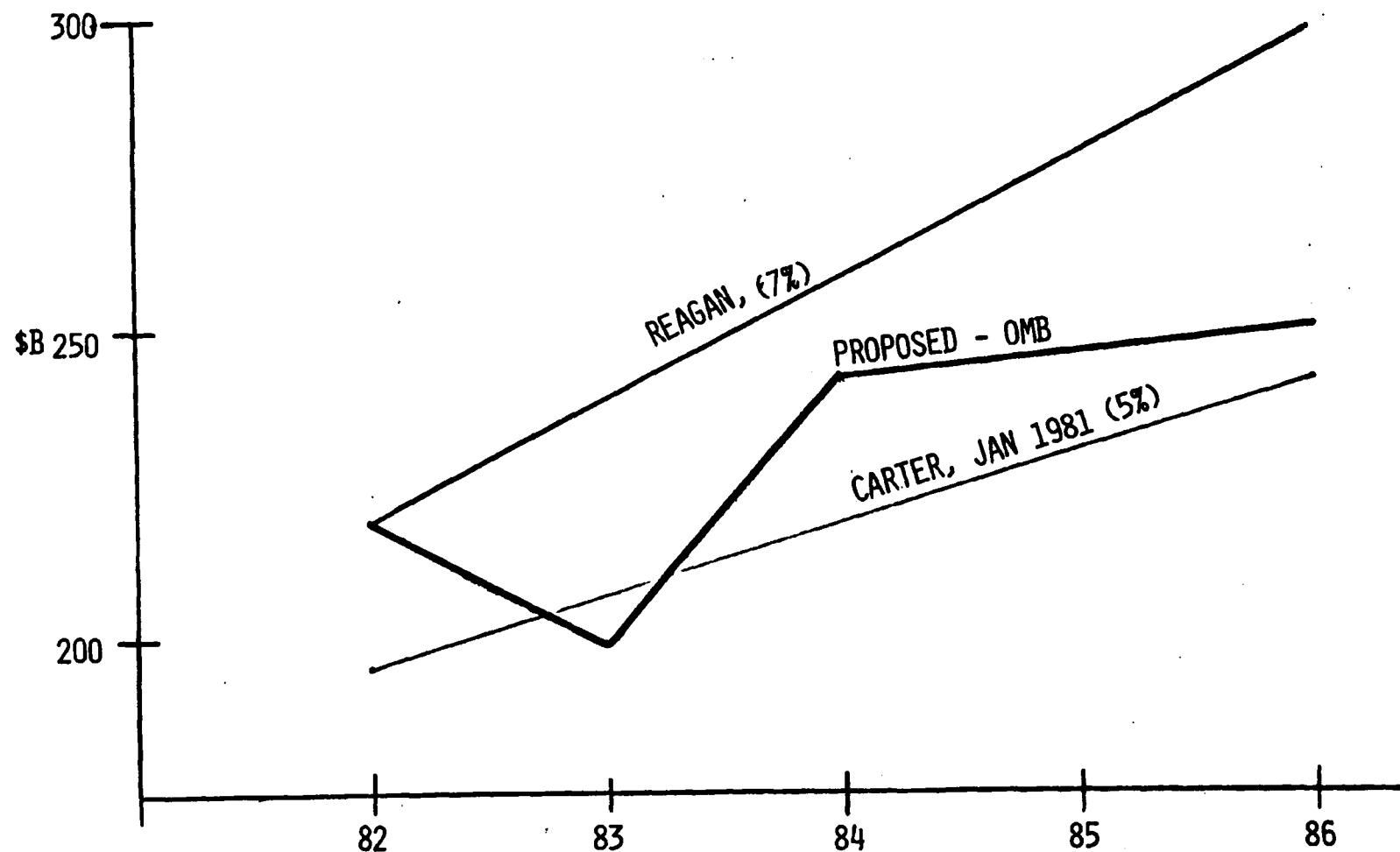
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AND NOW FROM OMB - - - -

