



DEPARTMENT OF THE NAVY  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20350

#1

February 7, 1981

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Chief, Records & Declass Div, WHS  
Date: JAN 02 2010

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MEMORANDUM FOR THE DEPUTY SECRETARY OF DEFENSE

Subj: FY 1981 and FY 1982 Budget Additions - ACTION MEMORANDUM (u)

Here are our recommendations for adding to Department of the Navy programs in FY 1981 and FY 1982. The vast bulk of the available funds are allocated to readiness (33%), additional ships (44%), and new aircraft (21%). A financial summary is at Tab A showing, on Table 1, the proposed dollar changes to the FY 1981 column of the FY 1982 budget as submitted by the previous Administration and the preliminary outyear (FY 1983-1986) implications of expanding naval forces. Except for a new nuclear carrier (CVN-72), for which the long lead procurement monies are included in FY 1982, there are no significant new policy departures which appreciably affect subsequent year programs as a result of our FY 1981-82 proposals (i.e., the future is not mortgaged). The new carrier, which we recommend, is intended to be the first step toward a 15 carrier force (up from the present 12 deployable carriers). Table 2, also at Tab A, lists the principal items included in our budget proposals. These budget additions, if approved, will add appreciably to near-term readiness and long-term strengthening of the Navy and Marine Corps.

Readiness

Navy and Marine Corps readiness was given short budgetary shrift in the last decade. NATO was center stage, and great improvements in our NATO force posture were made in the 1970s. The change in the world situation, however, and the prospect of a call to action outside NATO, have brought the Navy and Marine Corps back into national focus and moved readiness to the top of the priority list.

For FY 1981 and FY 1982, we propose significant increases in the readiness accounts, viz: purchase of ship and aviation spares and maintenance work in order to reduce present backlogs (requiring 2100 additional civilian workers in FY 1981 and 8900 in FY 1982); Marine Corps equipment, which has been persistently underfunded; military personnel (3000 Navy and 2500 Marine Corps) to meet ship and squadron shortages and to help to fill Marine Corps combat support units; and munitions.

Munitions are a special problem: we have far too little to be comfortable, but they are expensive and do not add visibly to deterrence, and therefore we tend to spend our money elsewhere. We could not fight a major war for longer than two months before exhausting our ammunition supplies. Furthermore, modern munitions could not be produced within two months, and in our judgment, a six months supply is a minimum needed amount. Even then, we need also to ensure an industrial capability that could achieve wartime production rates before supplies ran out.

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(S) A six month supply of munitions for Navy and Marine Corps would cost an additional \$22 billion beyond what has already been planned in the last Five Year Defense Plan. We have made a start toward overcoming this shortage by including over \$1 billion in our FY 1981 and FY 1982 budget proposals for munitions. We recommend a comprehensive examination promptly be made of the munitions needs of all Services, and of our industrial capacity; and a plan of action drawn up to assure we are in a satisfactory position in the event of war.

### Ships.

(S) The size of the fleet shrank 50% between 1968 and 1978, from over 1000 ships to just over 500 ships, the effect of a decision to modernize the fleet by investing in new ships rather than maintaining old ones. The result is a more modern Navy, with individually more capable ships but also a much smaller Navy, requiring each ship--and each sailor--to carry a greater share of the overseas deployment burden. (Ship operating tempo is now 15% higher than it was during Vietnam). The 600 ship force will provide a fleet of adequate size to carry out current commitments.

(u) In drafting our proposals for ships we considered three questions: What could we do to achieve useful near term increases in capability? What additional shipbuilding was needed simply to maintain our present force levels into the future? What additions to capability were most important to assuring naval superiority? For the near term, we saw three things that could be done:

(S) First, we could recommission the carrier ORISKANY, already authorized but not funded by the Congress, and perhaps later a second carrier, BON HOMME RICHARD. These are small carriers, and not new, but with life and capability remaining. In operations with other carriers, they would be useful for carrying attack aircraft, and adding to our offensive capability especially in third world areas. They could also operate with Marine Corps HARRIER (VSTOL) aircraft. We decided on one carrier, ORISKANY, and have included it in our proposal, with long lead money in FY 1981 and the balance in FY 1982. We estimate the cost to be \$500 million for the ship, plus an as-yet-undetermined amount for aircraft.

