

MEMORANDUM

THE WHITE HOUSE
WASHINGTONTOP SECRET / SENSITIVE

February 8, 1974

MEMORANDUM FOR: HENRY A. KISSINGER

FROM: BRENT SCOWCROFT *BS*

SUBJECT: Your Meeting with the President's
Foreign Intelligence Advisory Board
(PFIAB)

The PFIAB last met with ~~you and~~ the President on October 4, 1973. At that meeting the President asked the Board to provide its recommendations on two issues: (1) how best to spend federal energy R&D funds; and (2) to assess the adequacy of the current U.S. Naval force posture. The Board recommendation on energy R&D, prepared by Johnny Foster and Ed Teller, was forwarded to the President through the NSC last week (copy with covering summary at Tab D).

On the study of U.S. Naval forces, Admiral Anderson took the approach of conducting personal visits to our major naval installations in the U.S. and abroad where he discussed the threat and our ability to cope with it with U.S. Navy and Allied Commanders. In December the Admiral forwarded a preliminary report in a letter to the President (Tab C) in which he stated that the dimension of the problem was far more serious than the President had envisioned and called for a major commitment under the President's leadership to restore U.S. Naval supremacy. Last week Admiral Anderson reported that the study had been completed and that he recommended a meeting with the President to present it in person (Tab B).

The report (Tab A) places particular stress on several areas of Soviet superiority such as: standoff anti-ship missile capability; an ocean surveillance system with the anticipated capability of providing anti-ship missile targetting data to Soviet combatants at sea; and ship-and-submarine building capabilities far in excess of the U.S. The report acknowledges relative U.S. superiority in our offensive air capability, submarine engineering, amphibious capability, ASW procedures and tactical exploitation of COMINT. On the other hand, it cites as critical weaknesses our

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lack of surface fire power, missile defense, ASW technology and certain management shortcomings such as a necessary layering in DOD, out-dated command and control systems, inadequate ship-building capability and too much emphasis on strategic forces. Overall, it is the Board's judgment that "the U. S. Navy's mission to maintain sea lines of communication . . . is one (that) it would not be capable of performing for any sustained period if challenged by the Soviet Navy."

The Board makes recommendations for redressing each of the above deficiencies and as an approach to getting the bureaucracy energized recommends the early completion of NSSM 177 and a Presidential Directive to the Secretary of Defense to submit within three months a comprehensive cost analysis and time-phased plan to achieve the goal of naval superiority. As you know, we have made several attempts to get Defense to cooperate in submitting a study on naval forces, all to no avail. We will be sending you a paper early next week that recommends a new approach that hopefully will get the matter back on track. Anderson has been told that neither you nor the President will have had time to read the report but that it will form an important adjunct to the DOD study.

Assn

Talking Points

1. I am pleased with the opportunity to join you today and to discuss the very important events which have taken place since last we met. Since the outbreak of hostilities in the Middle East only two days after our last meeting, we have been able to achieve a ceasefire, the convening of the Geneva Conference which for the first time in 25 years brought the parties together, and a disengagement of Israeli and Egyptian forces in the Sinai. I believe that these measures have established the basis for a permanent settlement throughout the area. We will continue these efforts in the days ahead with the hope of first achieving a disengagement between Syrian and Israeli forces and gradual movement for a comprehensive settlement built around the Security Council Resolutions.
2. We are hopeful of achieving an early lifting of the oil embargo and starting next week, we will get on with the larger problem of organizing a coherent multilateral approach to the stabilization of the international energy market.
3. At the last meeting the President asked that you undertake two important areas of study: how best to allocate federal funds for

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energy R&D, and an assessment of the adequacy of our naval forces. Dr. Foster and Dr. Teller's paper was most interesting, particularly with regard to near-term technology that could be applied to secondary recovery and off-shore drilling techniques. I have asked Bill Simon and Dixie Lee Ray to consider your analysis carefully as they allocate federal R&D funds in the months ahead.

4. I have received your normal forces report but have not yet had an opportunity to study it carefully. There is no question that the needs are great, not only in the Navy but over the entire spectrum of our strategic and general purpose forces. There are areas, however, where immediate gains can be made, such as by streamlining our management and removing unnecessary layering of staffs, as you point out.
5. As you may know, we have a study under way on the same issues you have addressed. We have had some bureaucratic problems associated with getting useful action on it, but we hope to end the delay shortly and move the study quickly to completion.
6. Needless to say, I and the President are extremely grateful for your willingness to take time from your other endeavors to provide your judgment to the President on these critical issues. Your contributions have been extremely useful and I look forward to receiving your recommendations and counsel in the months ahead.

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