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THE WHITE HOUSE
WASHINGTON

September 25, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: JAMES T. LYNN
FROM: JAMES E. CONNOR 
SUBJECT: Amendment to the Defense
Budget for FY 1976 and the
Transition Quarter

The President reviewed your memorandum of September 15th on the above subject and approved the following:

Withhold transmittal of the amendment pending the outcome of the SALT negotiations.

Defer specific decisions pending the outcome of the SALT negotiations.

Please follow-up with appropriate action.

cc: Don Rumsfeld
Brent Scowcroft

THE WHITE HOUSE
WASHINGTON

September 22, 1975

MR PRESIDENT -

The attached memorandum from Jim Lynn has been staffed to NSC and Jack Marsh.

Marsh concurs and NSC concurs that no amendment should be transmitted to Congress now but disagrees with OMB on the need for making decisions now.

Do you wish to withhold transmittal of the amendment pending the outcome of the SALT negotiations (recommended by NSC, OMB and Marsh).

Yes MC7 No _____

Do you wish to approve OMB's suggested modifications to the submission now (recommended by OMB and Marsh).

Yes _____ No MC7

Defer specific decisions pending the outcome of the SALT negotiations (recommended by NSC).

Yes MC4 No _____

Jim Connor

Attachments

Memo of 9/15/75 from Jim Lynn
NSC's comments on Lynn Memo and
background (TAB A)

ITEM WITHDRAWAL SHEET
WITHDRAWAL ID 00512

Collection/Series/Folder ID No. : 004700034
Reason for Withdrawal : NS,National security restriction
Type of Material : MEM,Memo(s)
Creator's Name : James Lynn
Receiver's Name : President
Description : re amendment to the Defense budget
t for FY1976 and the transition quarter
Creation Date : 09/15/1975
Volume (pages) : 3
Date Withdrawn : 04/29/1988

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET/SENSITIVE~~ - XGDS

September 17, 1975

MEMORANDUM FOR: JIM CONNOR
FROM: BRENT SCOWCROFT (B)
SUBJECT: SALT Contingency Amendment to
the Defense Budget for FY 1976/1977

You asked for my comments and recommendations on Jim Lynn's September 15 memo) on the FY 1976/77 SALT contingency budget amendment request submitted by Secretary Schlesinger.

I concur in the OMB recommendation that the amendment not be submitted to Congress at this time. Furthermore, it would be inappropriate to make a decision on the inclusion or exclusion of the individual elements of the amendment at this time since this may be affected by the course of the SALT negotiations.

~~TOP SECRET/SENSITIVE~~ - XGDS

Classified by Brent Scowcroft

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3
NSC Memo, 3/30/05, State Dept. Guidelines
By NR NARA, Date 8/24/12



ITEM WITHDRAWAL SHEET
WITHDRAWAL ID 00514

Collection/Series/Folder ID No. : 004700034
Reason for Withdrawal : NS,National security restriction
Type of Material : MEM,Memo(s)
Creator's Name : Henry Kissinger
Receiver's Name : President
Description : re contingency budget and SALT II
Creation Date : 09/1975?
Volume (pages) : 12
Date Withdrawn : 04/29/1988

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THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

Staff 00515!
Pls send by back up)
5914

2 SEP 1975

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Amendment to the Defense Budget for FY 1976 and
the Transition Period

In connection with your approval of selected strategic and general purpose programs in my memorandum of August 15, 1975, it will be necessary to add \$426 million to the Fiscal Year 1976 budget request of the Department of Defense, and \$205 million to the request for the Transition period, July 1, 1976 to September 30, 1976. The amounts by appropriation, which are indicated in the attached tables, bring the total FY 1976 request of the Department of Defense to \$106.826 billion and for the Transition period to \$25.064 million. (They exclude amounts to be requested by the Energy Research and Development Agency.)

The difference between the \$631 million requested here and the approximately \$760 million referred to in my August 15 memorandum consists of funds to be requested by the Energy Research and Development Agency, and funds for which authorization has been deleted by the House and Senate Armed Services Conferees but which were in the President's Budget on which this amendment is based.

