

NATIONAL ARCHIVES AND RECORDS ADMINISTRATION
Presidential Libraries Withdrawal Sheet

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET~~/SENSITIVE/XGDS

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PFIAB ltr 6/11/10

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Nixon
PFIAB
Dr. Henry A. Kissinger, Secretary of State and
Assistant to the President for National Security
Affairs
Maj. General Brent Scowcroft, Deputy Assistant to
the President for National Security Affairs

DATE AND TIME: Friday, February 8, 1974
2:37 - 3:35 p. m.

PLACE: Cabinet Room

Adm. Anderson: You gave us a chance to report on energy. Two days before the Middle East crisis. We did a post mortem on the intelligence failure. It was a failure of interpretation. Leo Cherne did a paper on the economic intelligence problem and is using it intelligently. We worked on the Navy problem. We sent you a preliminary report saying it was worse than you thought. We think this is a very serious situation.

First, we must have a response to the NSSM. Then come up with a plan to make the Navy well. There are problems of policy and bureaucracy which need correcting.

We had a briefing today on NRO. It's very well run. You need to eliminate the layers and echelons which delay progress. This is true of all the Services.

The Soviet Union is turning out 10 new subs -- we are turning out one. They turn out more scientists at a rate of 15 to 1. We spend 5% on personnel; the Soviet Union spends 20%. They conscript; our recruiting is not getting the caliber of people required. It will take your leadership to give us a Navy second to none. So we can engage our Navy in most areas of the world.



CLASSIFIED BY HENRY A. KISSINGER
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In the Middle East crisis in October, they had 23 subs in the Mediterranean.

Dr. Teller: There is too much emphasis on big ships. There is no emphasis on small ships, which mean many targets.

President: Have you included the allied navies?

Adm. Anderson: They can contribute in local areas, but their capability is limited. In the Persian Gulf, the Sea of Japan, the Eastern Mediterranean, they are not much use. In a crunch, there is doubt they would really be with us or give their bases.

The Soviet Union has redundant communication and we have a ponderous system.

Our command organization should be looked at. These don't cost money, but to correct the forces will cost money and that will come from other services or an increased budget.

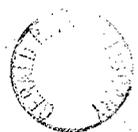
President: An interesting footnote -- Stalin emphasized near the end of World War II a naval build-up. It started then. Part of the Soviets' problem is that a navy can't survive without discipline. They can't have commissars in the navy. Our navy is old. As you know, I increased the DOD budget. That flies in the face of popular will, particularly with the end of Vietnam, etc. What concerns me is whether the increase is a result of the services dividing up the pie rather than having a strategy.

We have to come down on Schlesinger on Command and Control. In getting orders carried out -- perhaps civilian control. We didn't really unify the services. Schlesinger has to get control of Command and Control.

But what sort of navy is bigger than the Department of Defense? The NSC must do it. We must have a strategic plan -- what we will and won't do. We need DOD's ideas, but we need an input from everyone.

What do we need the navy for? Where?

The navy wants it for showboats. The navy would just say: give us more dough for the best navy. That is not the answer. What do we need a navy for?



Like the Air Force, which couldn't fight a guerrilla war. We are a disaster in tactical air. Give the Navy more money and they will just add to what they have. We've got to know what we are after.

Schlesinger is a good man and a good manager. We had the best Navy, not just the biggest.

In Europe we have [REDACTED] but don't know what to do with them.

On the quality of men -- we must look at that also. Baldwin has a devastating article in the Saturday Evening Post that the Navy is in bad shape in manpower, morale, etc. Didn't the Navy get a big chunk of the supplemental?

Kissinger: Yes, but it is not a matter of how much they get but how they spend it. The Services are logistic procurers, not strategists. Most of our ships can't go through the Suez and Panama Canals.

Our submarines are designed around power plants.

