



INTERNATIONAL
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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

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Date: OCT 26 2018

MEMORANDUM FOR DEPUTY SECRETARY OF DEFENSE ELLSWORTH

SUBJECT: Your Meeting with Walther Leisler-Klep, Finance Minister of
Lower Saxony, Federal Republic of Germany -- INFORMATION
MEMORANDUM

TIME AND PLACE: Tuesday, November 16, 11:30 a.m., your office.

PARTICIPANTS:

US

FRG

Deputy Secretary of Defense
Ellsworth
Deputy Director, European
Region, ISA, Jefferson
Captain Carter, Military As-
sistant
Colonel Hartigan, ISA (Note-
taker)

Lower Saxony Minister of Finance
Klep
(PHONETIC: keep)
(ADDRESSED: Mr. Minister)

CHECKLIST:

- NORTHAG Brigade Stationing. Pleased to learn that Government of Lower Saxony approved stationing of NORTHAG Brigade at Garlstedt. Understand that there are certain environmental conditions and that they are subject of on-going discussions. We are convinced, given the importance to NATO of this project, that mutually agreeable accommodation can be reached.
- Defense Spending. U.S. public and Congress responded favorably to President's call for increased defense budget in real terms in light of Soviet buildup. Imperative that West Europeans do the same. Since FRG and U.S. traditionally have been the pace-setters and examples for other Allies, decline in FRG defense spending in real terms concerns us.

Office of the Secretary of Defense
Chief, RDD, ESD, WIIS
Date: 26 OCT 2018 Authority: EO 13526 + 50-S.C. 4952
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18-M-2060

SETTING

- Kiep is an influential and respected member of the CDU hierarchy and is one of the party's foreign policy spokesmen. He is a good friend of the United States and has an abiding interest in its foreign and security policies. A frequent visitor to the U.S., Kiep uses the occasions of his visits to meet with as many senior policy making officials as possible. He has proposed no topics for discussion in his courtesy call on you, but likely will be most interested in your estimate of what changes, if any, will occur in our security policy toward NATO, in general, and the FRG, in particular, as a result of the forthcoming change in Administrations.
- We should use this opportunity: (1) to assure Kiep of the steadfastness of our commitment to the Alliance and our ties with the FRG, notwithstanding the change of Administrations; (2) to express our satisfaction with approved plans for stationing a brigade at Garlstedt in Lower Saxony, in whose Government Kiep holds an important and influential post; and (3), given his position in the CDU hierarchy, to alert Kiep to our concern that FRG defense spending, in real terms, is declining.

COURTESY POINT

Congratulations on your appointment as the Minister of Finance in the Government of Lower Saxony. (Kiep assumed that post in February 1976 after nearly eleven years as a Bundestag Deputy.)

ISSUES AND TALKING POINTS

1. NORTHAG Brigade Stationing. On October 20, the Government of Lower Saxony approved, subject to certain environmental conditions, the stationing of a U.S. Army brigade at Garlstedt (Carl Schurz Kaserne). Local officials and citizens are concerned that the brigade's training activities will destroy or detract from the natural beauty of the Garlstedt Heath, a local recreation area, or render it inaccessible to the populace. (We have received several letters from political figures in the area asking, mainly on environmental grounds, that we reconsider the selection of Garlstedt and locate the brigade elsewhere.) Discussions concerning the environmental conditions under which the brigade may be stationed at Garlstedt are underway between representatives of Lower Saxony and United States Army, Europe. Ground breaking, without fanfare, took place several days ago; plans for a formal ceremony, presided over by MOD Georg Leber, were scrapped when it appeared that the occasion probably would be the object of local demonstrations. The brigade is scheduled to relocate to Garlstedt from its temporary locations in the major training areas in South Germany in the summer and fall of 1978.

Your Talking Points

- We were pleased to learn that the Government of Lower Saxony approved the stationing of a U.S. Army brigade at Garlistedt.
- We understand the concerns of the local populace regarding the preservation of the Garlistedt Heath and will abide, in letter and spirit, with whatever reasonable conditions are agreed between representatives of your Land government and United States Army, Europe.
- We look on this project, despite the fact that a single brigade is involved, as a major step forward in demonstrating NATO cohesion, flexibility and responsiveness to the threat.

2. Defense Spending.

FRG Position: Given the current economic situation, the FRG believes that it cannot increase defense spending, in real terms, for another year or so, although it maintains that real increases for capital expenditures were built into the budgets for 1975 and 1976 and will be in that for 1977. Overall, however, defense spending in real terms, 1974 to 1975, declined by 2.5% and is expected to decline, 1975 to 1976, by about 0.5%. Although a further decline is possible for 1977, the FRG says that it expects its long term real defense spending trend (through the early 1980s) to move upward at around 2% per year.

U.S. Position: Traditionally, the FRG and the U.S. have been the pacesetters and examples for our other Allies where real-term increases in defense spending are concerned. We believe that the FRG can and should increase its defense spending in real terms. Defense spending forecasts were the object of extended discussion in the course of the multilateral review of the FRG's response to the Defense Planning Questionnaire for 1976.

Your Talking Points

- The U.S. public and Congress responded favorably to the President's call for increased defense spending in real terms in light of the past and on-going Soviet buildup.
- It is imperative that West Europeans do the same.
- Declines in FRG defense spending in real terms concern us.

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James G. Power
Acting Assistant Secretary of Defense
International Security Affairs

Attachment
Biographic Data

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