Upon your approval of the budget amendment, I will transmit separately the related supplemental fund authorization requests for procurement and for research, development, test and evaluation, including the authorizations deleted by the Armed Services Conferees.

My August 15 memorandum also included an FY 1977 increase of about \$2.2 billion which we plan to address in the FY 1977 budget submission. At the same time, it will be necessary to address recent internal DoD strategic program decisions affecting the FY 1977 authorization request now before Congress.

James R. Schlesinger

Enclosure



FY 1976 Budget Authority
Revised to Reflect FY 1976 Budget Amendments
(Thousands of Dollars)



Budget Appendix Page	Appropriation Title	FY 1976 President's Budget Request	SCN Amendment June 25, 1975	Amendment now Proposed	Net Amendments	Request as Amended
	<u>Operation and Maintenance</u>					
	Operation and Maintenance, Army	7,352,000	-	-	-	7,352,000
	Operation and Maintenance, Navy	8,320,000	-	-	-	8,320,000
	Operation and Maintenance, Marine Corps	507,300	-	-	-	507,300
280	Operation and Maintenance, Air Force	7,956,300	-	20,000	20,000	7,976,300
	Operation and Maintenance, Defense Agencies	2,569,800	-	-	-	2,569,800
	Operation and Maintenance, Army Reserve	332,300	-	-	-	332,300
	Operation and Maintenance, Navy Reserve	308,600	-	-	-	308,600
	Operation and Maintenance, Marine Corps Reserve	12,100	-	-	-	12,100
	Operation and Maintenance, Air Force Reserve	343,800	-	-	-	343,800
	Operation and Maintenance, Army National Guard	678,200	-	-	-	678,200
	Operation and Maintenance, Air National Guard	723,500	-	-	-	723,500
	Rifle Practice, Army	233	-	-	-	233
	Claims, Defense	71,600	-	-	-	71,600
	Contingencies, Defense	5,000	-	-	-	5,000
	Court of Military Appeals, Defense	1,134	-	-	-	1,134
	Naval Petroleum Reserve	117,700	-	-	-	117,700
	Total - Operation and Maintenance	29,299,567	-	20,000	20,000	29,319,567
	<u>Procurement</u>					
	Aircraft Procurement, Army	362,300	-	-	-	362,300
	Missile Procurement, Army	460,800	-	-	-	460,800
	Proc. of Weapons & Tracked Combat Vehicles	989,300	-	-	-	989,300
	Procurement of Ammunition, Army	751,400	-	-	-	751,400
	Other Procurement, Army	1,002,800	-	-	-	1,002,800
	Aircraft Procurement, Navy	3,077,000	-	-	-	3,077,000
	Weapons Procurement, Navy	1,224,200	-	-	-	1,224,200
297	Shipbuilding and Conversion, Navy	5,446,000	60,000	159,000	219,000	5,665,000
	Other Procurement, Navy	1,981,900	-	-	-	1,981,900
	Procurement, Marine Corps	285,800	-	-	-	285,800
300	Aircraft Procurement, Air Force	4,575,500	-	15,000	15,000	4,590,500
301	Missile Procurement, Air Force	1,791,400	-	86,000	86,000	1,877,400
	Other Procurement, Air Force	2,342,800	-	-	-	2,342,800
	Procurement, Defense Agencies	128,300	-	-	-	128,300
	Total - Procurement	24,419,500	60,000	260,000	320,000	24,739,500
	<u>Research, Develop., Test, & Eval.</u>					
	RDT&E, Army	2,181,700	-	-	-	2,181,700
308	RDT&E, Navy	3,467,700	-	9,000	9,000	3,476,700
309	RDT&E, Air Force	3,903,200	-	137,000	137,000	4,040,200
	RDT&E, Defense Agencies	597,800	-	-	-	597,800
	Director of Test and Evaluation, Defense	28,500	-	-	-	28,500
	Total - RDT&E	10,178,900	-	146,000	146,000	10,324,900

Notes: The above request does not include the requirement for \$50,000 for ERDA.