Rockefeller: Zumwalt said no one wants to tell the people the shape the Navy is in. If he were asked to make such a plan, they are so bureaucratized they couldn't think big enough. He said they need a strategic study group.

Dr. Gray: I am an old Army man. But the issue is not whether we have a Navy as good as the Soviet Union's, but whether we have a Navy which can protect commerce of the world. This is our #1 strategic problem.

Adm. Anderson: Suppose someone put pressure on Japan. We couldn't protect our lines to Japan or the U.S. -Japan shipping lanes.

Rockefeller: We are talking about maybe \$100-200 billion to put the Navy back into shape.

President: This relates to our negotiations. We will probably have some kind of standoff. They may be looking for massive conventional superiority. Not that they plan to use them, but for bluff. In the Middle East, we had a few cards; but we started an airlift and called an alert.

Rockefeller: You played the cards well.



President: When the two great powers are engaged, a game of chicken isn't very good. We have to have strength they will respect.

We took a big bite for the DOD budget increase, but I think we will get it. We may need more, but if it is a big increase, what will the Soviet Union do? Match us or negotiate?

Schlesinger must get to work immediately.

Kissinger: We'll have to do it in the NSC process.

President: They are all good men, but they are part of a system.

When I leave office I don't want to leave us weaker with respect to our opponents.

Rockefeller: Maybe it is time for a reorganization study of the Department of Defense.

Kissinger: We had one at the beginning of your first term.

President: The answer is yes. We have run into this Command and Control thing time and time again.

Dr. Galvin: If a study shows there is a Navy gap, can we tell the public?

President: Sure. The problem is our weak-kneed allies and the Soviet Union. If we start the program, everyone will say why? The allies will be scared, and the Soviet Union will be emboldened.

It could be sold to our people, though.

Mrs. Luce: The public will support the Navy if it's put in terms of protecting the right of the world to trade. How does one get that going?

President: That's well stated. Let's compare Army strength. They (the Soviets) are much bigger, but they need more. In numbers, we each need the same. But in the Navy, we need more because we are a two-ocean power. They don't have the need or the responsibility. We have to do this without scaring our allies and the neutrals or encouraging the Soviet Union to adventure or to match us. But we need bigger defense and we will get it.

I got your R&D report and Ash -- you know we have internal fights here too -- points out that private enterprise will spend \$200 billion a year. If the price is right, private enterprise will do it, and the government has to get out of the way. We must do what is economically impossible. Another point -- what are the potential shortages of raw materials?

In the Soviet Union and China, we have old leadership. What will come after they go? What we must get across to our people is that the only hope for peace is for the U.S. to stay strong -- but we have to pursue the diplomatic path also.

A Navy study has to be done by the NSC. But Schlesinger has guts and I'd like to see him take a crack at it.

Adm. Anderson: The German Navy showed us how difficult it is to defend in the North.

Rockefeller: Could we add on economic strategy to this?

President: Sure.

Mrs. Luce: Aren't we talking about an interdependent world? That gives us a reason for a big Navy to protect commerce for an interdependent world.

But what kind of Navy do we need to protect the sea lanes? The same kind as we need to beat the Soviet Navy?

President: We have a lot of bright guys out of the Service academies, but in time of peace they stagnate. We got to get them involved.

Rockefeller: We've got to focus on our national problems and not on each other.

President: Some of that is inevitable. But maybe this is a time to go after it.

The thing we must realize is that the world has been changing dramatically.



Look at Europe today. None of them plays a significant role in the world. They are leftist and weak: the only people with governments are maybe the Spanish, Greeks and Turks.

Latin America doesn't matter, nor does Africa. Japan could become a great force again -- if there is doubt about the will of the U. S. Japan must make a deal with the U. S. or go on their own. In the whole world there is a shrinking from responsibility. Maybe the U. S. doesn't even have the guts. This would be safe if it weren't for the Soviet Union and China.

Rockefeller: We are very grateful that you met with us.

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Nixon and President's Foreign
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