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THE WHITE HOUSE
WASHINGTON

SECRET

October 9, 1974

MEETING WITH SECRETARY OF DEFENSE

JAMES K. SCHLESINGER

Thursday, October 10, 1974

7:15 a.m. (45 minutes)

First Floor Private Dining Room

From: Brent Scowcroft

I. PURPOSE

To discuss current issues of Defense policy.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Secretary Schlesinger has requested this meeting to discuss with you the major Defense policy issues to be addressed in the months ahead. The Secretary's foremost interest has been strategic arms policy. His position and points he may be expected to raise are summarized below.

SALT

Based on his arguments at the NSC meeting on Monday, Secretary Schlesinger has modified his previous emphasis on the necessity for equal missile throw weight (especially MIRVed missile throw weight) toward a requirement for an agreement containing the "perception" of equality. This he defines as equal totals of missiles and bombers (equal aggregates).

His earlier concern with MIRVed missile throw weight was that at higher levels, and especially with a heavy missile (SS-9, SS-18), it constituted a counterforce threat to our ICBM force and was therefore destabilizing. On Monday, as you know, he stated that dealing with the issue of strategic

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stability would require a lengthy process of educating the Soviets. He then argued strongly that equal aggregates ought to be the key aspect of any SALT agreement. The level at which equality was set was less significant than the fact of equality. Throw weight, MIRVs, and warheads were of much lesser significance than numbers of launchers as a measure of equality.

It might be useful to have Secretary Schlesinger develop further his concept of a SALT agreement based on equal aggregates. Some relevant factors for consideration:

- Launchers are non-lethal. It is not clear why a perception of launcher equality should be more significant than one of warhead equality, since warheads are the killers.
- It is not clear why a disparity of several hundreds of MIRVed missiles or even thousands of warheads is not a problem, whereas a difference of two hundred launchers is critical to perceptions of equality.
- Controlling only launcher numbers permits a substantial arms race in qualitative improvements -- with obvious economic, political and military ramifications.
- The USSR is very unlikely to agree to equal aggregates at 2000. They may at 2500 (their program). But are the Congress and the American people likely to find acceptable an agreement in arms control which does not constrain the USSR and requires a US force buildup?
- Would the Congress support the increased costs involved in a SALT agreement which required a US force buildup?

Inadequate Tank Production Capability

Heavy competition for the use of tank capacity to produce non-military goods and a major shortfall in the inventory of tanks in US active forces have led DOD to propose Government intervention to establish tank production as a program of "Highest National Priority." If approved, this will allow diversion of resources and manpower from civilian contracts where required to assure

increased and accelerated output of tanks. A recommendation will be forwarded for your consideration shortly. Secretary Schlesinger may point to the tank problem as reflective of increasing difficulty being experienced generally in achieving satisfactory production rates of major Defense items.

Foreign Aid

As you know, the FY 75 foreign aid authorization has come under severe attack in the form of restrictive amendments and serious funding cuts. Floor action will take place in both Houses following the recess. The Defense Department can be particularly helpful in lining up support for increased funding for the MAP program (particularly for Cambodia) and in efforts to remove restrictive amendments.

One amendment now in both the House and Senate bills requires the shift of military aid to Vietnam from the Defense Appropriation to the Foreign Aid bill. This would inevitably lead to inadequate funding levels. DOD can be of great help in urging the Armed Services Committees to insist on retaining jurisdiction over this program.

Talking Points

1. You know how severely foreign aid has been attacked. I am committed to standing by our allies in Vietnam and Cambodia however and believe we must try for restorations in a supplemental next January.
2. In that regard it would be disastrous for Foreign Relations Affairs to get control over aid to Vietnam as both committee bills propose. Can we count on Hebert to hold out for continued control and to keep it in the Defense Budget?

Inflation

Since submission of the FY 75 appropriation requests last January, the rate of inflation has exceeded original estimates.



It would be useful to receive any preliminary views the Secretary may have on the impact of less buying power on force readiness.

Talking Points

1. Since January I expect procurement costs have risen faster than we had estimated. Are you able to assess how much of an impact your reduced buying power will have?
 2. How much of an increase in next year's budget do you expect as a result of inflation?
- B. Participants: Secretary Schlesinger and Brent Scowcroft.
- C. Press Plan: To be announced; White House photographer.



