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Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 18 2019

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OFFICE OF THE SECRETARY OF DEFENSE

March 10, 1986

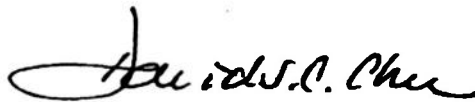
MEMO FOR SECRETARY OF DEFENSE

Attached at Tab 1 is the revised draft memorandum for Mr. Regan, incorporating the changes you directed. (Your original markup is provided at Tab 2.)

The classified program mentioned in the text and listed in Table 2 is not referred to by name. We can insert the name if you wish.

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HAS SEEN.**

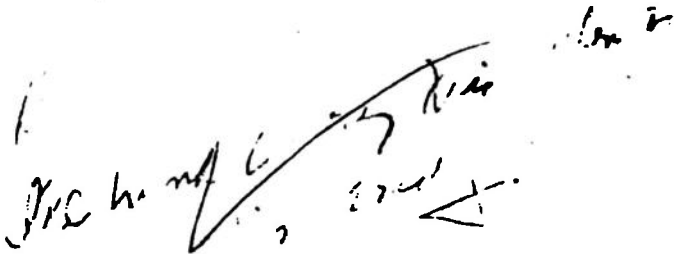
MAR 10 1986



David S. C. Chu
Director, Program Analysis and Evaluation

Attachment

cc: Mr. Taft



Office of the Secretary of Defense **5 USC 5582**
Chief, RDD, ESD, WHS
Date: **18 DEC 2019** Authority: EO 13526
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MDR: 19-M-1092

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THE SECRETARY OF DEFENSE

WASHINGTON THE DISTRICT OF COLUMBIA



11 MAR 1986

Honorable Donald T. Regan
Chief of Staff to the
President
The White House
Washington, D. C. 20500

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Dear Mr. Regan: 1.7 ✓

(U) As you requested, I am writing to outline the effects on national security should those in the Congress seeking sharp defense reductions succeed in imposing them.

(U) A significant cut in FY 1987, of course, would reduce defense investment for the remainder of the decade and beyond. Some of the proposals now being offered in the Congress could easily lead to a \$150 billion cut over the next five years. Simply "tightening our belt" in FY 1987 will not be sufficient--we would have to consider terminating major, vitally needed programs now to reduce defense spending to the future level that would be required.

(U) I should emphasize that we have already made significant reductions in the FY 1987 defense program to meet the constraints of the President's budget. The FY 1987 defense request is over \$40 billion lower than was planned just one year ago. Table 1 lists some of the adjustments made--including the cancellation of two major Air Force programs (its new Search and Rescue helicopter, HH-60D, and new trainer, T-46¹), and giving up 15,000 planned and needed personnel in the Navy and the Air Force.

(S) In contemplating how we might cope with further reductions, I believe we must rule out any significant change in the President's strategic modernization program, and the Strategic Defense Initiative. I also do not believe we should degrade the readiness of our conventional forces. Nor would it be wise to accept uneconomical production rates for major conventional procurements--i.e., to stretch everything out in order to avoid killing anything.

(S) For these reasons, I believe the adjustments should come from three areas:

1. Predictably, there is considerable Congressional opposition to our cancellation of this trainer.

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- Terminating programs nearing completion, especially if a substitute is available. For example, we might consider ending production of the Aegis cruiser, substituting a larger buy of DDG-51s, and we might have to consider ending a major classified program.

Table 2 lists these and other examples, together with the savings involved. Any one of these would be a major loss. The Aegis cruiser, for example, offers us the best system of providing air defense for large clusters of our ships on combat missions. Likewise, a decision to limit SSN-688 attack submarine construction to three per year would be inconsistent with the increased Soviet submarine threat. Terminating the SH2F might save money in the short term, but it would limit us to just one producer of anti-submarine warfare helicopters, and end what competition we've been able to maintain in this area.

- Delaying or terminating new programs. Table 3 lists some of the possibilities that would have to be considered. For example, we might have to consider delaying the start of the new attack submarine (SSN-21) by two years, terminating procurement of the Marine Corps' close air support aircraft (the AV-8B), cancelling the development of the new Air Force transport (C-17), and eliminating the planned upgrade of the Air Force's F-15 (the F-15E). Also, we would certainly restrict new military construction: our present policy aims at new construction equal to two percent of the replacement value of our plant each year, which implies a 50-year replacement policy; we would have to move to a replacement policy of two-thirds of a century. It was policies such as these in the 1970s which left us with such large backlogs.

- Making selected force structure reductions. We might have to forego establishing the new light division planned for Alaska, and would certainly have to consider a more rapid retirement of the B-52G bombers than the arms control advisers and the Joint Chiefs think is wise. (Table 4 lists these and other candidates.

(S) I am particularly concerned with recommending any force structure reductions, because I do not believe such cuts are wise in light of the nation's many commitments and the fact that we have a small total military force now, compared with our opponents. But with well over 40 percent of the Department's budget devoted to personnel, only by including force structure cuts and their associated personnel savings could we bring the overall program down to the spending levels fast enough to satisfy some in the Congress.

(U) The approach I've outlined maintains our immediate security posture in a severely reduced status, and at the expense of the future. (The opposite approach--eviscerating present capabilities, assuming a much larger risk and hoping that strong military forces will not be needed for some time--is much worse.)

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(U) I do not believe that this is the legacy we should leave the nation's leaders of the next decade. The President's defense request requires only six percent of GNP--in FY 1987, and for the years beyond that. Six percent is well below what the country sustained throughout the 1950s and 1960s, and even the early 1970s. We could afford it then--and I believe we can afford it now. (In fact, we have been able to afford six percent of GNP or better in the last four years!)

(U) Congressional action on the FY 1986 defense request actually left the defense budget, adjusted for inflation, below the level for FY 1985. Another year of decline would set the nation on the course of the 1970s -- a course that soon leads to the inadequacies of the last Administration, when half the Army's recruits in some years were high school dropouts, and Air Force fighter aircrews were flying far less than minimum training standards require. That is what we ran against in 1980. Those are the problems we have corrected. We should not resurrect them now.

(U) If you have any questions, or need additional information, please call me.

Sincerely,



Attachments

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