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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

82 JUL 17 P12: 15

16 July 1982

82 JUL 17 A11: 44

MEMORANDUM FOR THE PRESIDENT

SUBJECT: National Defense Projections

(U) David Stockman has proposed possibly recognizing the national defense figures in the First Concurrent Resolution for FY 1984 and FY 1985, thereby accepting significant reductions compared to your current guidance.

(U) As you will recall when you met with the Senate leadership on this general subject, you stressed that you were willing to accept the Senate Budget Committee defense figures for FY 1983 only, but wished to reserve judgment on FY 1984 and FY 1985, because of your concern that these figures might be too low. Based on the Mid-Session update prepared this month, there are even more substantial dollar differences between the Administration budget estimates for defense and those proposed by the Congress in the First Concurrent Resolution.

(U) The Congress in budget resolutions or elsewhere has never treated outyear figures as binding, and has typically revised them in later resolutions as "outyears" became the current years. I believe we really must at least preserve the currently planned funding levels for defense in FY 1984 and FY 1985. As you recall, these were set by you at the time reductions in FY 1982 and FY 1983 were made by you last September.

(U) I also urge that you consider the complete change of direction in the federal budget Congress proposes under this First Concurrent Resolution. For the years FY 1983 through FY 1985, inclusive, the Resolution would add about \$75 billion to the nondefense portion of your request, and reduce the national defense request by approximately \$38 billion.

(U) I have to report to you that FY 1984 and FY 1985 cuts in the defense budget, of the magnitude being proposed by the Director of OMB, would devastate our efforts to rebuild the nation's defenses. If anything, we need a budget closer to your original proposal of March 1981 than the one under which we are now operating. I have just concluded two days of meetings with the Commanders in Chief of the Unified and Specified Commands, and with the Chairman of the Joint Chiefs of Staff. During these meetings, General Vessey and the Commanders in Chief were asked to give their candid assessment of the defense program proposals for the next five-year defense plan. While they compliment the efforts that have been undertaken, they believe that substantially more funds are needed

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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 19 2018

18-M-1705

Classified By: ~~Sec Def~~
Declassify On: ~~25 July 1988~~

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RL, ES, NSC, Subj 81-85, Budget, Defense (04/10/1982) 07/28/1982 b2c 20
Sec Def Cont Nr. 20781

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 19 NOV 22 1982 Authority: EO 13526 + 5 USC 552
Declassify: ☒ Deny in Full:
Declassify in Part:
Reason:
MDR: 18-M-1705

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now to meet critical shortfalls. Unfortunately this is fully confirmed by our own examination of the military requirements needed to enable us to carry out our planned strategy. Some say casually, "we must change our strategy" but unfortunately, that strategy must be based on Soviet threats and capabilities. With both the nation's senior military leadership and the civilian side of the Department in full agreement, I can only conclude that the deep cuts required by acceptance of the Congress' nonbinding resolution on FY 1984 and FY 1985 numbers would most seriously weaken one of the major initiatives of your Administration.

(S) Should we have to meet the lower outlay levels proposed by the Director of OMB, we would have to consider significant reductions in the Strategic Initiatives Program that you announced last fall. Not only would this retard our efforts to redress the strategic balance with the Soviet Union, but it could seriously undermine our position in the Strategic Arms Reduction Talks.

(S) Nor could the reductions be limited to strategic forces. If we had to meet such deep outlay cuts, we would have to reduce our forces, including reduction of two divisions of existing Army and Marine ground forces, forty older ships from our deployed naval forces, and six Air Force tactical wings.

(U) Further details of the steps we would have to consider are provided in an attachment to this memorandum.

(U) So, with full understanding of the difficult economic and budget problems we have, I have to recommend we keep our proposed real level for defense resources in FY 1984 and FY 1985.

(U) In addition, Dave Stockman will propose capping military salaries at 4% for FY 1984-1985. I strongly recommend that you stand by your commitment of military compensation comparability with the civilian sector.

(U) Continuous revision of the Department's basic fiscal guidance among other things destroys our ability to plan an efficient defense program, so I hope it could be emphasized that your decision to make cuts in September 1981, and to accept additional cuts this spring, does represent the limits of defense cuts we can safely accept.

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Attachment

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IMPACT OF FIRST CONCURRENT BUDGET RESOLUTION

Reductions of this magnitude, particularly the outlay cuts, will be extremely difficult to implement and will force us to terminate or reduce a large number of programs. This will be especially painful, considering the fact that the Department has already cut back FY 1983 outlays by more than \$5 billion from the March 1981 Budget Revision level. Our commitment to rearm America will be seriously impaired, if not derailed, necessitating significant reductions in our force structure, technology development, and modernization programs.

We would attempt to hold the line on those accounts that affect the readiness and sustainability of our combat forces. I am firmly committed to these long-neglected and vital programs. Our national interests would be better served by having smaller combat forces that are well-equipped, combat ready, and able to fight for sustained periods, than by continuing the past practice of maintaining forces that are poorly trained and lack modern equipment and supplies.

