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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date:

December 18, 1982

SEP 21 2018

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INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK *WPC*
SUBJECT: Savings in Defense

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 21 Sep 2018 Authority: EO 13526 *rsuschsz*
Declassify: Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: 18 -M- 1712

Issue

Cap has sent you a memo summarizing three points he wishes to make regarding defense budget savings and efficiencies (Tab A).

Facts

In current dollars (not constant dollars adjusted for the lower inflation we are experiencing), the Administration has already reduced its original FY 82-86 defense program by \$41 billion in outlays.

Cap has initiated a number of management and procurement efficiencies designed to yield greater productivity for less total expense.

Several low-priority DOD programs have been cancelled to free funds for higher-priority programs which will make a greater contribution to our defense.

Discussion

Cap's point that the Administration has sought to demonstrate fiscal restraints in the DOD without sacrificing defense requirements is valid. His specific points will be subject to different interpretation by other observers. For example, OMB would point out that, in constant FY 80 dollars, the total five-year outlay reduction the Administration has agreed to is less than \$10 billion as opposed to the \$41 billion current dollar figure Cap cites. Lower inflation explains the difference.

DOD and OMB are looking horns again on the level of defense spending for your FY 84 budget. I am consulting with Cap and Dave Stockman on the matter. Our goal is a defense budget which continues your goals of rearming America and establishing a sustainable outyear defense program. In the meantime, caution should be used in citing specific figures about defense savings which the media will attack as misleading.

Prepared by:
Robert W. Helm

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18-M-1712

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