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MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

January 6, 1983

MEMORANDUM FOR WILLIAM P. CLARK

THROUGH: RICHARD T. BOVERIE *WZ*FROM: ROBERT W. HELM *RW*

SUBJECT: Weinberger Defense Reduction

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

Secretary Weinberger has sent a memo to the President which offers up \$6.5 billion in defense budget authority for FY 84. No outlay implications are mentioned but I would expect this figure to reduce the deficit by about \$4 billion.

Weinberger makes the proposal solely because he realizes the President is under pressure to show some flexibility as we approach what has become an annual bargaining session with Congress over spending targets in the Budget Resolution. He is offering the President a small bone to throw to Congress.

Points to Consider

This is not a painful reduction for the DOD. Half of it is attributable solely to changes in inflation. The remainder represents program elements which were always marginal in the DOD plan. Essentially, DOD is giving up, in advance, the bulk of its budget cushion.

Congress will take this reduction as the President's first bargaining position, just as the "freeze concept" is their first position. Future give will be expected. Negotiating the defense budget can be a long slippery slope. Before the President agrees to this reduction, he should identify where he wants to hang-in. Otherwise, he will get nicked-and-dimed on his defense topline as successive "Gangs of Seventeen" come up from Congress to negotiate with him on budget issues. The \$22 billion cut OMB proposed was similarly a Stockman bargaining ploy. No one really expects the President to reduce his defense program that much -- it is simply a "low-ball" technique.

The Congressional budget process essentially exposes the President to "double jeopardy." He must agree to cut his topline defense target in the context of the Budget Resolution well before the defense authorization and appropriation committees begin their activities. Weinberger is right when he states that anything agreed to now will be the point at which additional cutting will start later.

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Weinberger does not discuss outyear savings implications but the whole emphasis of the budget process is to show steadily declining deficits. Congress will insist on a binding outyear path of defense reductions. This issue should not be left hanging as a future problem.

As soon as possible, the President should reject and discredit the "freeze concept."

Bottom Line

The President should incorporate the proposed reduction into his request only after a final defense budget strategy has been developed so that daily and weekly negotiating crises can be avoided.

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