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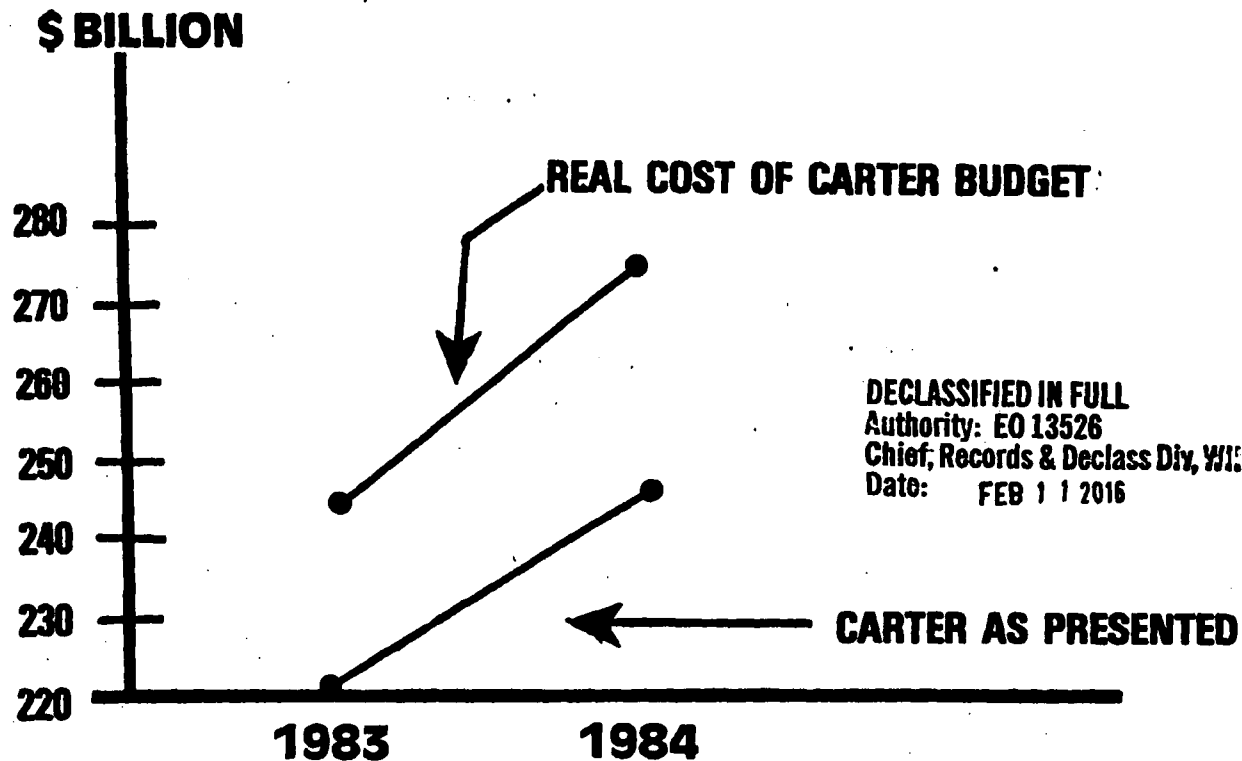
DEFENSE TOA  
IN CONSTANT  
82 DOLLARS



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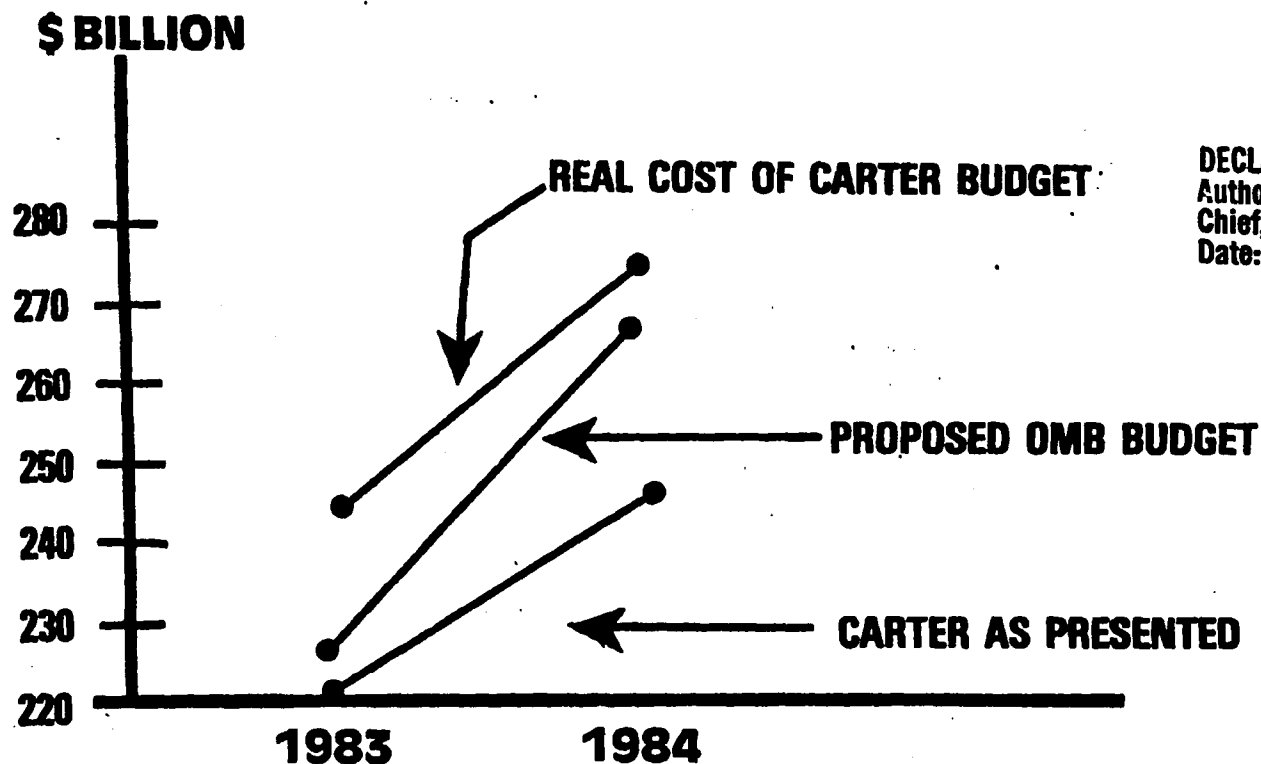
**WHILE OMB PROPOSAL USED CARTER BASE**  
**AS POINT OF COMPARISON,**  
**CARTER PROGRAM CANNOT BE ACHIEVED**  
**WITH CARTER RESOURCES**



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**WHILE OMB PROPOSAL USED CARTER BASE**  
**AS POINT OF COMPARISON,**  
**CARTER PROGRAM CANNOT BE ACHIEVED**  
**WITH CARTER RESOURCES**