FY 1977 Budget Authority
Revised to Reflect FY 1976 Budget Amendments
(Thousands of Dollars)

Budget Appendix Page	Appropriation Title	FY 1977 President's Budget Request	Amendment now Proposed	Request as Amended
	<u>Operation and Maintenance</u>			
	Operation and Maintenance, Army	1,883,700	-	1,883,700
	Operation and Maintenance, Navy	2,234,500	-	2,234,500
	Operation and Maintenance, Marine Corps	129,400	-	129,400
280	Operation and Maintenance, Air Force	2,020,300	10,000	2,030,300
	Operation and Maintenance, Defense Agencies	653,600	-	653,600
	Operation and Maintenance, Army Reserve	98,200	-	98,200
	Operation and Maintenance, Navy Reserve	80,700	-	80,700
	Operation and Maintenance, Marine Corps Reserve	3,500	-	3,500
	Operation and Maintenance, Air Force Reserve	87,700	-	87,700
	Operation and Maintenance, Army National Guard	183,400	-	183,400
	Operation and Maintenance, Air National Guard	189,200	-	189,200
	Rifle Practice, Army	73	-	73
	Claims, Defense	15,500	-	15,500
	Contingencies, Defense	1,250	-	1,250
	Court of Military Appeals, Defense	285	-	285
	Naval Petroleum Reserve	47,500	-	47,500
	Total - Operation and Maintenance	7,628,808	10,000	7,638,808
	<u>Procurement</u>			
	Aircraft Procurement, Army	59,400	-	59,400
	Missile Procurement, Army	56,500	-	56,500
	Proc. of Weapons & Tracked Combat Vehicles	282,300	-	282,300
	Procurement of Ammunition, Army	271,200	-	271,200
	Other Procurement, Army	197,700	-	197,700
	Aircraft Procurement, Navy	600,100	-	600,100
	Weapons Procurement, Navy	332,700	-	332,700
297	Shipbuilding and Conversion, Navy	474,200	20,000	494,200
	Other Procurement, Navy	491,200	-	491,200
	Procurement, Marine Corps	43,800	-	43,800
300	Aircraft Procurement, Air Force	1,087,100	30,000	1,117,100
301	Missile Procurement, Air Force	277,400	74,000	351,400
	Other Procurement, Air Force	383,600	-	383,600
	Procurement, Defense Agencies	20,900	-	20,900
	Total - Procurement	4,578,100	124,000	4,702,100
	<u>Research, Development, Test, & Evaluation</u>			
	RDT&E, Army	585,600	-	585,600
308	RDT&E, Navy	903,800	4,000	907,800
309	RDT&E, Air Force	1,034,000	67,000	1,101,000
	RDT&E, Defense Agencies	152,700	-	152,700
	Director of Test and Evaluation, Defense	6,800	-	6,800
	Total - RDT&E	2,682,900	71,000	2,753,900



* include the requirement for \$20,000 for ERDA.

ITEM WITHDRAWAL SHEET
WITHDRAWAL ID 00514

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Receiver's Name : President
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Collection/Series/Folder ID No. : 004700034
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Type of Material : MEM,Memo(s)
Creator's Name : James Schlesinger
Receiver's Name : President
Description : SALT II and contingency budgets
Creation Date : 08/15/1975
Volume (pages) : 8
Date Withdrawn : 04/29/1988

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THE WHITE HOUSE

~~SECRET~~

WASHINGTON

August 20, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: HENRY A. KISSINGER *HK*

SUBJECT: Contingency Budgets and SALT II

Attached at Tab A is Secretary Schlesinger's response to your request for a supplementary budget proposal as a contingency in the event of the failure of negotiations for a SALT II agreement.

