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DD/S&T 944-71

22 March 1971

MEMORANDUM FOR THE RECORD

SUBJECT: Characterization and Gist of Secretary of Defense Statement before the Senate Armed Services Committee on the FY-72 Defense Budget and FY72-76 Program dated 15 March 1971

1. Secretary Laird makes extensive use of DOD "Secret" intelligence holdings in his 20-page discussion of "Threats to the Free World Security" (starting on page 62) and includes 10 tables at the end of the text detailing DOD estimates of the strategic and tactical force threats from the USSR, Communist China, Warsaw Pack countries, and the Communist forces in the Middle East and in South East Asia. A quick comparison with NIE-11-8-71 indicates some deferences in details.

2. The 258-page statement is atypical for the occasion because of the approach used. It summarizes the "new" DOD strategy of "Realistic Deterrence" which results from a case study of the changing international and domestic scenes in the historical perspectives of the Eisenhower (1953-1960) and Kennedy-Johnson (1961-1968) defense strategies. The statement is set forth in four parts:

- a. The Secretary's Summary - 13 pages
- b. Section I: Toward a Strategy of Realistic Deterrence - 157 pages
- c. Section II: Toward Better Management of Human, Material and Economic Resources in the DOD - 64 pages
- d. Charts and Tables - 26 pages

3. The intelligence function is discussed only once in a 3-page sub-head in Section II (reproduced at annex hereto). Here it states

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that "As a consequence of currently-exercised compartmentalization of intelligence activities, it too often is very difficult to obtain net assessments of our relative military posture, particularly in technical areas. This deficiency seriously detracts from our long-range planning capabilities. To partially correct this situation, I have established a net technical assessment group...in The Office of the Director, Defense Research and Engineering...." Going on, the Secretary further states "It is my present intention to create a special long-range planning group, reporting directly to me, to make long-range studies based as a beginning point on the assessment which I receive from the net assessments group. The establishment of both the net assessment group and the long-range planning group was recommended by the Blue Ribbon Defense Panel.... These new groups will provide an additional tool enabling me to utilize more effectively the institutional assessments and planning which I receive."

4. The Secretary states that "we believe that significant improvements have been made in the management of the intelligence activities of the Department. I am not satisfied, however, that we have, by any means, done everything that needs to be done in this area...." He then mentions the actions already taken and previously announced concerning civilian direction and management of investigative and related counter-intelligence activities in all of the Services.

5. The Secretary makes deliberate use of statements by the President on Foreign policy. He does this by keying his statements throughout the text to particular quotes.

6. The following excerpts indicate the substance and scope of the Secretary's statement:

a. From the Summary:

--"I am privileged today to present the first comprehensive Five-Year Defense Program of the Nixon Administration, and to discuss the associated FY 1972 Budget." - pg. 1

--"This 1972 Defense Report to Congress and the American people contains a Five-Year Defense Program which spells out a new National Security Strategy of Realistic Deterrence. This new strategy is designed to prevent wars by furthering the President's goal of building a viable structure of peace based on adequate strength, true partnership, and meaningful negotiations." - pg. 1

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- ✓ -- "Past policy was responsive and reactive. Our new Strategy is positive and active." - pg. 2
- "We have completed our basic reviews and have made our fundamental decisions on what needs to be done." - pg. 5
- "This report describes the major changes which have been made and which will be made in such areas as defense strategy, the defense budget, research and development, command and control, intelligence, procurement and, most importantly, the need to revamp our concepts about the recruitment and use of military manpower -- both in active, National Guard and Reserve forces." - pg. 5
- "I propose...the creation of an additional Deputy Secretary of Defense in order to enhance high level civilian management and to cope with the severe time demands now placed upon the single Deputy Secretary of Defense, David Packard. I also recommend creation of two additional positions for Assistant Secretary of Defense." - pg. 9
- ✓ -- "Our examination into the intelligence activities of the Department of Defense will continue, and further changes may be anticipated." - pg. 9

b. From Section I - Toward a Strategy of Realistic Deterrence:

- "One problem was that national security policies during the past decade did not focus sufficiently on lowering the probability of all forms of war through deterrence of aggressors. The effect of these policies on military planning was to create forces that lowered the probability of nuclear war while stressing a growing U.S. military capability to engage and to fight in other types of conflict.

