

MEMORANDUM

NATIONAL SECURITY COUNCIL

*Disposition
unknown*SECRET - XGDS

REFER TO DOS

INFORMATION

August 5, 1975

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MEMORANDUM FOR: SECRETARY KISSINGER

FROM: JAN M. LODAL *JML*

SUBJECT: Defense Costs Without SALT

I understand the President has scheduled a brief meeting at 3 o'clock today to discuss what would happen to the defense budget if we have no additional SALT agreements. Obviously, I have not had time to prepare a thorough analysis for you; nevertheless, the following thoughts might be of use.

By far the most important potential budgetary effect relates to strategic defensive forces - ABMs and strategic air defenses. Without a follow-on offensive agreement, the ABM treaty would be in serious jeopardy. We ourselves categorically linked the attainment of a comprehensive offensive agreement to continuation of the ABM agreement. Furthermore, it would be very difficult to avoid the pressures to resume serious ABM deployment in the absence of a treaty.

Possible strategic defense expenditures are essentially open-ended. In the first place, any nation-wide ABM defense would be useless unless accompanied by an effective anti-bomber and anti-cruise missile air defense. The air defense would be at least as expensive as the ABM defense. Costs could easily run to \$15-20 billion per year - the Soviets now spend almost this much on their extensive air defense alone. While it sounds inconceivable, it is not out of question to project costs of even double this amount - up to \$40 billion per year.

Compared to these sums, the potential budgetary implications of a larger strategic offensive program seem fairly nominal. We would certainly go forward with the MX, probably as an addition to rather than

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By authority of General Scowcroft

as a replacement for Minuteman. It would be deployed partially as a mobile missile, and partially in super-hard silos. We would retain older systems, such as B-52s and Polaris, as the B-1 and Trident enter the force, rather than phasing them out. We would develop an aggressive cruise missile program, and probably proceed with follow-on programs to the B-1 and Trident. All of this would increase the defense budget by \$5-10 billion per year.

In summary, failure to get a follow-on offensive SALT agreement could lead to as much as a \$50 billion per year increase in the defense budget, if it led to a breakdown in the ABM treaty (as I believe it would). While this sum seems enormous, it is certainly not beyond the capability of our economy to support. In real dollars, it is less than the cost of the Vietnam war during its height. Nevertheless, obtaining the political support for a program of this magnitude which would in the end lead to no real increase in security is extremely unlikely. Thus, the likely result would be that the US would undertake a few small programs, rationalize its way out of a serious challenge to the Soviet threat, and gradually fall clearly behind the Soviets in the military balance.