

Ronald Reagan Presidential Library
Digital Library Collections

This is a PDF of a folder from our textual collections.

Collection: Executive Secretariat, NSC:
Agency File

Folder Title: Secretary Weinberger's
Weekly Report (03/04/1983-03/26/1983)

Box: RAC Box 7

To see more digitized collections visit:

<https://www.reaganlibrary.gov/archives/digitized-textual-material>

To see all Ronald Reagan Presidential Library Inventories, visit:

<https://www.reaganlibrary.gov/archives/white-house-inventories>

Contact a reference archivist at: **reagan.library@nara.gov**

Citation Guidelines: <https://reaganlibrary.gov/archives/research-support/citation-guide>

National Archives Catalogue: <https://catalog.archives.gov/>

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: AGENCY FILE

Withdrawer

RBW 5/10/2013

File Folder SECRETARY WEINBERGER'S WEEKLY REPORT
(03/04/1983-03/26/1983)

FOIA

M453

Box Number 7

SHIFRINSON

95

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
159243	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES [COPY OF DOC. 159231] PAR 12/15/2022 M453/6	5	3/3/1983	B1
159245	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 1/26/2016 M453/6	6	3/11/1983	B1
159249	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES [COPY OF DOC. 159245] R 1/26/2016 M453/6	6	3/11/1983	B1
159252	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES [COPY OF DOC. 159259] R 11/29/2016 M453/6	5	3/18/1983	B1
159259	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 11/29/2016 M453/6	5	3/18/1983	B1
159260	MEMO	CASPAR WEINBERGER TO RR RE. WEEKLY REPORT OF DEFENSE ACTIVITIES R 1/26/2016 M453/6	6	3/25/1983	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

- B-1 National security classified information [(b)(1) of the FOIA]
- B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- B-3 Release would violate a Federal statute [(b)(3) of the FOIA]
- B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

~~SECRET~~

CLASSIFICATION

CIRCLE ONE BELOW

MODE

PAGES 6

IMMEDIATE

DACOM # 95

RELEASER LB

PRIORITY

DEX # —

DTG 040037Z

ROUTINE

TTY # —

MAR 83

FROM/LOCATION/

1. THE WHITE HOUSE SITUATION ROOM

TO/LOCATION/TIME OF RECEIPT

1. MILAIDE FOR THE PRESIDENT/SAN FRANCISCO/TOR:

1. RADM JOHN POINDEXTER FOR JUDGE CLARK/ SAN FRANCISCO/

2. RADM JOHN POINDEXTER/ SAN FRANCISCO/

3. JAMES BAKER/SAN FRANCISCO/

4. MICHAEL DEAVER/SAN FRANCISCO/

5. EDWIN MEESE/SAN FRANCISCO/
INFORMATION ADDEES/LOCATION/TIME OF RECEIPT

1. _____

2. _____

SPECIAL INSTRUCTIONS/REMARKS: PLEASE PLACE WITH MORNING PDB PACKAGES...TKS-LB

1933 MAR 8 10 13

~~SECRET~~

CLASSIFICATION

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RW 5/10/13

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

AW
5/10/13
~~SECRET~~ ATTACHMENT

March 3, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Caspar Weinberger's Weekly Report for Friday,
March 4, 1983.

cc: The Vice President
Ed Meese
Tim Baker



~~SECRET~~ NOFORN
THE SECRETARY OF DEFENSE

159243

WASHINGTON, THE DISTRICT OF COLUMBIA

03 MAR 83 P 4: 22

March 3, 1983

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

Legislative Affairs: Having completed our initial Congressional hearings on the FY 1984 budget, our legislative effort this week focused on building support in Congress for our defense program. On Tuesday and Wednesday, I hosted a breakfast at the Pentagon for 33 House Democratic freshmen. For most, this was their first opportunity to hear directly about our long term program to rebuild America's defenses. At both sessions I emphasized that our program is the minimum necessary following a decade of neglect and steadily expanding Soviet military strength. I assured the members we would spend no more money on defense than what was absolutely necessary for our national security and that the money will be spent wisely and efficiently.

On Tuesday, I was at the Capitol for a lengthy meeting to consult with John Tower. We discussed a wide range of current military and political issues. As a member of the Senate Budget Committee, John will be a critical factor in our efforts to minimize defense reductions that might be proposed by Chairman Pete Domenici in the First Concurrent Budget Resolution for FY 1984. Mark-up in the Senate is tentatively scheduled to begin next week. It has become increasingly important that we have a number in the Senate budget resolution as close to your budget request as possible because the House Budget Committee is evidencing growing support for a 4-5 percent real growth for Defense or less than half of your proposed increase.

On Wednesday I met at length with Howard Baker who is still insisting on more cuts above the \$8 billion we already agreed to in January. He thinks "\$3 to \$5 billion more might do it." I did not offer anything. I told him I would give you his views but that we were convinced your budget request was needed and fully justified. (U)

Lebanese Security Assistance Update: During the past few weeks, we have made significant progress on the Immediate Term (LAMP I) and Near Term (LAMP II) phases of the Lebanese Army Modernization Program. In-country deliveries have included all armored personnel carriers (APCs), two M48A5 tanks (for training), nearly 500 wheeled vehicles, all uniforms and tentage, all telephone equipment and most other communications equipment

DECLASSIFIED IN SAINT
NIRP M45316 #159243
BY [signature] NARA DATE 12/18/00

Classified by SecDef
Declassify on OADR

~~SECRET~~ NOFORN

Sec Def Cont Nr.

X24535

~~CONFIDENTIAL~~

2

they requested. An additional 32 tanks and 300 wheeled vehicles will be shipped later this month.

Fifteen LAMP II Letters of Agreement for additional material and training were accepted and implemented in February and formal notification for delivery of 107 additional APCs was forwarded to Congress. These deliveries will begin in July. Total value of LAMP II is \$55 million.

We now have nine Mobile Training Teams and Technical Assistance Teams approved. By the end of March, eight of these teams will be deployed and we will have a total of 81 security assistance personnel in Lebanon. We have been able to expand our training efforts much more rapidly than our original plan. Each training team is urgently needed and fully justified. In addition, the U.S. Marine Corps is successfully providing small unit training to the Lebanese Army under our foreign military training program.

At this point we have met our projected schedule for LAMP I and LAMP II to upgrade five of the seven Lebanese Army brigades. The success of the effort now depends on the effectiveness of the Lebanese Army in organizing, recruiting, and training forces to be able to use this material. We continue to work with them to help them on these next steps. (C)

Net Decrease in Systems Cost Growth: Last week I reported an extremely significant reduction in cost growth of twelve major Army weapon systems. I am pleased this week to add the bit of good news that our preliminary estimate of cost growth in the December 31 Selected Acquisition Report (SAR) summary is a net decrease in 52 SAR programs of almost one percent from September 1982. This is the first decrease in cost growth in the December quarter since 1972.