With respect to this formal proposal, it should be noted that the recommended program is substantially different from that outline proposal which Schlesinger had previously given you (Tab B), in that the proposed expenditures are much more modest. For example, the incremental expenditures in FY-80 would be only \$2.4 billion, in contrast to the \$5.8 billion contained in his earlier estimate. The principle reasons for this reduction are that there is no procurement of ALCM's, strategic SLCM's, or MX and little acceleration in the B-1 program, in contrast to the earlier estimate.

This latest Defense proposal is in many ways an unusual document, especially when seen in the light of Defense's frequently expressed concerns regarding the negotiation of a SALT II agreement which might in some manner be disadvantageous to the U. S. What this proposed program seems to indicate is that the U. S. would be able to live with a wider gap between U. S. and Soviet strategic forces capabilities without a SALT agreement than we could with a SALT agreement.

In the event we are not able to negotiate a SALT II agreement, we must recognize that, at the absolute minimum, the Soviet Union would then not reduce the numbers of its strategic delivery vehicles from the roughly 2,600 it now possesses to the 2,400 agreed upon in Vladivostok nor would there be any restrictions on production or employment of the Backfire aircraft. In addition, it would not be unrealistic to expect that the Soviet Union would move toward an expanded strategic program at least of the magnitude of the high NIE estimate -- substantially increasing numbers, warheads, and throwweight.

~~SECRET~~

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3

NSC Memo, 3/30/05, State Dept. Guidelines

By *HR* NARA, Date *8/24/12*

The program proposed by Defense, on the other hand, does not contain increased numbers of weapons, at least over the next several years. The only numerical change recommended is in the number of warheads, this through procurement of an additional 100 MM III's. Other than that, the major changes proposed in the strategic program represent only a modest acceleration of already planned deployment.

In addition, many of the changes recommended appear to be completely independent of whether or not a SALT II agreement is negotiated. Changes in command and control, improvements in intelligence capability and modifications in General Purpose Forces, if important, should be made irrespective of the outcome of negotiations on SALT II. In fact, virtually everything proposed in the Defense contingency program can be done under a SALT II agreement just as well as in the absence of such an agreement.

Based on the Defense proposals, it is difficult to avoid the conclusion either that Defense's concerns over a disadvantageous SALT agreement have been greatly overdrawn; that the current programs represent essentially all that is needed under any circumstances and SALT II is therefore basically a unilateral concession to the U. S.; or that the proposed contingency Defense program substantially understates what is actually required.

OMB has provided its comments on the contingency budget proposals (Tab C). The OMB paper points out that only the continuation of MM III MIRV production would affect near term capabilities and that the other elements of the strategic proposals would improve capabilities only in the 1980's. OMB also notes that the proposals for add-ons in other categories, such as General Purpose Forces, command and control and intelligence, have little relevance to perceived strategic capabilities and are likely to be resisted by Congress. OMB recommends a "zero budget amendment" for 1976 and 1977, restoring proposed Trident and B-1 reductions and offsetting these increases with decreases in other programs. OMB claims this would signal a shift of emphasis toward strategic systems while remaining within fiscal totals.



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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

ACTION

August 12, 1975

MEMORANDUM FOR: THE PRESIDENT
FROM: PAUL H. O'NEILL
SUBJECT: SALT II and Contingency Budgets

I have received a copy of the memorandum Secretary Schlesinger sent to you on SALT II and contingency budgets. Although I understand that you directed Defense to submit a budget amendment through OMB, your decisions on Secretary Schlesinger's memorandum could be used to prepare a formal budget amendment at a later date.

Budgetary Impact

The 1976 budget submitted to Congress in January requested budget authority of about \$10 billion for strategic programs in 1976 and authorization leading to a program level of \$12.5 billion in FY 1977 - a \$2.5 billion increase. Schlesinger's proposal would:

- Amend the FY 1976 budget by \$760 million (\$690 million for Defense and \$70 million for ERDA).
- Increase the FY 1977 authorization request by \$1.4 billion (\$1.3 billion for Defense and \$130 million for ERDA).

