

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

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**DECLASSIFIED**  
E.O. 12958 SEC. 3.8

*MR 08-132 #1, OSD #11, 2/20/09*

MEMORANDUM OF CONVERSATION

**BY *del* NARA DATE *3/30/09***

SUBJECT: Cabinet Room  
DATE AND TIME: Thursday, October 4, 1973  
PLACE: Cabinet Room

Schlesinger: Let's start with the international environment. This is an era of detente. Our military posture is geared to Soviet moves. Since 1960 they have increased their manpower, primarily in the Far East. Their defense budget is expanding at about 3 percent a year. They have passed us in ECBM's -- thus far they haven't even been able to exploit their throwweight advantage, but with MIRV's they might. We still have the advantage in tactical air, but they are now ahead in ships and they are increasing their divisions. We are down to 12 from 19 1/2; they are up to 167 from 148. We also have substantial overseas deployments.

In NATO we have a rough balance with the Warsaw Pact. There is an advantage in tacair which helps counter-balance their advantage in ground forces, which is slight in numbers.

It is a myth that the U.S. "carries the burden" in NATO. Allies have been contributing more and more. We are doing less in NATO than the Soviets are in the Warsaw Pact.

DOD expenditures are down by one third since 1968. It is a smaller military budget than in the '50's when we were emphasizing massive retaliation. It is important to maintain a balanced force structure. The people who objected to massive retaliation in the 50's are frequently now opposed to conventional strength.

We took the Vietnam dividend before the end of the war. We demobilized before the cease fire from 3.6 million men to 2.3 million men.

The Department of Defense is not the driving force behind inflation. I told Symington that the three services get the same percentage of the GNP that the Air Force did when he was Secretary.

Expenditures are at the lowest level since before Pearl Harbor. The driving force behind government expenditures has not been defense but social services.



We must maintain balanced expenditures to be able to move anywhere in the world.

On SALT II -- we hope to restrain the Soviets' strategic growth, but we must retain rough parity between the two sides.

Laird: We must understand that while Soviet military expenditures are about equal to ours their personnel costs about 20 percent of the total; ours cost about 60 percent of the total. We are falling behind in the strategic arms area. It will take great leadership to keep us in the ball game with them.

Our problem with the Congress is this. Other Cabinet members don't try to dump everything into DOD.

President: These are good points, especially on manpower. The Soviet Union is moving forward in a number of strategic systems. Our Navy is still superior, but ours is an old Navy -- the Soviets' is a new one. Like the Germans going into World War II. What is involved is not just the U.S. - Soviet balance but the ability of the U.S. to play the role in the world we must play if we are to have peace. No other state can play that role. No one fears the United States. If we end up as a number two, we are unable to keep the peace -- and we are responsible for maintaining peace around the world. We have a tendency after every war to turn inward -- it's even worse this time because of the knuckle-headed professors.

If we don't stay strong, NATO will fall apart, and the Japanese would have to assert themselves or make a deal with the Soviets. In the Third World, if we are number two, our influence for peace will go down. In the Middle East, those who want us to reduce defense are in the forefront of those urging arms to Israel. We can maybe be second in some areas, but in the Navy we can't afford it.

As a result of our initiatives, we have cut military expenditures. We can go ahead in mutual arms cuts, but if we cut unilaterally, forget it.

While the goal of our policy is peace, it is ironic that the peaceniks' policy one that we could tolerate.

Strength by itself is no policy. Neither is negotiation by itself -- they must be in combination. Disarmament can't be an end in itself. Where you have the Soviet Union as a threat to the world -- which may be turning in now, but could break out any time -- disarmament unilaterally would threaten a peaceful world. That would encourage aggression.



The Chinese -- with the possible exception of the Japanese, the greatest event will be what happens to China. They have the capability to become the best and most productive. Right now the U.S. is their best friend.

They hate us, but if they are outside the club in 20 years, we could be in trouble. We must keep a balance, so the Soviet Union can't feel it can give up the Chinese and get away with it.

The issue is whether our children will sit here in peace or in fear.