We are required to submit SARs to the Congress that reflect the estimates for major systems acquisitions. The final copies of these reports will be submitted March 17, and the figures may change slightly from the preliminary data. The advance figures for the 52 SAR programs, however, show a net decrease of approximately \$5.9 billion (nearly 1% of the previous quarter cost).

These favorable results are largely attributable to the lower defense commodity inflation index and are a tribute to the success of your anti-inflation program. It also reflects, however, some success in implementation of cost growth reduction efforts through management actions we have taken since 1981. These signs are indeed encouraging, and we hope to see continued improvement in this area.

We have put out press releases on this, but I do not expect to see much space devoted to this good news! (U)

~~CONFIDENTIAL~~

~~SECRET~~

3

Renewed Patriotism in the Military: Whenever I have gone to inspect and visit with our military personnel around the world for the past two years, I have sensed a clear renewal of patriotism and dedication to duty in virtually every unit I have visited, which I attribute to your unwavering support for the military. I have often asserted this impression in various public appearances. Now I am pleased to report that we really have proof of this rebirth of patriotism.

Reviewing the responses of U.S. Army enlisted personnel to a poll question as to whether they strongly agreed or disagreed with the proposition that, "Everyone should have to serve his or her country in some way," in a survey administered over the period 1974-1981, we found that 62.6 percent of first term and 85.1 percent of career personnel agreed in 1974, compared to 78.1 percent first term and 89.7 percent career in 1981. Percentages each year of those agreeing strongly with the statement follow:

	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
First Term	62.6	64.2	62.5	64.9	59.4	65.6	68.4	78.1
Career	85.1	82.5	81.1	83.9	81.5	80.1	84.6	89.7

I found most interesting the percentage increase between 1978 and 1981 among first term personnel--18.7 percent. I believe this reflects pride in performing military service and bodes well for our efforts to recruit and retain qualified personnel in the months ahead. (U)

U.S.-Egyptian Military Coordinating Committee (MCC) Meeting: Assistant Secretary West and the U.S. delegation have just returned from the MCC meetings in Egypt, with stops in Lebanon and Oman.

In Egypt, the impression was gained that President Mubarak wants to distance himself from the U.S. in public and play to diverse Arab and "non-aligned" audiences. In private, he seeks the U.S. security umbrella and more U.S. aid. His behavior in the recent AWACS--Qadhafi--Sudan episode was not reassuring. When Qadhafi sent a Soviet-made bomber 600 miles inside Sudan on a practice mission on February 17, our AWACS immediately reported this, but it took over three hours for the Egyptian chain of command to reach a decision. By then the bomber was back in Libya. Instead of publicly decrying the incident, President Mubarak inferred that the AWACS and 700 U.S. military personnel were not in Egypt and that he would not fight a "fellow Arab." He was of course understandably angry over the leak and publication of our plans.

In Lebanon, the situation is a little brighter. General Tannus, the new commander of the Lebanese Army, is strong, shrewd, and

~~SECRET~~

very pro-American. He is ready to deploy his forces when we urge him to do so. The Lebanese love the U.S. Marines, both for their conduct (our ambassador notes they are a "role model" for the Lebanese soldiers) and because they represent America. Tannus strongly doubts there is any military need for U.S. troops along Israel's border.

3.3(b)(1)

[REDACTED]

Tannus admits that while there is a chance of an occasional suicidal effort by terrorists infiltrating from Syria, Israel is now secure against any serious threat along its northern border.

In Oman we are stockpiling equipment for a U.S. tactical fighter wing to move into Oman in a crisis. The Sultan of Qaboos supports the Camp David Agreements, supports your Mid-East Peace Initiative, and supports us in the U.N. Oman is working with the other Arab states along the Persian Gulf, including Saudi Arabia, to develop a "Rapid Movement Force" to reinforce each other in case of armed subversion; but in a real crisis the Gulf states would still need us or Jordan. Nevertheless, it is encouraging to see their fledgling efforts to take one of our ideas and build on it as their own. The Sultan will visit with you next month. He is a young man who is intelligent, well-mannered, candid, well-informed, and a bit shy. He is also one of our strongest supporters in the Mid-East. He is eager to support you in the Mid-East and to gain some stature as a mature leader in the Arab world. He is also the only Arab to employ British officers to command the military and some of them will accompany him on his U.S. visit. We will be cautious here in Defense not to give too much emphasis to the British officers who accompany him, for the sake of the Sultan's image in the Arab world. (S)

Arrest of Suspects in Terrorist Bombings: As you know, last December three terrorist car bombing incidents in the vicinity of our units near Frankfurt resulted in serious injury to two U.S. Army personnel. These incidents, which were clearly designed to do bodily harm, represented a serious escalation of the terrorist campaign against the U.S. military presence in Germany. Last week, our Defense Intelligence Agency reported the arrest of far right-wing German Neo-Nazi terrorists in Germany and England who have been linked directly with the car bombings last December. We also expect additional arrests of members of this Neo-Nazi group who may be responsible for numerous other bombings in the Frankfurt area. Our assessment of these events is that not all past and present members of the Neo-Nazi group are accounted for, and the potential terrorist threat to our interests in Germany from rightist, as well as far leftist elements, though temporarily diminished, still remains. (S/NF)

~~SECRET~~

5

7.3(b)(8)

U.S./Australia Talks on Mutual Logistics Support: Our Defense delegation, led by Assistant Secretary Larry Korb, to review our mutual logistics support agreement, returned from Australia last week. The discussions covered a broad range of topics, but several specific issues that have proved nettlesome in the past were resolved positively and decisively.

Since our last discussions with the Australians, we gained statutory authority to enter into cooperative airlift agreements with allied nations. Australia has shown a strong interest in reciprocal airlift services and, as a result of the latest talks, will be the first country covered under the new procedure. Australia agreed to examine the International Logistic Communication System (ILCS), which we are pushing as a standard system for all our allies as a means of transmitting Foreign Military Sales (FMS) information. They also officially recognized and endorsed the Pacific Contingency Acquisition Program, the CINCPAC plan for gaining indigenous industrial support in contingencies. We reached additional agreements on reciprocal fuel exchange and fuel storage, as well as on specific arrangements for support of joint exercises in Australia.