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**MOREOVER CARTER PROGRAM PROVIDED:**

- **WRONG CAPABILITY**
- **FOR WRONG WAR**
- **AT WRONG TIME**
- &
- **IT IS HOLLOW**

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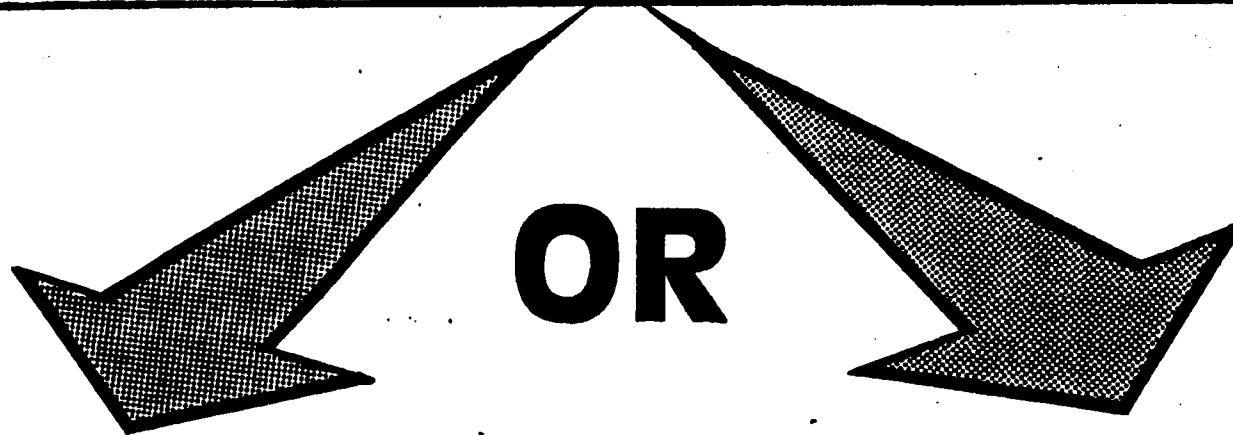
**THUS:**

**CANNOT ASSUME CARTER PROGRAM  
IS VALID BASE FOR COMPARISON !**

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**CARTER LEGACY OBLIGES US TO MAKE**  
**FUNDAMENTAL CHOICES IF DEEP CUTS ARE TO BE**  
**TAKEN FROM ORIGINAL REAGAN PROGRAM**



- MAINTAIN FORCE LEVELS AND MILITARY END STRENGTH
- ACCEPT A MILITARY WITH OLDER/ LESS THREAT CAPABLE EQUIPMENT
- SLOW MODERNIZATION AND EQUIPMENT FILL RATES
- REDUCE SUSTAINABILITY BUILD-UP

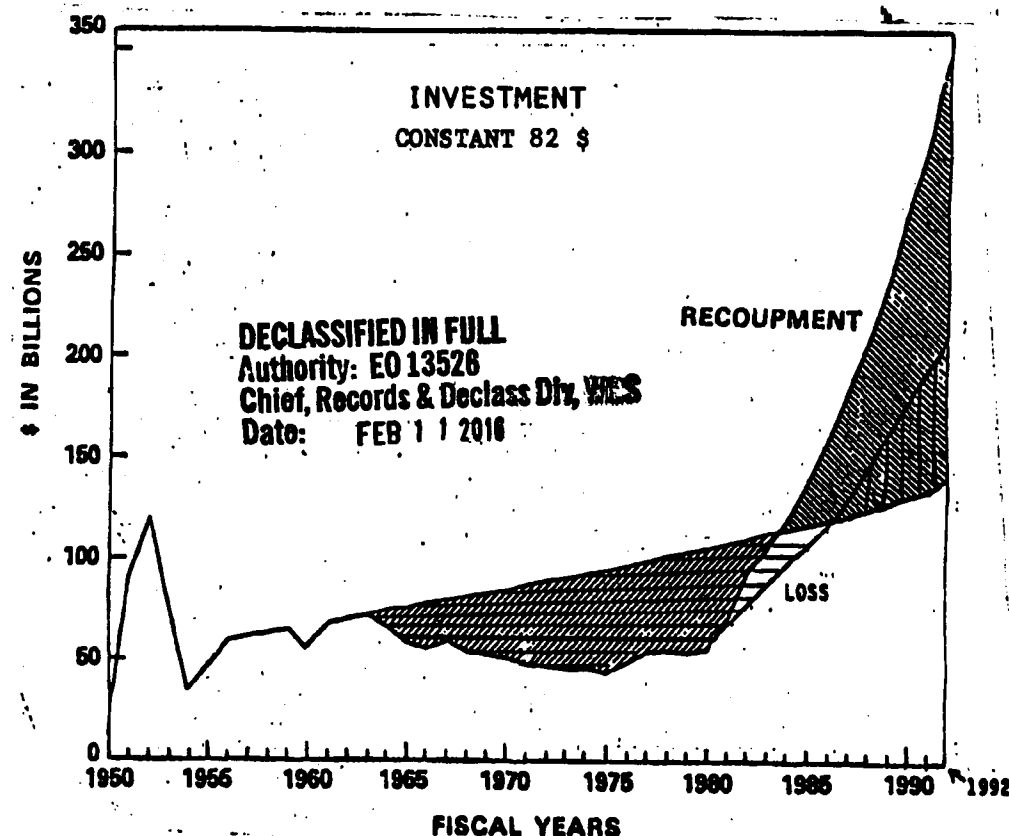
- ACCEPT A SMALLER MILITARY TO PROTECT
  - MINIMUM ESSENTIAL MODERNIZATION
  - SUSTAINABILITY AND READINESS INITIATIVES