President: With prices and need going up, the development of the Soviet gas fields may be imperative. We are going like molasses in the nuclear field -- let's get moving.

On my decision, energy comes first and environment second.



Cabinet Mtg 4 Oct 73 ✓

2

Schlesinger - Start w/ with summit. Era of détente. One will posture ground to some extent. Since 1960 they have increased their programs, primarily in Far East. DOD budget expanding at about 3% / yr. They have passed us in FCBR's - also far they haven't been able to exploit their technological advantage, but w/ MIRVs they might. We still have advantage in tanks, they now ahead in ships, they increasing their divisions (was down to 12 from 19 1/2, they up to 167 from 147). We have substantial overseas deployments.

In NATO we have a surge balance in w/ Warsaw Pact. Advantage in the air which helps counterbalance their advantage in ground forces - slight in # of aircraft. Myth that US carries a burden in NATO. Allies have been contributing more + more. We doing less in NATO than we in W.P.

DOD expenditures down by 1/3 since '68. Smaller military than in 50's when we were emphasizing massive retaliation. Important to maintain basic balanced force structure. People who objected to massive ret. in 50's are frequently now opposed to <sup>conventional strength</sup> that.

We took VN dividend before end of war. Demobilized before cease fire - 3.6 to 2.3.

DOD is not doing force behind completion. Told Seymour that a 3 service got some % of GNP that AF did when he was Secy.

F Expenditures at lowest level since before Pearl Harbor. Doing force behind great expenditures has not been defense but social services.

We must maintain balanced expenditures to be able to move anywhere in a world.

SALT II - we hope to restore some strategic growth.

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AUTHORITY per ME 08-132 #1  
BY      NARA, DATE 5/14/09



Laird

We must retain enough parity with the  
We must understand that while Soviet SU military  
expenditures are about equal to us, their personnel  
costs about 20%; ours about 60%.

We are falling behind in a strategic <sup>arms race</sup> ~~arms race~~.  
It will take great leadership to keep us in a ball  
game w/ them.

Our problem w/ Cong. is this. I don't try to change  
everything into DOD. All other

Pres

and points, esp on manpower. SU is moving  
forward in a number of strategic systems.

Our navy is still superior, but ours is an old  
navy - SU is a new one, like Germans going into  
WWII. ~~What~~ What is important is not just a

US-SU balance but ability of US to play role  
in world we must play if we to have peace. No  
other state can play that role. In our place US.  
If we don't play as # 2, we unable to help a peace -  
+ we responsible for making peace around world.

We have tendency after every war to turn inward -  
even worse this time because of checkbooked  
propaganda.

If we don't stay strong, NATO will fall apart, Japs  
would have to assert themselves or make a deal  
w/ the Soviets. In 3rd world, if we are # 2, our  
influence for peace will go down. In M.E., those  
who want us to reduce our defense are in forefront  
of arms to Israel. In W. Europe maybe be  
2<sup>nd</sup> in some areas, but in Navy we can't  
oppose it.

As result of our initiatives, we have cut  
military expenditure. We can go ahead in



~~WHS 488~~

monetary arms cuts, but if we cut unilaterally, forget it.

A basic goal of our policy is peace. Issue that per se is actually - if these policies adopted - would ~~be~~ not result in peace, at least we can't tolerate.

Strength by itself is no policy, neither is negotiation by itself - they must be in combination.

Disarmament can't be an end in itself, where you have SU a threat to a world - which may be turning in now, but could break out any time - disarmament unilaterally would threaten a peaceful world. That would encourage aggression.

China - w/ possible exception of Japs, greatest threat will be what happens to China. They have capacity to become best & most productive.

Right now US is their best friend. They hate us, but if they are outside & shut in 20 yrs, we could be in trouble. We must keep a balance, so SU can't feel it can give & Chinese & get away w/ it.

Issue is whether our children will sit here in peace or in fear.

\* Pro

W/ prices & need going up, development of a Soviet  
gas fields may be inspirational.

We going like mules in nuclear field - let's  
get moving.

On my decision, energy comes first & environment 2<sup>nd</sup>.