I believe the talks were very productive and that, as a result of them, our ability to employ forces in the Southwest Pacific and Indian Ocean arenas will be easier should we ever need to do so. (C)



~~SECRET~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

RW
5/12/83

~~CONFIDENTIAL~~ ATTACHMENT

March 11, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Caspar Weinberger's Weekly Report for Friday,
March 11, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver



~~CONFIDENTIAL~~

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

159245

DECLASSIFIED

NLRR M453/6 # 159245

BY AW NARA DATE 12/2/16

33 MAR 11 P 3: 40

March 11, 1983

SITUATION ROOM

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

Soviet Military Power--1983: After I presented a copy of the new Defense publication to you on Tuesday, I followed up with a press conference at the main Pentagon studio to release the document publicly on Wednesday. After 45 minutes with the correspondents here in Washington, I did a 45 minute video-audio satellite hook-up conference with NATO Secretary General Luns and European correspondents from our smaller studio.

As evidenced by the thoughtful questions voiced by the correspondents on both sides of the Atlantic, there is a keen interest in the publication, and I believe it has provided an important impetus for us to make the case for needed force improvements to cope with the Soviet threat. We have already received many requests for copies of the pamphlet and will strive for rapid and wide distribution in the days ahead.

Our initial printing is 300,000. We distributed 250,000 copies of the 1981 report. (U)

Legislative Affairs: Our update of Soviet Military Power has been extremely well received by Members of Congress in general and has resulted in numerous requests for additional copies that Members can send to constituents and public opinion leaders in their states and districts.

In addition to the release of this unclassified material, we appreciate the support that your White House staff and the NSC have given in making arrangements for Members of Congress to receive the classified Soviet Threat/Net Assessment briefing at the White House. The timing of the briefings coincide extremely well with anticipated floor action on the budget resolution and should be very helpful to our cause.

Also this week I continued my breakfast meetings with Congressional groups. On Tuesday morning I met with Senator Ted Stevens and Congressman Jack Edwards. Ted and Jack urged that we be as forthright as possible in presenting our case to the American people about the increasing Soviet military buildup. They acknowledge the benefit of our classified briefing program, but again urged declassification of additional material. Jack

Classified by Sec Def
Declassify on OADR

~~CONFIDENTIAL~~

Sec Def Cont Nr. X-24641

will be critical again this year to our appropriations effort to offset Defense Appropriations Subcommittee Chairman Joe Addabbo's promised effort to make \$30 billion of reductions in the FY 1984 defense program.

On Wednesday I completed my series of meetings with House and Senate freshmen members with a second breakfast with the new House Republicans. We had a very helpful exchange of views and ideas. Particularly useful was an opportunity to put the nuclear freeze issue in perspective and explain our arms limitation policies.

I am continuing to meet with Pete Domenici and Howard Baker as the Senate Budget Committee began its mark-up this week of the FY 1984 First Concurrent Budget Resolution. The committee has agreed to defer consideration of defense until later next week. (U)

Cost Savings Through Contract Auditing: The Defense Contract Audit Agency is charged with responsibility for reviewing costs proposed and incurred in Department contracts. Through their reviews of contract proposals over the last six months of 1982, we achieved a net cost savings of \$1.6 billion on \$28.7 billion of completed procurement actions. In the same period, audits of contractor operations produced actual cost avoidances of \$54.7 million. These operations audit results were accomplished utilizing less than \$1.5 million of Agency operating expenditures. A few examples of the types of savings the Agency has produced include:

- \$10 million savings by directing a contractor to resubmit a proposal in which he originally had repriced an entire contract rather than repricing only a portion of the contract that had changed;
- \$367 thousand savings by eliminating a contractor's commercial costs from an expense pool that was to be partially allocated to Government work;
- \$16.7 million savings in an \$88.7 million Army vehicle contract proposal by basing labor costs on actual costs in executing prior contracts rather than on contractor estimates;
- \$1.7 million savings in an \$8.1 million spare parts contract proposal by obtaining updated data on which to base the contractor's proposed standard labor conversion factor (a 29 percent reduction in the contractor's labor cost proposal);
- \$514 thousand refund to the Government by recouping charges a contractor had levied twice for relocation expenses;
- \$370 thousand savings by reducing a contract by that amount for steel plate and tubing that was in the original contract but not required for the work; and

- \$1.8 million savings in a \$5.7 million contractor proposal by reducing indirect expense rates that were higher than actual year-to-date experience, applied to incorrect allocation bases, and which included unallowable interest expenses.

NOTE: These examples of Agency actions were completed during the month of February 1983. (U)

Achievements in Navy Weapons Programs: The efforts we invested under your leadership in the early days of your Administration to streamline procurement procedures and improve acquisition management have begun to pay off across the board in our weapons procurement programs. This was impressively reflected in Navy ship and aircraft procurement programs in 1982.

Twenty-five ships were delivered to the Navy last year, averaging slightly ahead of contract delivery date and below budget. Twenty of these ships came in a total of eleven months ahead of schedule and nineteen were below or on budget. There were forty new construction and major conversion contracts let during the year, all of which were awarded within one percent of early cost estimates. A major accomplishment (a first) was the awarding of contracts for all ships for which funds were appropriated in a given year. Significant progress was also made in increasing competition for shipbuilding and conversion contracts. By the end of 1983, all but two ship programs (or 94 percent of our five-year shipbuilding program) will be awarded competitively. When we took office, only 15 percent of Navy procurement was competitive. Significant advances were also made in multi-year contracting, with a total of 18 such contracts being awarded, including two carriers for \$750 million savings and the C-2A carrier on-board delivery aircraft for \$89 million savings.

Unlike previous years, no ship construction or conversion claims by contractors were left outstanding and none has been filed in more than a year. I believe this reflects greater confidence between program managers and contractors, as well as more accurate costs estimates and contracts that are as fair as possible for both shipbuilders and the government.

In our Navy aircraft and missile acquisition accounts, we achieved savings through firm fixed-price contracts and improved our industrial base through second sourcing. Examples of programs included in these efforts are the F/A-18 strike-fighter aircraft (unit price 13 percent below previously negotiated cost), E-2C early warning aircraft (unit cost \$1 million below previous year E-2Cs), SH-60B anti-submarine helicopters (unit cost 28 percent below previous year SH-60Bs), and AV-8B Harrier aircraft (unit cost \$7 million below previous year).