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PAST DISINVESTMENT REQUIRES LARGE EXPENDITURES JUST  
TO CATCH UP WITH OURSELVES -- LET ALONE SOVIET MOMENTUM



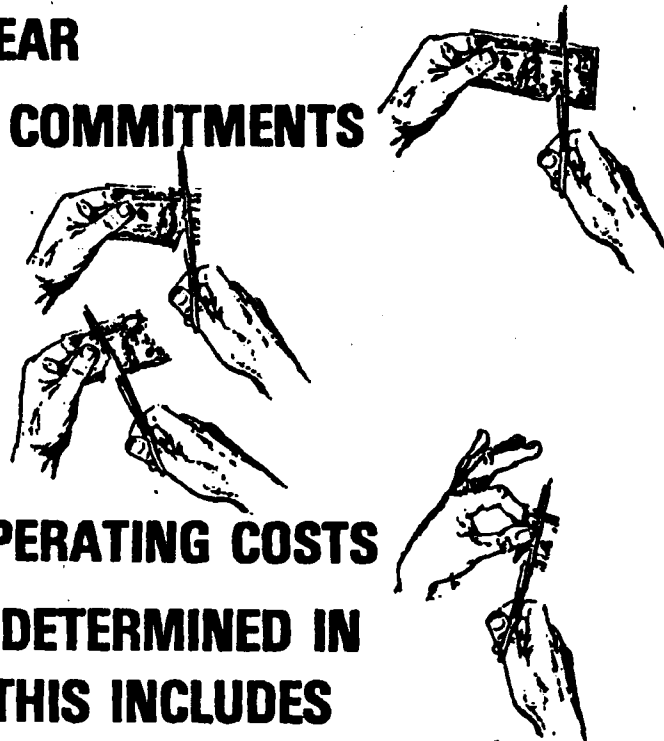
- PROPOSED REAGAN INVESTMENT RATE FOR FY 82-92 WOULD RECOUP LOST GROWTH OF 20 YEARS WHICH AVERAGED LESS THAN 2 %/YEAR
- DURING SAME PERIOD, USSR MAINTAINED 5% GROWTH/YEAR IN DEFENSE INVESTMENT
- BY FY 92 OMB ALTERNATIVE LEVEL WOULD ACHIEVE LESS THAN 50% OF REAGAN PROPOSAL

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# QUICK OUTLAY SAVINGS REQUIRE LARGE CHANGES IN SPENDING PLANS.....

- 93¢ OF EACH DEFENSE OUTLAY DOLLAR IS SPOKEN FOR  
AT THE START OF THE YEAR
- 28¢ FOR PRIOR YEAR COMMITMENTS
- 8¢ FOR RETIRED PAY
- 34¢ PAYS PEOPLE
- 22¢ FOR MINIMUM OPERATING COSTS
- LEAVING ONLY 7¢ TO BE DETERMINED IN  
BUDGET YEAR FOR FY 83; THIS INCLUDES  
THE NEW STRATEGIC PROGRAM



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-- NOW -- LET'S REVIEW HOW OMB LEVEL WOULD EFFECT:

- MODERNIZATION
- READINESS
- SUSTAINABILITY
- FORCE STRUCTURE
- COST OF WEAPONS SYSTEMS
- INDUSTRIAL BASE

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# HOW WOULD DOD ALTER ITS MODERNIZATION PROGRAM TO ATTAIN THE PROPOSED OMB LEVEL?

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(QUANTITIES PROCURED FY83-87)

## REAGAN BUDGET

## CUTS TO MEET OMB LEVEL

### LAND FORCES

M-1 TANKS —————



-1577



FIGHTING VEHICLES —————



-1731



### NAVAL FORCES

GENERAL PURPOSE SHIPS —————



-35



ASW AIRCRAFT —————



-58



### TACTICAL AIR FORCES

NAVY/MARINE FIGHTER/ —————  
ATTACK AIRCRAFT



-112



AIR FORCE FIGHTER/ —————  
ATTACK AIRCRAFT



-398



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# HOW WOULD DOD ALTER ITS MODERNIZATION PROGRAM TO ATTAIN THE PROPOSED OMB LEVEL?

*use*

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(QUANTITIES PROCURED FY83-87)

