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MEMORANDUM

NSC #5544

NATIONAL SECURITY COUNCIL

SECRET - GDS

August 12, 1975

MEMORANDUM FOR: BUD MCFARLANE

FROM: ROGER MOLANDER

SUBJECT: President's Speech on Defense Expenditures in the Event of the Follow-on SALT Agreement ↑Failure of

We don't have up-to-date information on all facets of the OSD estimates since they change daily. However, I believe the information we do have is sufficient to make a judgment on the merits of alternative formulations for the figure the President wants to quote.

At Tab A is the latest set of summary figures. At Tab B is an earlier breakout which is consistent with the figures the President had in hand at Saturday's NSC meeting.

As you can see, there is a limit to how much money you can reasonably spend in the first couple years; in particular in strategic systems. The breakout at Tab B appears to reflect the following major budgetary changes in the strategic area:

-- Continued procurement of MM III rather than stopping at 550.

-- Acceleration of the strategic SLCM program.

-- Acceleration of the Trident submarine program.

-- Acceleration of the M-X program.

I believe all of these programs would be readily defensible if SALT II failed. The other incremental strategic expenditures are relatively small with the exception of the Site Defense money. However, I understand that may be deleted in the revised figures. The incremental expenditures for general purpose forces (about $1 billion over the next two years) are much less defensible as a response to failure of strategic offensive arms control.

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In sum there is probably a little less than $2 billion of defensible incremental strategic expenditures and a little less than $3 billion of incremental expenditures across the board. Since neither of these figures is particularly awesome (the big expenditures would occur in 1980 and beyond). I believe it would be preferable if the reference were deleted in its entirety but I understand the President would like to say something on this issue. The next best alternative would be a numerically vague reference to an expenditure of "a couple of billion dollars" over the next two years. If the President still wants to give a specific number, he might refer to an expenditure of "more than $2 billion in this year's and next year's budgets" or "more than $2 billion in next year's budget alone."

↑ combined

Dick Boverie concurs in this assessment.

Incremental Budget Figures
(In millions of constant dollars)

	FY 76	FY 76 Transition	FY 77	Two Year Total
Strategic Forces	305	177	1,427*	1909
General Purpose Forces	103	52	558	713
ERDA	50	20	130	200
	458	249	2,115	2822

*Includes $600 million for Trident.

Fiscal Years

	1976	TQ	1977	1978	1979	1980	1981
...ntinuation III			409	458	446	458	477
...ndnt II			40	300	605	1000	1776
...-1			55	645	1473	3007	2138
...LCM	63	27	240	-71	-4	-18	143
...X			280	398	516	1949	4071
...LCM	83	47	47	215	427	700	800
...rident boats			577	-586	568	-647	691
...WACS */		30	404	962			
...F-15 */			481	399	369	340	340
...Sanguine			60	50			
...SHELF	10	10	50	50	250	250	250
...SURSAT	50		60	70			
...site Defense			200	250	350	250	20
...light test ABM			75	75	75	75	75
Total	206	114	2978	3215	5075	7364	10961
...OTH-B					100	115	120
...ITCA (cargo) */			15	103	85	105	572
Total (FYDP dollars)	206	114	2993	3318	5560	7469	11533
Total (FY76 dollars)	206	114	2573	2753	4528	5840	8623

*/ General Purpose Forces programs