(S) Second, we recommend bringing back four IOWA class battleships, and have included \$251 million for the NEW JERSEY (already authorized but not funded by the Congress) in FY 1981 and FY 1982 and long-lead money (\$90 million) for the IOWA in FY 1982. The battleships have a great deal of remaining life: are more heavily armored (hence less vulnerable) than present day ships; can be modernized with Harpoon, Tomahawk, and air defense weapons, and are therefore relevant to the current and prospective threat; with their 16-inch guns, as well as Tomahawk missiles, can provide essential support to amphibious operations; can make a powerful political impression; and can be brought back into active service and modernized at only the cost of a new frigate.

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Third, we propose to expedite the conversion of the SL-7 ships which, together with the TAKX prepositioning ships, add to our near term capacity for more rapid mobility. The full details of the SL-7 and TAKX programs remain to be worked out, however, and some adjustment to the enclosure may be required when this work is completed.

To add to our future capabilities, we propose to begin the construction of a new carrier, and long lead monies (\$670 million) are included in FY 1982 for this purpose. This is the initial step in our broader proposal to increase our deployable force from 12 to 15 carriers. Also added to FY 1982: a second attack submarine, a third cruiser, and long lead for an amphibious ship (LSD-41). A longer term plan for achieving a 600-ship force of adequate capability is now being prepared.

Aircraft

The aircraft procurement account has been woefully underfunded for several years. We are neither buying enough aircraft to maintain present force levels nor buying aircraft in an economical way. In our proposals for FY 1981-82, we include funds for the Marine AV-8B, for which Congress directed procurement but which the Carter Administration refused to fund; funds to bring certain production lines (A-6E attack bombers, P-3C patrol aircraft, EA-6B electronic warfare aircraft and F-14 fighters) up to more efficient levels; funds for trainer aircraft needed but rejected by the Carter Administration; and funds to begin two new programs (SH-2F anti-submarine warfare helicopters, and medium lift helicopters to replace older helicopters). In total, we add 52 aircraft in FY 1981, and 207 aircraft to the 121 proposed in the Carter FY 1982 budget. This allows us to maintain existing force levels. We still do not, however, buy aircraft in an economical way, and in preparing our FY 1983 budget proposals we will provide recommendations for more efficient procurement.

In addition to the major proposals mentioned above, we have included certain zero sum RDT&E adjustments to correct program execution problems. Of particular interest are two major programs which we have reduced. One, the National Oceanic Satellite System which the Navy does not support in light of other competing efforts, has been reduced from \$46 million to zero. The other is Special Test Systems which we reduced from \$91 million to \$10 million. To the degree that reductions in these programs are unacceptable to you, it will be necessary either to increase Navy budget allocations or to make compensating adjustments within the program.

(U) We have not included compensation initiatives in our proposals, on the understanding that this is to be separately discussed and decided. People, of course, are among our most serious concerns, and adequate compensation is a high priority for us. Neither do we include the out-year operations and maintenance implications of our proposals, which will be included in our FY 1983 budget and next five year plan.

Our FY 1981-82 proposals are a balanced set of well documented urgent needs which can be met in a timely fashion by the actions we propose. Most serve

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principally to strengthen forces already planned or in being. The ship reactivations and the funding for an additional CVN are a clear commitment to Navy growth which we strongly endorse. I recommend your approval of our FY 1981-82 proposals.

*RJM*  
Robert J. Murray

Enclosures:

- Tab A - Summary tables
- Tab B - FY 81 & 82 priority listings
- Tab C - R&D Adjustment

CC:  
OSD Comptroller

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Office of the Secretary of Defense  
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