I believe that these accomplishments and continuing attention to these areas bode well for regaining the maritime strength we need to maintain a credible deterrent to the ever-improving Soviet Navy. (C)

Forced Labor in the USSR: The recent State Department report to the Congress on forced labor in the USSR is a valuable offshoot of our campaign against the Siberian gas pipeline. For some time I have been highlighting the human rights aspect of the pipeline dispute. I believe the most noteworthy points in the report are:

- The Soviets use forced labor to promote both the economic and political purposes of the State;
- Forced labor is an important element in the Soviet economy and is used routinely on major construction projects of all kinds...forced labor has been used on Soviet military installations and plays a role in the Soviet defense effort;
- In maintaining its extensive forced labor system to serve the political and economic purposes of the State, the Soviet Union is contravening the United Nations Charter and failing to fulfill its commitments in the Universal Declaration of Human Rights and the Anti-Slavery Convention of 1926;
- A number of reports suggest that forced labor was used in the difficult and dangerous site preparation and other preliminary work related to the export pipeline;
- The Soviet forced labor system, the largest in the world, comprises 1100 camps, including an estimated 4 million forced laborers, of whom at least 10,000 are political and religious prisoners; and
- Regarding the Vietnam/USSR labor agreement under which Vietnamese workers are "exported" to the USSR, ... a significant part of the Vietnamese worker's pay is sequestered to offset the Vietnamese Government's official debts to the USSR. (U)

Department Efforts to Control Labor Costs: Although we do not get involved in contractors' negotiations with their labor forces, we do keep a close eye on labor costs and attempt to preclude any that are unnecessary.

In the past year, in light of inflation and budget deficits, a study group was formed to examine compensation in the Defense industry. The study group's charter called for a review to determine current actions to establish the reasonableness of labor rates, develop the necessary statistical data to determine the effectiveness of present procedures, and develop recommendations for corrective actions.

The recently issued interim study report indicates that the average direct labor rates and fringe benefits for 61 major Defense contractors did not exceed the inflation rate as measured by the Consumer Price Index for the period 1978 through 1981. The overall trend reveals that fringe benefit costs

have increased faster than direct labor rates since 1979 and may be the major factor in rising compensation costs.

The members of the study group are also examining specific cost issues that require immediate corrective action. They recently acted on an Air Force proposal requiring close scrutiny of any extraordinary termination pay arrangements for key executives involved in corporate mergers. We expect the Services to take the position that such costs are unreasonable and not acceptable in Defense contracts. The study group will support an Air Force proposal to the Defense Acquisition Review Council requesting that such costs be made expressly unallowable.

I believe the study group's work will enable us to make even greater additions to our cost savings achievements in the months ahead. (U)

POW/MIA Team Visit to Hanoi: A team of four U.S. POW/MIA specialists has been visiting Hanoi this week for technical discussions on Americans missing in Vietnam. This is the second in a series of regular meetings of U.S. and Vietnamese POW/MIA technical experts. I will provide a report on the substance of their talks when our team returns. (U)

Exercise Cold Winter 83: Over 3800 U.S. and 8000 non-U.S. NATO personnel commenced this one week exercise in Northern Norway today. The exercise will include both amphibious and overland simulated combat operations and will afford us an opportunity to evaluate NATO joint operations; command, control, and communications; and interoperability. It will also demonstrate to the Soviets Allied solidarity and capability to counter aggression in Northern Norway. (C)

Meeting with John Louis, U.S. Ambassador to the United Kingdom: Yesterday I met with John Louis for a wide-ranging discussion of U.S.-UK issues. I explained briefly what we were trying to do with the Export Administration Act; he said he hoped we could use persuasion in future cases rather than imposing sanctions.

John also said he expected Mrs. Thatcher to call for an election in June. We agreed the recent Labour Party draft defense policy is full unilateral disarmament and very dangerous. John expressed the view that Denis Healey will probably go along with this defense policy, even though he has to be against it. Ambassador Louis is hopeful that Michael Foote will suffer from the losses it will bring to the Party. (U)

Federal Women's Program Observance: This week we have recognized more than 190 thousand military women and 340 thousand civilian women employed by Defense, and one million military spouses. Assistant Secretary Larry Korb announced the theme

"National Women's History--We Are Making Progress," at a Pentagon ceremony on Monday. We continued the week with a broad variety of ceremonies and activities designed to highlight the contributions of women to Defense and to point out the important parts they will play in Defense in the future. (U)

Rep.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

RW
5/10/13

~~CONFIDENTIAL~~ ATTACHMENT

March 11, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK



SUBJECT: Secretary Weinberger's Weekly Report

Attached is Caspar Weinberger's Weekly Report for Friday,
March 11, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

~~CONFIDENTIAL~~

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA



DECLASSIFIED

NLRR M453/16 #159249

BY RW NARA DATE 1/20/16

2017 10 10

March 11, 1983

SECRET

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

Soviet Military Power--1983: After I presented a copy of the new Defense publication to you on Tuesday, I followed up with a press conference at the main Pentagon studio to release the document publicly on Wednesday. After 45 minutes with the correspondents here in Washington, I did a 45 minute video-audio satellite hook-up conference with NATO Secretary General Luns and European correspondents from our smaller studio.

As evidenced by the thoughtful questions voiced by the correspondents on both sides of the Atlantic, there is a keen interest in the publication, and I believe it has provided an important impetus for us to make the case for needed force improvements to cope with the Soviet threat. We have already received many requests for copies of the pamphlet and will strive for rapid and wide distribution in the days ahead.

Our initial printing is 300,000. We distributed 250,000 copies of the 1981 report. (U)

Legislative Affairs: Our update of Soviet Military Power has been extremely well received by Members of Congress in general and has resulted in numerous requests for additional copies that Members can send to constituents and public opinion leaders in their states and districts.

In addition to the release of this unclassified material, we appreciate the support that your White House staff and the NSC have given in making arrangements for Members of Congress to receive the classified Soviet Threat/Net Assessment briefing at the White House. The timing of the briefings coincide extremely well with anticipated floor action on the budget resolution and should be very helpful to our cause.

Also this week I continued my breakfast meetings with Congressional groups. On Tuesday morning I met with Senator Ted Stevens and Congressman Jack Edwards. Ted and Jack urged that we be as forthright as possible in presenting our case to the American people about the increasing Soviet military buildup. They acknowledge the benefit of our classified briefing program, but again urged declassification of additional material. Jack

Classified by Sec Def
Declassify on OADR

~~CONFIDENTIAL~~

~~UNCLASSIFIED~~

2

will be critical again this year to our appropriations effort to offset Defense Appropriations Subcommittee Chairman Joe Addabbo's promised effort to make \$30 billion of reductions in the FY 1984 defense program.

On Wednesday I completed my series of meetings with House and Senate freshmen members with a second breakfast with the new House Republicans. We had a very helpful exchange of views and ideas. Particularly useful was an opportunity to put the nuclear freeze issue in perspective and explain our arms limitation policies.