That this military capability proved not to be an effective deterrent was due to a second major problem in national security planning. This was the failure to correlate closely and fully military strategy, national security strategy, and foreign policy, which embrace all elements of effective deterrence -- non-military as well as military." pg. 8-9.

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- "At least seven factors, taken together, indicate that the economic, political, military, and manpower realities existing now are significantly different from the situation just five years ago. These factors are:
  - ✓ -- A growing Soviet military capability and technological momentum.
  - ✓ -- An expanding Soviet influence around the world, as evidenced by worldwide deployment of its growing naval forces.
  - ✓ -- An emerging Chinese Communist nuclear threat.
  - ✓ -- The reordering of national priorities, with a reduced percentage of Gross National Product for defense spending.
  - Sharply rising U.S. personnel costs and a start toward Zero-Draft and an All-Volunteer military force.
  - ✓ -- A changing world economic environment because of vigorous growth, particularly among Free World nations.
  - An increasing awareness among NATO members of the need for burden sharing and among many of our Asian friends of the need for regional support. " - pgs. 18-19
- "We chose in 1970 to break the cycle of submitting a five-year defense plan to Congress in order to permit time for a save and orderly transition from the national security policies of the past decade to those more appropriate for the decade of the 1970's and beyond. " - pg. 22
- "Among the elements distinguishing the FY 1971 plan from the previous strategy were:
  - a concept of strategic sufficiency which is based on specific criteria for the design of our strategic capabilities.

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- a strong conventional capability buttressed by increased burden sharing and improved defense capabilities of other Free World nations;
- adequate peacetime general purpose forces for simultaneously meeting a major Communist attack in either Europe or Asia, assisting allies against non-Chinese threats in Asia, and contending with a contingency elsewhere;
- smaller U. S. active forces, with great emphasis to be given to their readiness and effectiveness, including modernization;
- a re-emphasis on maintaining and using our technological superiority;
- increased international security assistance for the defense needs and roles of other Free World nations; and
- a new approach to U. S. military manpower, based on a goal of Zero Draft and an All-Volunteer active force, with increased reliance on National Guard and Reserve forces." - pgs. 22-23
- "By providing strong, effective and survivable strategic forces, reliable and effective intelligence and command and control, and other necessary capabilities in our strategic posture, we seek to convince potential opponents that recourse to the holocaust of general nuclear war will continue to be an irrational and unsuccessful option." - pgs. 31-32
- "Our activities in Indochina during the past year and in the forthcoming year should be measured and evaluated in relation to goals which have guided this Administration since the beginning of Vietnamization:
  - Maintaining our obligations and interests in Asia as we move toward a generation of peace;

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- Reducing American casualties;
- Continuing the reduction of Americans from all of Southeast Asia;
- Turning over military responsibility to the South Vietnamese in a way that provides South Vietnam with its own defense against aggression;
- Implementing the Nixon Doctrine effectively. " - pgs. 35-36
- "In our ability to control the seas and project our forces abroad, we are:
  - Pursuing a broad program in the area of ocean surveillance using satellites, manned aircraft, and surface and under-water sensor systems. " - pg. 55
- ....
- "In the area of land warfare, we are:
  - ....
  - Proceeding to develop less vulnerable helicopters with better surveillance capability.
  - ....
  - Increasing our efforts to provide our forces with the capability to locate and identify a wide range of hostile radar targets with sufficient confidence to attack and destroy them without subjecting our aircraft to the dangers inherent in visual target identification. " - pgs. 56-57
- "However, there is evidence that the apparent slowdown may be related to initiation of a modified or new ICBM deployment. Admiral Moorer will discuss this evidence in more detail.... We will, of course, be examining the situation carefully in order to get more precise indications of where they are headed. " - pgs. 63-64

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--"In the most recent Defense Intelligence projection for planning a range of possible Soviet intercontinental nuclear attack forces has been projected for years beyond 1972.