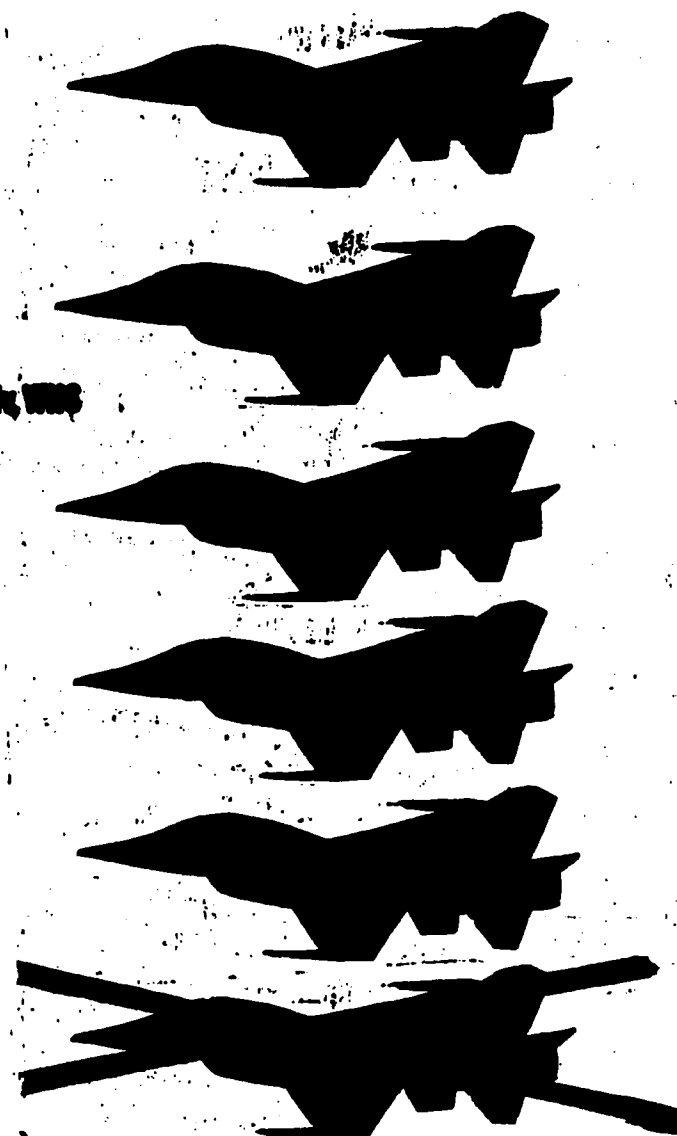
	<u>REAGAN BUDGET</u>	<u>CUTS TO MEET</u> <u>OMB LEVEL</u>	<u>REMAINING LEVEL</u>
<u><b>LAND FORCES</b></u>			
M-1 TANKS _____	 5270	-1577	 3693
FIGHTING VEHICLES _____	 4669	-1731	 2938
<u><b>NAVAL FORCES</b></u>			
GENERAL PURPOSE SHIPS _____	 138	-35	 103
ASW AIRCRAFT _____	 444	-58	 386
<u><b>TACTICAL AIR FORCES</b></u>			
NAVY/MARINE FIGHTER/_____ ATTACK AIRCRAFT	 966	-112	 854
AIR FORCE FIGHTER/_____ ATTACK AIRCRAFT	 1192	-398	 794

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READINESS -- CAPABILITY TO CARRY OUT MISSIONS ADVERSELY IMPAIRED BY SLOWING  
RATE OF SPARE PARTS REPLENISHMENT

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AIR FORCE

FY 1984

REAGAN

66%

OMB

56%

NAVY

FY 1984

REAGAN

61%

OMB

53%

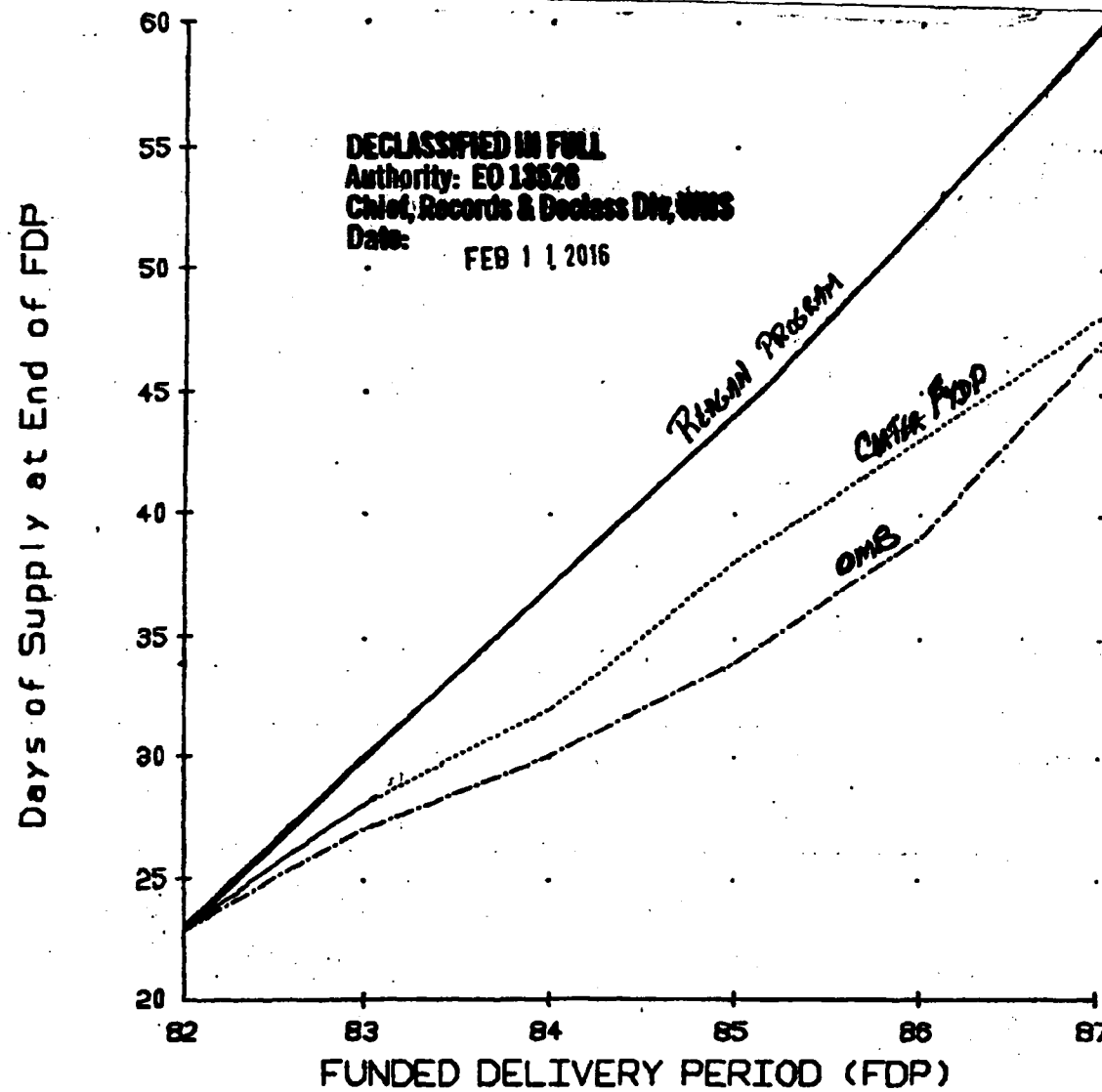
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BY FY 84, 1 IN 6 READY AIRCRAFT LOST