I am continuing to meet with Pete Domenici and Howard Baker as the Senate Budget Committee began its mark-up this week of the FY 1984 First Concurrent Budget Resolution. The committee has agreed to defer consideration of defense until later next week. (U)

Cost Savings Through Contract Auditing: The Defense Contract Audit Agency is charged with responsibility for reviewing costs proposed and incurred in Department contracts. Through their reviews of contract proposals over the last six months of 1982, we achieved a net cost savings of \$1.6 billion on \$28.7 billion of completed procurement actions. In the same period, audits of contractor operations produced actual cost avoidances of \$54.7 million. These operations audit results were accomplished utilizing less than \$1.5 million of Agency operating expenditures. A few examples of the types of savings the Agency has produced include:

- \$10 million savings by directing a contractor to resubmit a proposal in which he originally had repriced an entire contract rather than repricing only a portion of the contract that had changed;
- \$367 thousand savings by eliminating a contractor's commercial costs from an expense pool that was to be partially allocated to Government work;
- \$16.7 million savings in an \$88.7 million Army vehicle contract proposal by basing labor costs on actual costs in executing prior contracts rather than on contractor estimates;
- \$1.7 million savings in an \$8.1 million spare parts contract proposal by obtaining updated data on which to base the contractor's proposed standard labor conversion factor (a 29 percent reduction in the contractor's labor cost proposal);
- \$514 thousand refund to the Government by recouping charges a contractor had levied twice for relocation expenses;
- \$370 thousand savings by reducing a contract by that amount for steel plate and tubing that was in the original contract but not required for the work; and

~~UNCLASSIFIED~~

18

~~CONFIDENTIAL~~

3

• \$1.8 million savings in a \$5.7 million contractor proposal by reducing indirect expense rates that were higher than actual year-to-date experience, applied to incorrect allocation bases, and which included unallowable interest expenses.

NOTE: These examples of Agency actions were completed during the month of February 1983. (U)

Achievements in Navy Weapons Programs: The efforts we invested under your leadership in the early days of your Administration to streamline procurement procedures and improve acquisition management have begun to pay off across the board in our weapons procurement programs. This was impressively reflected in Navy ship and aircraft procurement programs in 1982.

Twenty-five ships were delivered to the Navy last year, averaging slightly ahead of contract delivery date and below budget. Twenty of these ships came in a total of eleven months ahead of schedule and nineteen were below or on budget. There were forty new construction and major conversion contracts let during the year, all of which were awarded within one percent of early cost estimates. A major accomplishment (a first) was the awarding of contracts for all ships for which funds were appropriated in a given year. Significant progress was also made in increasing competition for shipbuilding and conversion contracts. By the end of 1983, all but two ship programs (or 94 percent of our five-year shipbuilding program) will be awarded competitively. When we took office, only 15 percent of Navy procurement was competitive. Significant advances were also made in multi-year contracting, with a total of 18 such contracts being awarded, including two carriers for \$750 million savings and the C-2A carrier on-board delivery aircraft for \$89 million savings.

Unlike previous years, no ship construction or conversion claims by contractors were left outstanding and none has been filed in more than a year. I believe this reflects greater confidence between program managers and contractors, as well as more accurate costs estimates and contracts that are as fair as possible for both shipbuilders and the government.

In our Navy aircraft and missile acquisition accounts, we achieved savings through firm fixed-price contracts and improved our industrial base through second sourcing. Examples of programs included in these efforts are the F/A-18 strike-fighter aircraft (unit price 13 percent below previously negotiated cost), E-2C early warning aircraft (unit cost \$1 million below previous year E-2Cs), SH-60B anti-submarine helicopters (unit cost 28 percent below previous year SH-60Bs), and AV-8B Harrier aircraft (unit cost \$7 million below previous year).

I believe that these accomplishments and continuing attention to these areas bode well for regaining the maritime strength we need to maintain a credible deterrent to the ever-improving Soviet Navy. (C)

~~CONFIDENTIAL~~

19

~~UNCLASSIFIED~~

4

Forced Labor in the USSR: The recent State Department report to the Congress on forced labor in the USSR is a valuable offshoot of our campaign against the Siberian gas pipeline. For some time I have been highlighting the human rights aspect of the pipeline dispute. I believe the most noteworthy points in the report are:

- The Soviets use forced labor to promote both the economic and political purposes of the State;
- Forced labor is an important element in the Soviet economy and is used routinely on major construction projects of all kinds...forced labor has been used on Soviet military installations and plays a role in the Soviet defense effort;
- In maintaining its extensive forced labor system to serve the political and economic purposes of the State, the Soviet Union is contravening the United Nations Charter and failing to fulfill its commitments in the Universal Declaration of Human Rights and the Anti-Slavery Convention of 1926;
- A number of reports suggest that forced labor was used in the difficult and dangerous site preparation and other preliminary work related to the export pipeline;
- The Soviet forced labor system, the largest in the world, comprises 1100 camps, including an estimated 4 million forced laborers, of whom at least 10,000 are political and religious prisoners; and
- Regarding the Vietnam/USSR labor agreement under which Vietnamese workers are "exported" to the USSR, ... a significant part of the Vietnamese worker's pay is sequestered to offset the Vietnamese Government's official debts to the USSR. (U)

Department Efforts to Control Labor Costs: Although we do not get involved in contractors' negotiations with their labor forces, we do keep a close eye on labor costs and attempt to preclude any that are unnecessary.

In the past year, in light of inflation and budget deficits, a study group was formed to examine compensation in the Defense industry. The study group's charter called for a review to determine current actions to establish the reasonableness of labor rates, develop the necessary statistical data to determine the effectiveness of present procedures, and develop recommendations for corrective actions.

The recently issued interim study report indicates that the average direct labor rates and fringe benefits for 61 major Defense contractors did not exceed the inflation rate as measured by the Consumer Price Index for the period 1978 through 1981. The overall trend reveals that fringe benefit costs

~~UNCLASSIFIED~~

20

~~CONFIDENTIAL~~

5

have increased faster than direct labor rates since 1979 and may be the major factor in rising compensation costs.

The members of the study group are also examining specific cost issues that require immediate corrective action. They recently acted on an Air Force proposal requiring close scrutiny of any extraordinary termination pay arrangements for key executives involved in corporate mergers. We expect the Services to take the position that such costs are unreasonable and not acceptable in Defense contracts. The study group will support an Air Force proposal to the Defense Acquisition Review Council requesting that such costs be made expressly unallowable.

I believe the study group's work will enable us to make even greater additions to our cost savings achievements in the months ahead. (U)

POW/MIA Team Visit to Hanoi: A team of four U.S. POW/MIA specialists has been visiting Hanoi this week for technical discussions on Americans missing in Vietnam. This is the second in a series of regular meetings of U.S. and Vietnamese POW/MIA technical experts. I will provide a report on the substance of their talks when our team returns. (U)

Exercise Cold Winter 83: Over 3800 U.S. and 8000 non-U.S. NATO personnel commenced this one week exercise in Northern Norway today. The exercise will include both amphibious and overland simulated combat operations and will afford us an opportunity to evaluate NATO joint operations; command, control, and communications; and interoperability. It will also demonstrate to the Soviets Allied solidarity and capability to counter aggression in Northern Norway. (C)

Meeting with John Louis, U.S. Ambassador to the United Kingdom: Yesterday I met with John Louis for a wide-ranging discussion of U.S.-UK issues. I explained briefly what we were trying to do with the Export Administration Act; he said he hoped we could use persuasion in future cases rather than imposing sanctions.