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✓ --"The present threat to Thailand is primarily one of insurgency. Although the insurgency continues to expand, it is not yet considered a serious threat to the internal stability of the Royal Thai Government. This assessment was given me by Thai officials during my recent visit there." - pg. 79

--"We do not have precise and complete data or means of measuring and estimating Communist military aid programs, but the information we have does indicate their overall magnitude and direction. We have not included economic assistance, which can, in some cases, be as effective as military assistance, and which we believe is substantial." - pg. 80

✓ --"Our current best estimates are that military aid among Communist countries approximated \$15 billion in the 1955-1970 period, with more than 85 percent provided by the Soviet Union." - pg. 80

✓ --"Since 1968, the Soviet RDT&E budget has increased at 10 percent to 13 percent per year, while that of the U. S. has remained essentially constant. Our estimates indicate that the Soviets are now spending, in 1968 equivalent dollars, some \$3 billion more annually on military and space research and development than we do. The Soviet level of military and space technological effort appears to be significantly larger than that of the U. S." - pg. 84

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--"We continue to believe that an effective defense of our population against a major Soviet attack is not now feasible. Thus, we must continue to rely on our strategic offensive forces to deter a Soviet nuclear attack on our cities." - pg. 93

--"We plan our general purpose forces in peacetime to be adequate for simultaneously meeting together with our allies a major Communist attack in either Europe or Asia, assisting allies against non-Chinese threats in Asia, and contending with a minor contingency elsewhere. In planning our capabilities, we maintain the full range of air, sea, and ground forces needed to meet our planning goals." - pg. 112

*Intelligence multi-threat is it to be?*

--"With regard to U. S. force capabilities in Asia, we do not plan for the long term to maintain separate large U. S. ground combat forces specifically oriented just to this theater, but we do intend to maintain strong air, naval and support capabilities." - pg. 112

c. From Section II - Toward Better Management of Human, Material and Economic Resources in the DOD.

--"It is important, however, because under the Nixon Doctrine, as exemplified by the Vietnamization Program, we believe that our allies can and must increasingly bear the primary burden for planning to cope with sub-theater and localized conflicts.

However, as we move in this direction under President Nixon's Strategy for Peace, there may be situations where only U. S. capabilities would provide the flexibility of action which may be necessary in the future." - pg. 162

--"We would hope to structure our security assistance funding to contribute to regional security arrangements."

--"We have adopted, as I said a year ago, a concept of management that is based on participatory decision-making, defined decentralization and delegation of authority under specific guidance. Our aim is to improve both the decision-making process and also other management activity by placing more emphasis on people and less emphasis on elaborate procedures." - pg. 170

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- "We firmly believe that management will be improved by selective decentralization. An essential part of this process is to give the Military Departments a larger role in making the decisions that affect them." - pg. 171
- "In implementing our new management concepts we have deliberately chosen to use an orderly, sequential, step-by-step approach instead of attempting to make comprehensive adjustments all at once." - pg. 174
- "We concur in general with the Panel's objectives; however, we are seeking to avoid the tendencies toward increased staffing and overhead which we believe to be inherent in many of the specific Panel recommendations. Some of the Panel's recommendations already have been approved; others still are under consideration." - pg. 175
- "I do not believe it would be appropriate to limit flexibility by designating specific areas of such concentration and responsibility in legislation, but I would envision an agreement between the Secretary and the two deputies on their respective areas of responsibility based on the wishes of the Secretary and the particular expertise of individual deputies." - pg. 176
- "I am not now recommending and do not intend to recommend that the Office of the Secretary of Defense be functionally organized exactly as outlined in the detailed recommendations of the Blue Ribbon Defense Panel." - pg. 177
- "As I described it last year in our revised system I issue detailed strategy and fiscal guidance based on guidance from the President. The JCS and the Military Departments then proceed with force planning based on this guidance. We place much greater reliance on the Military Departments and JCS than was the case in the previous Administration, and this year's work in preparing the FY 1972-76 Program and the FY 1972 Budget is an example of that reliance.
- Uncertainties about the fiscal situation, however, caused us to deviate somewhat from the exact programming process planned a year ago." - pg. 178

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- "We have found that, of the some 1,227 DoD Directives examined, 435 of them could be cancelled because they generate work that is unnecessary. Another 354 directives are being simplified and modified, and only 438, or 35% of all the directives, were found to be in satisfactory shape." - pg. 179
  - "Another example of the type of management improvements we are undertaking is establishment of a separate program budget element for all public affairs activities in the Department." - pg. 181
  - "We have concluded that the present Unified Command Structure, together with the distribution of responsibilities among the various commands, does not represent the most effective organization of U.S. combatant forces in support of national policies, nor is it the most effective arrangement for the deployment of U.S. forces to meet likely contingencies. We plan to make recommendations to the President regarding some modifications to the Unified Command Structure." - pg. 187
  - "At present, Defense Department participation in the Security Assistance Program is somewhat fragmented.