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FOR SUSTAINABILITY -- AMMUNITION STOCKS WILL BE REDUCED



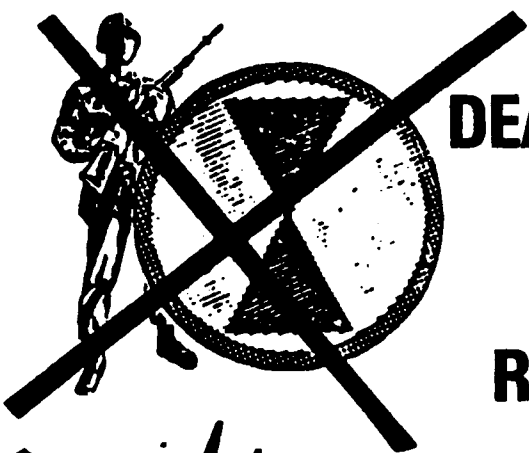
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1/4 - 1/3 40 major new programs

8-15-20

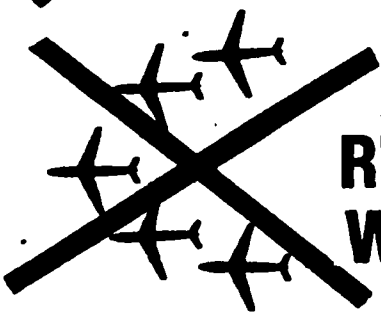
# RATHER THAN "HOLLOW" UNITS FURTHER, TO MEET THE OMB LEVEL WE WOULD.....



**DEACTIVATE THE 7TH INFANTRY DIVISION**

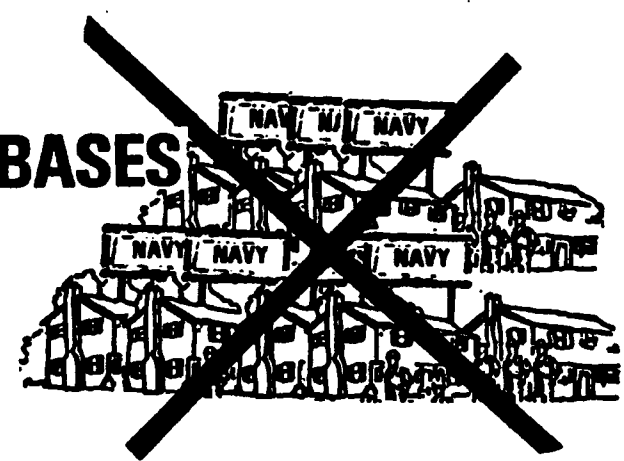


**RETIRE 18 NAVY SHIPS**



**RETIRE TWO AIR FORCE FIGHTER  
WINGS AND ALL B52D SQUADRONS**

**CLOSE 7 NAVY AND 5 AIR FORCE BASES**



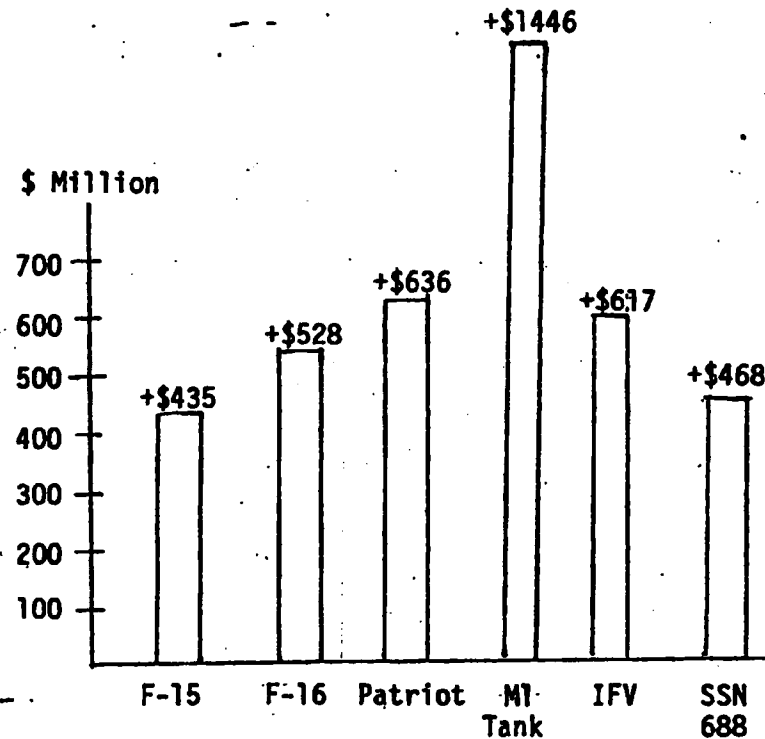
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OMB LEVEL WILL RAISE WEAPONS SYSTEMS COSTS . . .  
AND DRIVE US TO INEFFICIENT ACQUISITION RATES.

