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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA



September 21, 1984

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities (U)

Legislative Affairs: Following considerable effort, a compromise measure that would provide a solid 5.5 percent real growth boost to defense spending for FY 1985 has apparently been worked out between Howard Baker and Speaker O'Neill. The agreement should guarantee that Congress will approve a Defense Authorization and Appropriation Bill before Congress' scheduled October 5 adjournment, thus removing the threat of a restrictive Continuing Resolution that could have held defense spending to FY 1984 levels with no new starts.

The agreement provides for an FY 1985 defense authorization level of \$297.0 billion and an FY 1985 appropriated level of \$292.9 billion. This will provide 5.5 percent real growth in 1985, considerably above the 3.5 percent level previously adhered to by the House and the Democratic leadership. We are, of course, free to seek more in the new Congress to try to get back close to the 297 level you approved a few weeks ago.

On the MX missile, funds will be approved for continued deployment of previously approved missiles. In addition, \$1.5 billion for FY 1985 procurement has been fenced, subject to two joint resolutions of approval with votes to occur as close together as possible prior to Easter. By doing this we will avoid a near certain defeat for the MX during this Congressional session, and we avoid having to submit a new supplemental budget request for FY 1985 production funds, which would face an even greater burden for approval than the resolution mechanism.

It is extremely frustrating and disappointing, to say the least, to realize that after all your successful and effective efforts to persuade the voters to give us a Republican Majority in the Senate, that we cannot even get an MX vote out of the Appropriations Subcommittee.

On top of the overall ceiling and MX provisions of the agreement, Howard Baker has given assurances that the Senate position or

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other acceptable language will prevail on several other critical issues, including anti-satellite testing, deployment of sea-launched cruise missiles, top dollar funding for our Strategic Defense Initiative, and loosened restrictions on combat troops in Central America.

Overall, the agreement is reasonably satisfactory and better by far than a Continuing Resolution at the current year levels. There has been considerable Congressional support for the agreement, most notably from Republicans John Tower, Bob Michel, and Trent Lott, in addition to Howard Baker. Although formal implementation of the agreement is now in Congressional hands, we will continue to keep pressure on the various authorizing and appropriating committees to ensure that we achieve, as a minimum, what is in the compromise and that we improve our position wherever possible.

Execution of the agreement has already begun in the Armed Services Committees Conference on the FY 1985 Defense Authorization Bill. Conferees met last night and will continue meeting next week in hopes of wrapping up an agreement by Tuesday. Positive action on the agreement by the authorizers should give additional momentum to the appropriators, who will continue working earnestly next week on the FY 1985 Defense Appropriations Bill and the Continuing Resolution.

Office of the Secretary of Defense  
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