John also said he expected Mrs. Thatcher to call for an election in June. We agreed the recent Labour Party draft defense policy is full unilateral disarmament and very dangerous. John expressed the view that Denis Healey will probably go along with this defense policy, even though he has to be against it. Ambassador Louis is hopeful that Michael Foote will suffer from the losses it will bring to the Party. (U)

Federal Women's Program Observance: This week we have recognized more than 190 thousand military women and 340 thousand civilian women employed by Defense, and one million military spouses. Assistant Secretary Larry Korb announced the theme

~~CONFIDENTIAL~~

~~UNCLASSIFIED~~

21

6

"National Women's History--We Are Making Progress," at a Pentagon ceremony on Monday. We continued the week with a broad variety of ceremonies and activities designed to highlight the contributions of women to Defense and to point out the important parts they will play in Defense in the future. (U)

Rep.

~~UNCLASSIFIED~~

~~SECRET~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET~~ ATTACHMENT

March 18, 1983

27

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Casper Weinberger's Weekly Report for Friday,
March 18, 1983

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

~~SECRET~~

DECLASSIFIED
Sec. 3A(b), E.O. 12059, as amended
White House Guidelines, Sept. 11, 2008
BY NARA RW, DATE 5/10/13



~~SECRET~~

THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

83 MAR 18 P 9: 07

159252

23

WHITE HOUSE
SITUATION ROOM

March 18, 1983

DECLASSIFIED

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

NLR #M453/16 #759252

BY RW NARA DATE 11/29/16

Legislative Affairs: Activity in the budget committees was the major Defense interest on Capitol Hill this week. The Democrats' budget plan, the Defense part of which was approved by the House Budget Committee yesterday, would have a serious impact on our defense modernization and rebuilding program. Under their plan of permitting only a 4% increase from last year, our request would be slashed by \$103.7 billion in budget authority and \$77.6 billion in outlays over the three year period, FY 1984-1986. This, of course, would take us below Carter's proposals, which, as we know, were insufficient to buy even what he wanted. I spoke, prior to the mark-up, with Del Latta, ranking Republican on the House Budget Committee, who relayed to the committee our deep concern over the proposed cuts. Although no changes were possible in the committee, the full House will consider the FY 1984 First Concurrent Budget Resolution next week, where we hope the defense figures can be improved.

This House action places additional importance on the Senate Budget Committee, which will resume consideration of the budget on April 6. It is critical that we achieve a high level for defense in the Senate to establish a solid conference position when the House and Senate compromise their differences.

We also worked this week on the nuclear freeze resolution. We provided extensive support at the request of Sam Stratton and others who attempted to modify the freeze language.

On Tuesday, I had breakfast with the House Defense Appropriations Subcommittee as part of our regular consultations with this key subcommittee. I discussed the importance of PERSHING II, POMCUS, Host Nation Support and other items of interest to the international community that will be included in our FY 1983 Supplemental Appropriations Request, which we will soon forward to the Congress. (U)

ABC 20/20 Allegations: This is to provide additional information on last Thursday's 20/20 program that made a number of mismanagement allegations on the part of the Air Force. Regarding examples of unwarranted and extravagant expenses charged

Classified by SEC DEF
Declassify on OADR

~~SECRET~~

SEC DEF CONTR No. X24733

24

~~CONFIDENTIAL~~

2

to the Government by the Pratt & Whitney Company, we uncovered many of the charges ourselves in advance of settlement with Pratt & Whitney as a result of our audits of overhead charges. We have not paid Pratt & Whitney these disputed charges. As you know, a grand jury investigation of this point is being conducted with our full cooperation.

Regarding the 34 items identified by the telecast on which prices were alleged to have increased more than 300% from 1980 to 1981, the program did not bother to state that it was an Air Force investigation that identified these items. The very low 1980 prices were provided to us by Pratt & Whitney, but we never purchased any of the items at those prices. The prices were either pure guesses on the part of Pratt & Whitney marketing personnel, or they were based on prior manufacturing experiences, some of which were as much as 17 years earlier. On 22 of the 34 items, we found that the Pratt & Whitney cost estimator had truly just "guessed" in giving us the 1980 estimate.

I believe that this 20/20 program was yet another example of biased, incomplete reporting designed specifically to discredit both government and corporate management efforts and to grab an opportunity to build the reputation of the lead reporter. (U)

PERSHING II Test Flight: Our fifth PERSHING II test flight was conducted last Sunday on the White Sands Missile Test Range, and initial analysis of the test data indicates that the test, like the fourth flight last month, was a total success. With each successful test we, of course, gain increasing confidence in the missile and, I hope, enhance the likelihood of securing Congressional approval for necessary funding. We anticipate no delay in the planned European deployment date of the missile. (C)

Results of POW/MIA Team Visit to Hanoi: During last week's talks in Hanoi, the Vietnamese announced that they had "recently discovered" the remains of nine U.S. servicemen and "identification cards" on three others. The Vietnamese have asked us to provide them with medical and dental records so they can correctly identify the remains. In the past, Vietnamese misidentification of remains has caused them embarrassment, even though we have tried to downplay the misidentity. They told the U.S. technical team that they wish to repatriate the remains in late April or early May 1983.

We believe the announcement is a direct result of the pressure we have placed on the Vietnamese regarding the POW/MIA issue. This pressure began with the February 1982 Defense-led mission to Hanoi and has resulted in Vietnamese agreement to meet four times a year, as well as the pending turnover of remains. I believe it is significant that, for the first time, such an announcement was made to an official U.S. team rather than to

~~CONFIDENTIAL~~

25

~~SECRET~~

3

a private U.S. group. The announcement confirms the correctness of our policy regarding government-to-government discussions. Although this procedure has been painfully slow so far, I think it will yield the best results in the long term. (C)

Visit with Danish Minister of Defense Hans Engell: I met on Monday with Minister Engell, a bright, young conservative who is bound to be a factor in Danish politics for some time to come. However, in view of the minority government in Denmark, he and his party are likely to be hamstrung when it comes to turning political beliefs into action. His primary interests were to underscore the importance of flexibility in our negotiating position at the Intermediate Range Nuclear Force (INF) talks in Geneva and to express the desirability of formulating an interim position to the zero option. I explained our position on this in detail.