Meeting the near-term outlay targets proposed by the Director of OMB, but at the same time trying to preserve the readiness and sustainability of our remaining forces, would require harsh decisions. With respect to our strategic forces, we would have to consider inactivating our remaining B-52D aircraft and a major portion of our air defense interceptor forces. We would also have to consider terminating the KC-135 reengining program, and possibly even part of our Strategic Initiatives Program. The last is a matter of grave concern, and could seriously undercut our position in the Strategic Arms Reduction Talks. A favorable outcome of the talks might well permit future savings but I doubt that unilateral reduction now would encourage such an outcome. In fact, near-term reductions might only lead to a situation demanding even more substantial increases in the future.

For our general purpose forces, we would probably have to reduce existing Army and Marine ground forces by at least two divisions, our deployed naval forces by roughly forty older ships, and our Air Force tactical fighter and tactical airlift forces by as many as six wings. These cutbacks would force a painful reappraisal of our commitments for forward-deployed military forces, resulting, no doubt, in reductions in these commitments. This could only be read by our allies as a sign of vacillation, and could seriously erode our efforts to persuade them to do more for the collective defense.

The long-overdue modernization of our combat forces would be adversely affected by cancelling or deferring several major weapon acquisition programs. We would reduce our shipbuilding program by deferring a CG-47 cruiser and the new DDG-51 by three years, and by deleting FFG-7 construction entirely. We

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would likewise have to shut down some tactical aircraft production lines, including the AV-8B, EA-6B, and E-3A AWACS, and would stretch out several other procurement programs, such as the F-14, F-15, and LAMPS MK III. These changes would force us to retain aging, nearly obsolete aircraft in our front-line operating forces, while increasing the unit cost of those aircraft being procured at slower rates.

We would also terminate or defer several modern munitions programs, such as MK-48 torpedoes; GBU-15, Maverick, and HARM missiles; as well as some of our tactical air combat support systems, such as the TR-1 and Precision Location Strike System, thereby delaying a much-needed all-weather and night targeting and attack capability.

The Army's modernization program would also be significantly affected by reduced procurement levels for needed weapons systems such as the M-1 tank, M-2 fighting vehicle system, and AH-64 attack helicopter, thereby exacerbating the serious armor imbalance between U.S. and Soviet forces. We would also probably have to terminate some Army programs, including certain modern air defense systems and helicopter improvement programs.

Furthermore, we would be forced to make reductions in some of our support activities, such as the operational and rotational moves of our military personnel; in our planned construction projects for both CONUS and overseas facilities; and in the planned maintenance of our existing facilities. These steps would have a serious impact on the morale of our uniformed personnel.

Finally, we would have to consider an across-the-board cut in our research and development funding, severely curtailing technology development and resulting in the termination of several promising advances.

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MEMORANDUM

NATIONAL SECURITY COUNCIL

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July 19, 1982

ACTION

MEMORANDUM FOR WILLIAM P. CLARK

WPC HAS SEEN

THROUGH: RICHARD T. BOVERI

FROM: ROBERT W. HELG

SUBJECT: Defense Budget Projections

In the memo at Tab III, Secretary Weinberger has written to the President opposing OMB Director Stockman's proposal that the defense figures in the First Concurrent Budget Resolution passed by Congress last month be used as the topline guidance for preparing the FY 1984 and FY 1985 defense budget. Secretary Weinberger feels that the defense projections for those years that were contained in the President's FY 1983 budget request should remain the topline planning guidance.

The differences, as portrayed by OMB, are substantial:

Defense
(\$ billions)

	83		84		85	
	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outlays
President's FY 1983 Request	257.5	215.9	284.7	247.0	330.9	285.5
Congres- sional Budget Resolution	246.1	206.9	271.1	235.4	314.6	270.5
Difference (+ Request)	-11.4	-9.0	-13.6	-11.6	-16.3	-15.0

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~~Review on July 22, 1982~~

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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: NOV 19 2019

RL, ES, NSC, Subj 81-85, Budget, Defense (04/10/1982 - 07/24/1982), b7c20

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MEMORANDUM

~~SECRET~~THE WHITE HOUSE
WASHINGTONACTION

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Defense Budget Projections

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Chief, Records & Declass Div, WHS
Date: NOV 19 2013Issue

What should the relationship be between the recently passed Congressional Budget Resolution and Defense budget planning?

Facts

- Cap has written you (Tab B) opposing the proposal by Dave Stockman that the Congressional Budget Resolution figures for national defense should be used as the planning guide for the FY 1984 and FY 1985 defense budgets as opposed to the figures contained in your last budget submission.
- In previous discussions with the Senate leadership, you agreed to accept the Budget Resolution figures for defense spending for FY 1983 but did not commit yourself to the much lower Budget Resolution figures for FY 1984 and FY 1985.

Discussion

- This is an important issue from the standpoint of both your defense program and your economic policy objectives and needs to be reached soon. It is desirable that we not have a repeat of last summer's highly publicized defense budget debate.

RecommendationOK No

- _____ 1. That the Budget Review Board review this matter and prepare a recommendation for your consideration.
- _____ 2. That you sign the attached memo to Cap (Tab A) acknowledging receipt of his memorandum and informing him of your desired course of action.

Attachments

Tab A Memorandum to Secretary Weinberger for Signature
Tab B Incoming Memorandum for Secretary Weinberger

Prepared by:
Robert W. Helm

~~SECRET~~~~Review on July 19, 1988~~