In recognition of the increased importance of Security Assistance programs, we are conducting within the Administration a comprehensive study of the procedures and organization for the planning and administration of the military assistance and foreign military sales programs -- including military assistance which is Service funded for three Southeast Asian countries.

Based on the results of this study, and on our own concurrent review within the Department of Defense, we expect to be able to revamp thoroughly our procedures,...." - pg. 188

- "... all new programs have proper milestones. These milestone checkpoints will be set up at least at the following stages: the beginning of major effort in advanced development, the start of full-scale development; and the time when production of the system is authorized. Projects will not proceed beyond these milestones until they are fully ready to do so." - pgs. 192-193

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- "...requires that we select more capable project managers and staffs and leave them on the job long enough for them to be effective.... Finally, we must clarify the project managers' responsibility so they are not just errand boys for already overburdened higher staff echelons." - pg. 193
- "We have come to the conclusion that total package procurement contracts are simply not a practical way to handle important new weapons system development and acquisition programs."
- "I want to stress that under our participatory approach to management, the responsibility for managing a program rests with one of the Services, nevertheless, the Office of the Secretary of Defense (OSD) will remain responsible for seeing that a project is administered in accordance with established policy guidelines." - pg. 194
- "The National Guard and Reserve will take on increasing responsibilities and will be used initially to augment active forces should the need arise, reversing the past policy of relying primarily on the draft. Activation of standby draft authority will follow Guard and Reserve call-ups, if necessary."
- "From the beginning of FY 1969 to the end of FY 1972, the total reduction in active military personnel will be 1,042,000 or about 30 percent. The number of men and women in the active forces at the end of FY 1972 -- 2,505,000 -- will be well below the pre-Vietnam figure of 2,687,000 at the end of FY 1964 and below any year-end strength level since FY 1961. In short, we face the task of doing a better job with fewer people and that is why we are going to give a new accent to quality both in the active National Guard and Reserve Forces instead of relying on quantity." - pg. 198
- "By July 1, 1973 we are hopeful that draft calls can be ended as we stabilize at peacetime force levels and as our programs for attracting volunteers take hold." - pg. 209
- "As I explained in earlier sections, our new strategy is based on my belief as Secretary of Defense that we can perform essential defense functions with a restructured U.S. military force that, in peacetime, requires no more than about seven percent of

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of GNP or less and is made up of no more than about 2.5 million volunteers. Within these rough guidelines, we want to maintain a peacetime "baseline" force structure that with our allies will be sufficient to deter war by confronting potential aggressors with strong and effective fighting forces. ¶ - pg. 220

-- "It is useful to view FY 1972 as the year when we return our budget and manpower levels to those that prevailed prior to the Vietnam war." - pg. 221

-- "The FY 1972 program is about 24% below the wartime peak of FY 1968." - pg. 221

-- "The FY 1972 Budget reflects a continuation of President Nixon's program for reordering priorities -- this has produced major cuts in the money and manpower allocated to Defense, with these reductions (plus all economic growth) allocated to the civilian sector." - pg. 222

-- "The sharp cutbacks in Defense programs over the past two years have obviously had a major bearing upon the performance of the economy, and have contributed to the sharp rise in unemployment. The sharpest of these cuts are now behind us and the future impact of defense cutbacks will be much more gradual. This fact, coupled with other developments, produces a more favorable employment outlook." - pg. 222

-- "Consider these facts:

-- From June 1968 to June 1972, we are reducing military personnel by 1,042,000 and civilians by 205,000 -- a total manpower cut of 1,247,000.