I told him we were sorry the Danish Defense budget was recently cut by some \$35 million. He said that the majority of the Danish Socialists wanted to cut twice as much, but, through political maneuvering, he was able to reduce the size of their proposed cut. He also said that he believes the cut can be absorbed without further decreases in Danish readiness. I believe that he sees himself, at present, in a damage limiting role. I also think that, if the Danish political balance should change, he could become a strong pro-NATO voice. (C)

Visit with Dutch Ministers: On Wednesday I met with Prime Minister Lubbers and Foreign Minister van den Broek of The Netherlands here at the Pentagon. As I expected, we discussed the Intermediate Range Nuclear Force (INF) talks almost exclusively. Prime Minister Lubbers strongly urged development of a U.S. interim negotiating position instead of staying with the zero option at this time, although he agreed your zero proposal was the best. I explained our problems with such an approach in detail and mentioned specifically the difficulty it posed for verification. The verification aspect apparently had not been mentioned to him before, nor had the Soviets ability to refire the SS-20. He privately admitted later that he had not previously considered verification. We ended the meeting positively by agreeing that the zero/zero solution is our ultimate goal, and we simply had different perceptions on the best tactics to achieve it. (S)

Exercise READEX 1-83: This major joint training exercise in the Western Atlantic and Caribbean operating areas began this week and will run through April. The exercise will train participating units and staffs in the conduct of all aspects of naval warfare in the complex battle group environment as opposed to individual ship training. The exercise will include a major HARPOON missile strike against a surface target by aircraft, surface ships, and submarines, and an anti-air exercise during which ships and aircraft will fire missiles at airborne targets.

~~SECRET~~

26

~~SECRET~~

4

There will be three carrier battle groups participating (VINSON, EISENHOWER, KENNEDY), as well as U.S. Air Force AWACS, B-52, KC-10, and fighter aircraft. Additionally, six British ships (a battle group headed by HMS INVINCIBLE), British maritime patrol aircraft, and a Dutch ship will be integrated into the exercise. Finally, in response to invitations issued by Admiral Watkins, sixteen countries have sent representatives to observe portions of the exercise. In all, over 40 ships, 300 aircraft, and 30,000 personnel will be directly involved in the exercise.

As you know, both the Soviets and Cuba have shown considerable interest in previous Caribbean exercises. Bloc surveillance has been conducted by both intelligence gathering ships and reconnaissance aircraft, and this pattern is being duplicated in this case by the presence of a Soviet surveillance ship in the Puerto Rico operating areas and four TU-95 Soviet BEAR aircraft in Cuba. (S)

Defense Audit Effort: Several newspapers ran stories this week regarding a Department of Justice investigation of payments made by the Boeing Company to several of its employees at the time they left the company to work with the Department of Defense. Justice is indeed conducting a Grand Jury investigation, based on information gained during our audit of the Boeing Company records by our Defense Contract Audit Agency (DCAA). The DCAA audit identified the payments and indicated they may have been made in violation of Section 209 of Title 18, United States Code. The matter was considered serious enough to refer to Justice, and it was passed to them last June. Section 209 of Title 18 is a criminal statute that prohibits the supplementation of the salary of government officials by non-government sources. We are continuing to coordinate with Justice during the course of their investigation. (U)

I-HAWK Missiles for United Arab Emirates: Sheikh Khalifa bin Zayid, Crown Prince and Deputy Supreme Commander of the United Arab Emirates (UAE) Armed Forces, signed a foreign military sales (FMS) agreement last week for five batteries of our I-HAWK air defense missile. This is significant because it represents the first major U.S. weapon system sale to this strategically significant state. This offer (valued at \$547 million) was issued to the UAE almost a year and a half ago, and its acceptance is a reflection of improved cooperation in defense matters. The UAE is also closely examining our A-10 light attack aircraft with night fighting capability for possible future purchase. (C)

Army-Navy Game in the Rose Bowl: This year, for the first time, the annual Army-Navy football classic will be played in the Rose Bowl in Pasadena. Under the terms of the contract recently signed by representatives of the U.S. Military and Naval Academies, the City of Pasadena will provide transportation for the Corps of Cadets and Brigade of Midshipmen to and

~~SECRET~~

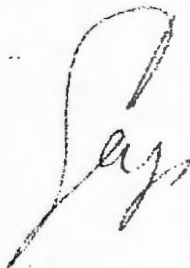
~~CONFIDENTIAL~~

5

from the game. Commercial revenues that will accrue as a result of the event will more than offset the expense to Pasadena.

Negotiations are currently underway with Philadelphia regarding the next eight Army-Navy games, and we expect the negotiations to be concluded rapidly. We expect the first five games ('84-'88) to be played in Philadelphia and plan to retain the option for the game to be played one of the following three years ('89-'91) at another site. If a game is moved, we will add another Philadelphia game to the commitment. (U)

Spring Ministerials: I leave Sunday for the semiannual NATO Nuclear Planning Group (NPG) meetings, to be held this year in Portugal. In addition to discussing the critical nuclear issues with my defense colleagues, I will hold bilateral discussions with several key NATO defense ministers on various issues of mutual interest. After the NPG meetings, I will visit Spain for my initial personal discussions with the new Prime Minister and the new Defense Minister. I will, of course, urge them to stay in, and participate in, NATO. (C)

A handwritten signature in cursive script, appearing to read "Sey".

~~CONFIDENTIAL~~

~~SECRET~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET~~ ATTACHMENT

March 18, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Casper Weinberger's Weekly Report for Friday,
March 18, 1983

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

~~SECRET~~

DECLASSIFIED
Sec. 34(b), E.O. 12858, as amended
White House Guidelines, Sept. 11, 2006
BY NARA RW, DATE 5/10/13



~~SECRET~~

THE SECRETARY OF DEFENSE

159259

29

WASHINGTON, THE DISTRICT OF COLUMBIA 83 MAR 18 P 9: 07

WHITE HOUSE
SITUATION ROOM

March 18, 1983

DECLASSIFIED

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

MLRR M453/16 #159259
BY RW NARA DATE 11/24/16

Legislative Affairs: Activity in the budget committees was the major Defense interest on Capitol Hill this week. The Democrats' budget plan, the Defense part of which was approved by the House Budget Committee yesterday, would have a serious impact on our defense modernization and rebuilding program. Under their plan of permitting only a 4% increase from last year, our request would be slashed by \$103.7 billion in budget authority and \$77.6 billion in outlays over the three year period, FY 1984-1986. This, of course, would take us below Carter's proposals, which, as we know, were insufficient to buy even what he wanted. I spoke, prior to the mark-up, with Del Latta, ranking Republican on the House Budget Committee, who relayed to the committee our deep concern over the proposed cuts. Although no changes were possible in the committee, the full House will consider the FY 1984 First Concurrent Budget Resolution next week, where we hope the defense figures can be improved.

This House action places additional importance on the Senate Budget Committee, which will resume consideration of the budget on April 6. It is critical that we achieve a high level for defense in the Senate to establish a solid conference position when the House and Senate compromise their differences.