The \$1.4 billion budget amendment required in FY 1977 differs from Secretary Schlesinger's \$2.2 billion proposal because portions of the funds for Trident and B-1 reflect a restoration of cuts in the FY 1977 budget made by Secretary Schlesinger in a recent internal Defense review. They are not add-ons to the amounts proposed to the Congress in your January budget.

In the FY 1976-80 period, the proposed program represents an increase of about \$5 billion in constant dollars beyond levels reported to Congress. Again this differs from Secretary Schlesinger's total of \$8.4 billion because of restoration of cuts to Trident and B-1.

DECLASSIFIED

E.O. 13526 (as amended) SEC 3.3 ~~TOP SECRET~~ (SENSITIVE)

NBC Memo. 3/30/09, State Dept. Guidelines
By HR NARA, Date 8/24/12

Description of the Proposal

The objective of the Defense proposal is to demonstrate an ability to accelerate improvements in our strategic posture in response to a possible Soviet strategic buildup and the possible failure to achieve an acceptable SALT II agreement.

The Defense proposal would:

° Strategic

- Accelerate Trident submarine construction 33% by buying two boats per year. This accelerated schedule may strain shipyard capacity and force some slippage in attack submarine construction. Most of the FY 1977 money is in the level proposed for Congressional authorization.
- Restore B-1 production rate to provide 241 aircraft by FY 1985 (FY 1977 funds also already included in Congressional request).
- Continue production of Minuteman III MIRVs through 1977 with an option to continue in FY 1978-81. Production was to end in FY 1976. Deploy higher yield warhead on Minuteman III in FY 1978.
- Accelerate development of large mobile ICBM, providing option of 1983 instead of 1985 initial operational capability date.
- Accelerate development of air and sea-launched cruise missiles.

° Other

- Increase General Purpose Forces modernization by doubling AWACS production and by acceleration development of a tactical cruise missile for ground and naval forces. Accelerate satellite intelligence collection and Command and Control modernization.

If no SALT II agreements are reached, and if Soviets show no restraint in the 1975-76 period, Defense proposes a second effort commencing in FY 1978. This follow-on effort is not described in any detail, nor are any cost data provided.



Analysis

Secretary Schlesinger's strategic proposals would signal your intention to strengthen our strategic capabilities if an acceptable SALT II agreement cannot be reached. You should be aware, however, that only the continuation of Minuteman III MIRV production would affect our near term capabilities. The other elements of the strategic proposals would increase our capabilities only in the 1980's. In addition, the strategic increases are likely to be challenged by Congress unless they are accompanied by strong evidence of an increased Soviet threat.

The Defense proposal will generate requirements for additional nuclear warheads and may require reopening an additional 2-3 ERDA reactors to achieve needed capacity. If this is necessary, the ERDA funding estimates are understated.

Secretary Schlesinger's proposals for add-ons in the "other" category (General Purpose Forces, Command, Control and Communications, and Intelligence) have little relevance to our perceived strategic capabilities and are likely to be resisted by the Congress.

- AWACS is already a highly controversial program. Proposing an acceleration has no strategic significance and will encounter continued Congressional opposition.
- The increases for Command, Control and Communications would not contribute to our military capabilities until the 1980's. The proposed increase for submarine communication systems would affect large areas of land and are certain to encounter political and environmental opposition.
- Increases for intelligence collection systems will not materially affect our knowledge of Soviet strategic missile development or signal the Soviets of U.S. concern. Congressional support of any increase in intelligence programs may be difficult in view of current investigations of the Intelligence Community.



Alternatives

There appear to be three principal alternatives in the event some strategic program increases are necessary:

1. Submit a "zero amendment" for 1976 and 1977, restoring proposed Trident and B-1 reductions and offsetting increases with decreases in other programs. This would signal a shift of emphasis toward strategic systems, while remaining within fiscal totals. f ?
2. Submit an amendment increasing the 1976 and 1977 Defense totals but eliminate the marginally relevant items proposed for General Purpose Forces, Command, Control and Communications, and Intelligence.
3. Proceed with 1976 and 1977 amendment as proposed by Defense.

Recommendation: Alternative 1.