

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

INFORMATION

TOP SECRET/EYES ONLY

July 31, 1970

MEMORANDUM FOR DR. KISSINGER

FROM: R. C. Robinson *RCR*

SUBJECT: U.S. /Soviet Navy Confrontation

Admiral Zumwalt recently stated that a ten percent budget reduction in FY 72 has reduced his confidence in any confrontation with the Soviet Navy from 55 percent to about 20 percent.

You may be interested in the supporting rationale which formed the basis of his statement. Please hold close.

ON-FILE NSC RELEASE
INSTRUCTIONS APPLY

NAVY Review Completed

TOP SECRET/EYES ONLY



OFFICE OF THE CHIEF OF NAVAL OPERATIONS
WASHINGTON, D.C. 20350

IN REPLY REFER TO
Ser 0001229P90
15 July 1970

TOP SECRET

Dear Mr. Secretary,

With regard to our conversation earlier today, you indicated surprise that an approximate 10% budget reduction for FY 72 has reduced my confidence in any confrontation vis-a-vis the Russian Navy from 55% to about 20%.

I want to elaborate as follows:

(1) My 55% confidence level is based on present forces.

(2) Your 15 January and 24 March fiscal guidance memos (and our POM responses to them) all dealt with FY 72 in terms of TOA. However, your 19 June memo shifted from TOA to expenditure (outlay) reductions. In doing this, the approximate 10% reduction in the Navy budget from FY 71 to 72 to which you referred in our conversation, made it mandatory that we hit the operating appropriations--ships and people--very hard. This caused the following drastic force and personnel impacts:

a. It reduces us from about 794 ships currently to about 514, a 35% reduction, including:

- . A reduction from 19 carriers to either 12 or 14. (37% or 26%)
- . A reduction in destroyers from 234 to 139. (41%)
- . A reduction in submarines from 107 to 77. (28%)
- . A reduction in amphibious ships from 112 to 55. (51%)
- . It reduces the Navy from 644,000 Navy personnel to about 550,000. (15%)
- . It reduces the Marine Corps from 241,000 to about 191,000. (21%)

b. The great personnel turbulence which results in coming down so rapidly to about 514 ships means that as many as 100 of the 514 remaining ships would be unable to operate because of inexperienced crews. In short, there would be a very severe degradation in our combat readiness which would take at least several years to correct.

TOP SECRET

TOP SECRET
Ser 0001229290
15 July 1970

With regard to procurement accounts, expenditure rates vary from 5% for the first year in the shipbuilding account to 27% in Other Procurement, Navy, which is considerably less than the operating accounts. Also, previous year obligations have locked us in to certain already obligated expenditures. Consequently, in order to reduce expenditures, disproportionately large reductions are required in procurement TOA. Because of this, I estimate that our rate of modernization may be reduced to only one-third to one-half of the Soviet rate in many areas of naval warfare.

It is for these reasons (plus cost inflation, of course) that a 10% expenditure reduction has a far more serious impact than at first appears.

Sincerely, *VR*

B

E. R. ZUMWALT, JR.

cc
SecNav

TOP SECRET