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TOTAL FOR JUST 6 SYSTEMS: + \$4.1B . . . + OTHERS

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ANOTHER REVERSAL TO WHAT IS PERCEIVED AS A "NEW BEGINNING" WILL  
SERIOUSLY ERODE AN ALREADY FRAGILE DEFENSE INDUSTRIAL INFRASTRUCTURE

- MORE THAN 50,000 JOBS LOST IN PRIME CONTRACTORS
- 20,000 MORE IN IMMEDIATE SUBCONTRACTORS
- AS EFFECTS SPREAD THROUGH ECONOMY --  
200,000 + JOBS WILL BE LOST
- TWO TO FOUR SHIPYARDS CLOSED
- MAJOR CAPITAL INVESTMENT NOW PLANNED -- CANCELLED

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**UNDER THE OMB LEVEL, OUR FOREIGN POLICY  
COMMITMENTS CANNOT BE SUSTAINED**

**TO NATO**

**WITHDRAWAL OF SOME  
FORWARD DEPLOYED CARRIER  
AND AMPHIBIOUS READY FORCES**

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**CANNOT MEET STRATEGIC AIR POWER GOAL  
FOR SOUTHWEST ASIA**

**CAN ONLY DEPLOY HALF THE FORCE NEEDED  
FOR SOUTHWEST ASIA**

**FOR SOUTHWEST ASIA**

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# IN SUM:

FY 81

REAGAN PROGRAM

OMB BUDGET

*Level*

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**ARMY: NOT READY  
TO FIGHT—"HOLLOW"**



**ARMY: READY TO FIGHT  
GLOBALLY**



**ARMY: AT BEST READY TO  
FIGHT IN ONE THEATER**



**NAVY: "ONE AND  
A HALF OCEANS"**



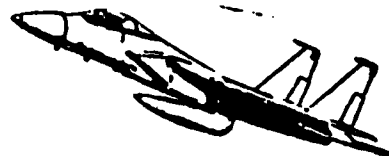
**NAVY: 600+ SHIPS —  
THREE-OCEAN COVERAGE**



**NAVY: TWO OCEANS  
AT BEST**



**AIR FORCE: SHORT  
WAR ONLY**



**AIR FORCE: READY FOR  
PROTRACTED CONFLICT  
IN MOST WEATHER CONDITIONS**



**AIR FORCE: SHORT WAR,  
LIMITED ALL-WEATHER  
CAPABILITY**

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ARE THERE OPTIONS TO OMB LEVEL? YES -- BUT UNACCEPTABLE

-- FURTHER READINESS/SUSTAINABILITY DRAWDOWN

-- UNCONSCIONABLE FAILURE TO PROVIDE FIGHTING MEN TOOLS NEEDED TO DO JOB

-- WOULD ADVERSELY EFFECT ALL VOLUNTEER FORCE -- CREATE MORALE PROBLEM

-- SECDEF/CJCS STRONGLY OPPOSED

-- MIGHT DECEIVE SOME AMERICANS -- BUT NOT SOVIETS

-- ADVERSE "CUTS" DIMINISH CREDIBILITY OF RESOLVE TO CONTEST SOVIET HEGENOMY

-- LARGE REDUCTION IN STRATEGIC FORCES

-- LOGICAL TO ABANDON B-1

-- LOWER THRESHOLD OF NUCLEAR WAR

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HOWEVER, AN OPTION DOES EXIST THAT IS BOTH FISCALLY RESPONSIBLE AND SENDS THE PROPER SIGNAL TO THE FINANCIAL COMMUNITY

-- \$7B TOA -- \$3B OUTLAY -- IN FY 83 -- BUT:

-- MUST HAVE 7 PERCENT STEADY GROWTH FY 84 AND/OR OVER FY 83 BASE

-- TRANSLATES TO \$50B OVER FY 83-87 PERIOD

-- NO FUTURE TAMPERING

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-- AGREEMENT NOW ON STABLE FISCAL GUIDANCE IS ESSENTIAL

-- FOR SOUND MILITARY PLANNING

-- TO ENCOURAGE SUSTAINED INVESTMENT TO PREVENT LOSING INDUSTRIAL BASE

-- TO SIGNAL FRIENDS/ADVERSARIES ALIKE OF OUR DETERMINATION

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IN SUMMARY WE HAVE FIVE OPTIONS:

IOA CURRENT DOLLARS

<u>FY</u>	<u>SERVICES</u>	<u>POM</u>	<u>DoD ALT</u>	<u>OMB # 2</u>	<u>OMB # 1</u>
1983	255	255	248	229	216
1984	289	289	281	279	277
1985	327	327	317	306	298
1986	367	368	356	335	318
1987	409	412	400	365	339

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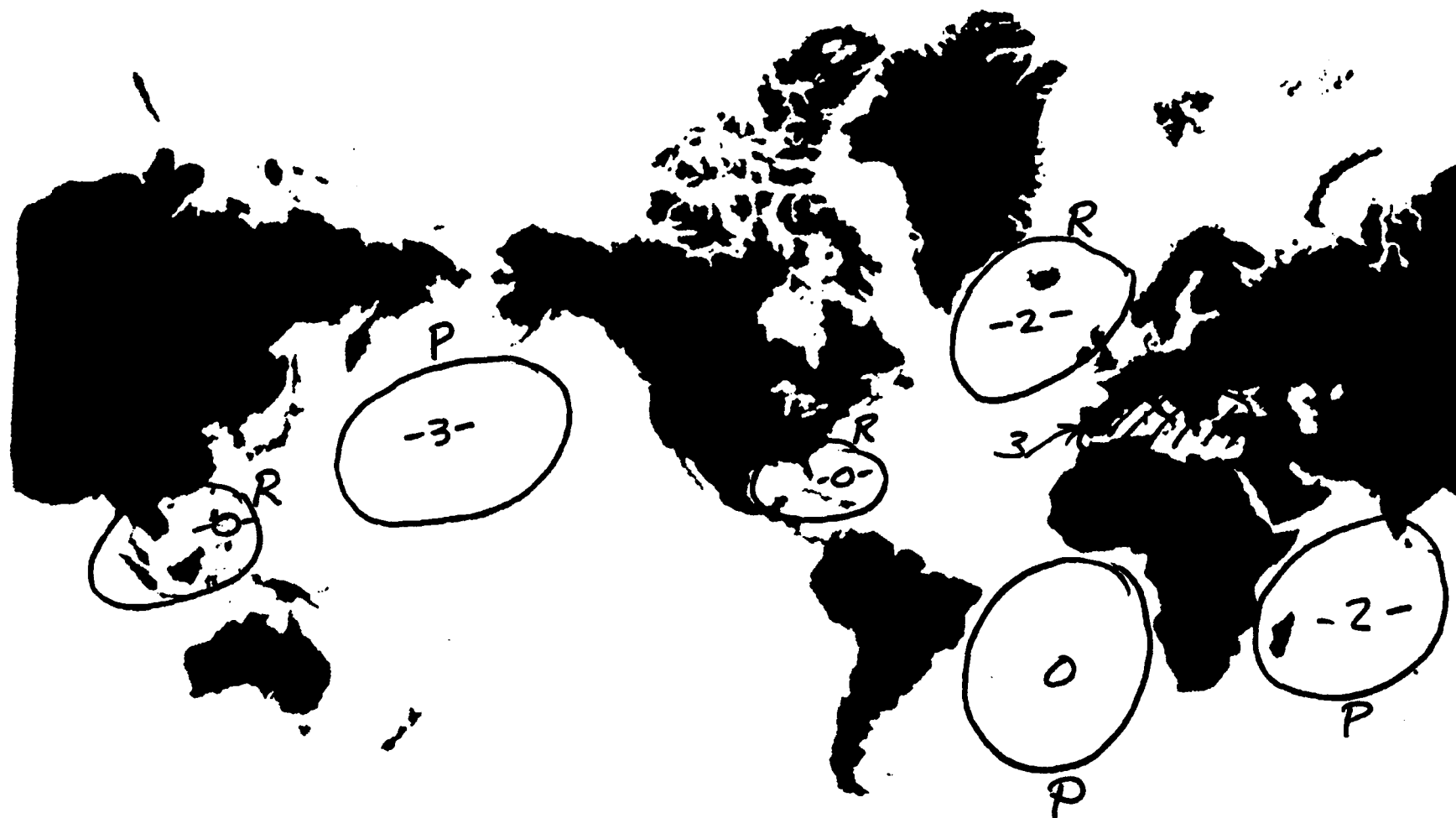
## SUMMARY COMMENTS

- o MANY REASONS NOT TO GIVE UP ON LAND-BASED ICBMs
  - PROMPT RESPONSE, ACCURACY
  - HIGH ALERT RATE, LOW OPERATING COST
  - FLEXIBILITY WITH GOOD C<sup>3</sup>
  - POLITICAL IMPORTANCE HERE AND ABROAD
  - MOTIVATION FOR SOVIET INTEREST IN ARMS REDUCTIONS
  
- o THE "STARTER SET" PLUS A SET OF OPTIONS SHOWS PROMISE OF PROVIDING ENOUGH SURVIVABILITY OVER TIME
  
- o IMPORTANT TO MAINTAIN VIGOROUS R&D PROGRAMS ON MULTIPLE OPTIONS, SO AS NOT TO FORECLOSE ALTERNATIVE PATHS
  - BMD
  - SMALL ICBMs, ICCMs AND MOBILITY OPTIONS
  - AIRMOBILE OPTIONS
  - INVERTED GPS FOR GOOD ACCURACY

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TODAY'S NAVY  
12 BATTLE GROUPS



"600-SHIP NAVY"

15 BATTLE GROUPS