-- However, from FY 1968 to FY 1972, our payroll -- military basic pay and civilian salaries -- rises by \$4.8 billion.

-- In addition, payments to retired military personnel rise by \$1.7 billion from FY 1968 to FY 1972, and the FY 1972 spending estimates include \$1.4 billion for the Volunteer Force.

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-- All told, then, these pay items rise by \$7.9 billion while we are decreasing manpower by nearly 1.25 million. " - pg. 223

-- "The shift in our priorities, away from defense and to civilian pursuits, has been massive. The size and price of this change is not generally appreciated. " - pg. 228

-- "The change in the FY 1968 to FY 1972 period is especially significant. Defense spending drops by \$23.9 billion, while other federal spending grows by \$36.4 billion. This means that two-thirds of the real increase in civilian spending can be viewed as having been financed by defense cutbacks. Civilian programs are increasing by \$36.4 billion, while the federal budget total (in real terms) increases by about one-third of that amount. " - pg. 229



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Attachment  
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Pgs. 183-186

1. Intelligence

In my Defense Report of last year I advised you that I had appointed the Assistant Secretary of Defense (Administration) as my special assistant for intelligence, and that I charged him with the responsibility for reviewing the Department's intelligence programs. During the year he has worked very closely with those responsible for the numerous intelligence activities in the Department. In doing this, he has been able to improve the coordination and communication among the various intelligence activities. He has been able to bring together at one point a picture of the overall resources allocated to the intelligence function. This process has made it possible to get a better picture of the funds being spent throughout the Department on Intelligence, and to evaluate the budgetary decisions with a better understanding of their impact on the quality, as well as the level, of these intelligence activities.

This move has enabled us to focus better on the performance of the specific intelligence organizations, DIA, NSA, and some of the in-service activities, and we believe that significant improvements have been made in the management of the intelligence activities

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of the Department. I am not satisfied, however, that we have, by any means, done everything that needs to be done in this area, and during the coming year I will be looking not only at a continuation of the effort which we now have underway, but also for ways to make further improvements in the management of Department of Defense Intelligence programs.

During the year it has become evident that there has been considerable confusion between military intelligence activities and organization on the one hand and investigative and related counter-intelligence activities on the other. Accordingly in February of this year, we made a new delegation of responsibility which we believe will bring these investigative and related counter-intelligence activities under better control.

I have delegated to the Assistant Secretary of Defense (Administration) the authority and responsibility to direct and manage for me investigative and related counter-intelligence activities in all of the Services. To assist him, I have created a Defense Investigative Review Council of which the Assistant Secretary of Defense (Administration) is Chairman. Other members are the General Counsel of the Department of Defense, the Under Secretaries of the Military Departments, and the Director of the Defense Intelligence Agency. At the same time, we have formulated and

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promulgated a comprehensive policy for all Department of Defense investigative and related counter-intelligence activities. This represents a centralization of high-level civilian authority over such activities -- a centralization of supervision which experience has demonstrated was needed.

There is a second area related to intelligence in which we will shortly make additional changes.

As a consequence of currently-exercised compartmentalization of intelligence activities, it too often is very difficult to obtain net assessments of our relative military posture, particularly in technical areas. This deficiency seriously detracts from our long-range planning capabilities.

To partially correct this situation, I have established a net technical assessment group. This group is located in the Office of the Director, Defense Research and Engineering, and it has the responsibility for bringing together both intelligence and research and development specialists from within the Department and as needed for special expertise from outside the Department. The first assignment of this new net technical assessment group was to assess the characteristics and capabilities of one of the Soviet surface-to-air missiles. The first assignment to this group resulted in one of the best products I have seen. I am confident that the

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work of this new group will put our long-range planning for new weapons and new tactics on a much improved foundation.

It is my present intention to create a special long-range planning group, reporting directly to me, to make long-range studies based as a beginning point on the assessment which I receive from the net assessments group.

The establishment of both the net assessment group and the long-range planning group was recommended by the Blue Ribbon Defense Panel.

In creating these groups, it is not my intention to supplant previously existing assessment and planning capabilities. On the contrary, these new groups will provide an additional tool, enabling me to utilize more effectively the institutional assessments and planning which I receive."