We also worked this week on the nuclear freeze resolution. We provided extensive support at the request of Sam Stratton and others who attempted to modify the freeze language.

On Tuesday, I had breakfast with the House Defense Appropriations Subcommittee as part of our regular consultations with this key subcommittee. I discussed the importance of PERSHING II, POMCUS, Host Nation Support and other items of interest to the international community that will be included in our FY 1983 Supplemental Appropriations Request, which we will soon forward to the Congress. (U)

ABC 20/20 Allegations: This is to provide additional information on last Thursday's 20/20 program that made a number of mismanagement allegations on the part of the Air Force. Regarding examples of unwarranted and extravagant expenses charged

Classified by SEC DEF
Declassify on OADR

~~SECRET~~

SEC DEF CONTR No. X24733

~~CONFIDENTIAL~~

2

to the Government by the Pratt & Whitney Company, we uncovered many of the charges ourselves in advance of settlement with Pratt & Whitney as a result of our audits of overhead charges. We have not paid Pratt & Whitney these disputed charges. As you know, a grand jury investigation of this point is being conducted with our full cooperation.

Regarding the 34 items identified by the telecast on which prices were alleged to have increased more than 300% from 1980 to 1981, the program did not bother to state that it was an Air Force investigation that identified these items. The very low 1980 prices were provided to us by Pratt & Whitney, but we never purchased any of the items at those prices. The prices were either pure guesses on the part of Pratt & Whitney marketing personnel, or they were based on prior manufacturing experiences, some of which were as much as 17 years earlier. On 22 of the 34 items, we found that the Pratt & Whitney cost estimator had truly just "guessed" in giving us the 1980 estimate.

I believe that this 20/20 program was yet another example of biased, incomplete reporting designed specifically to discredit both government and corporate management efforts and to grab an opportunity to build the reputation of the lead reporter. (U)

PERSHING II Test Flight: Our fifth PERSHING II test flight was conducted last Sunday on the White Sands Missile Test Range, and initial analysis of the test data indicates that the test, like the fourth flight last month, was a total success. With each successful test we, of course, gain increasing confidence in the missile and, I hope, enhance the likelihood of securing Congressional approval for necessary funding. We anticipate no delay in the planned European deployment date of the missile. (C)

Results of POW/MIA Team Visit to Hanoi: During last week's talks in Hanoi, the Vietnamese announced that they had "recently discovered" the remains of nine U.S. servicemen and "identification cards" on three others. The Vietnamese have asked us to provide them with medical and dental records so they can correctly identify the remains. In the past, Vietnamese misidentification of remains has caused them embarrassment, even though we have tried to downplay the misidentity. They told the U.S. technical team that they wish to repatriate the remains in late April or early May 1983.

We believe the announcement is a direct result of the pressure we have placed on the Vietnamese regarding the POW/MIA issue. This pressure began with the February 1982 Defense-led mission to Hanoi and has resulted in Vietnamese agreement to meet four times a year, as well as the pending turnover of remains. I believe it is significant that, for the first time, such an announcement was made to an official U.S. team rather than to

~~CONFIDENTIAL~~

~~SECRET~~

31
3

a private U.S. group. The announcement confirms the correctness of our policy regarding government-to-government discussions. Although this procedure has been painfully slow so far, I think it will yield the best results in the long term. (C)

Visit with Danish Minister of Defense Hans Engell: I met on Monday with Minister Engell, a bright, young conservative who is bound to be a factor in Danish politics for some time to come. However, in view of the minority government in Denmark, he and his party are likely to be hamstrung when it comes to turning political beliefs into action. His primary interests were to underscore the importance of flexibility in our negotiating position at the Intermediate Range Nuclear Force (INF) talks in Geneva and to express the desirability of formulating an interim position to the zero option. I explained our position on this in detail.

I told him we were sorry the Danish Defense budget was recently cut by some \$35 million. He said that the majority of the Danish Socialists wanted to cut twice as much, but, through political maneuvering, he was able to reduce the size of their proposed cut. He also said that he believes the cut can be absorbed without further decreases in Danish readiness. I believe that he sees himself, at present, in a damage limiting role. I also think that, if the Danish political balance should change, he could become a strong pro-NATO voice. (C)

Visit with Dutch Ministers: On Wednesday I met with Prime Minister Lubbers and Foreign Minister van den Broek of The Netherlands here at the Pentagon. As I expected, we discussed the Intermediate Range Nuclear Force (INF) talks almost exclusively. Prime Minister Lubbers strongly urged development of a U.S. interim negotiating position instead of staying with the zero option at this time, although he agreed your zero proposal was the best. I explained our problems with such an approach in detail and mentioned specifically the difficulty it posed for verification. The verification aspect apparently had not been mentioned to him before, nor had the Soviets ability to refire the SS-20. He privately admitted later that he had not previously considered verification. We ended the meeting positively by agreeing that the zero/zero solution is our ultimate goal, and we simply had different perceptions on the best tactics to achieve it. (S)

Exercise READEX 1-83: This major joint training exercise in the Western Atlantic and Caribbean operating areas began this week and will run through April. The exercise will train participating units and staffs in the conduct of all aspects of naval warfare in the complex battle group environment as opposed to individual ship training. The exercise will include a major HARPOON missile strike against a surface target by aircraft, surface ships, and submarines, and an anti-air exercise during which ships and aircraft will fire missiles at airborne targets.

~~SECRET~~

~~SECRET~~

32
4

There will be three carrier battle groups participating (VINSON, EISENHOWER, KENNEDY), as well as U.S. Air Force AWACS, B-52, KC-10, and fighter aircraft. Additionally, six British ships (a battle group headed by HMS INVINCIBLE), British maritime patrol aircraft, and a Dutch ship will be integrated into the exercise. Finally, in response to invitations issued by Admiral Watkins, sixteen countries have sent representatives to observe portions of the exercise. In all, over 40 ships, 300 aircraft, and 30,000 personnel will be directly involved in the exercise.

As you know, both the Soviets and Cuba have shown considerable interest in previous Caribbean exercises. Bloc surveillance has been conducted by both intelligence gathering ships and reconnaissance aircraft, and this pattern is being duplicated in this case by the presence of a Soviet surveillance ship in the Puerto Rico operating areas and four TU-95 Soviet BEAR aircraft in Cuba. (S)

Defense Audit Effort: Several newspapers ran stories this week regarding a Department of Justice investigation of payments made by the Boeing Company to several of its employees at the time they left the company to work with the Department of Defense. Justice is indeed conducting a Grand Jury investigation, based on information gained during our audit of the Boeing Company records by our Defense Contract Audit Agency (DCAA). The DCAA audit identified the payments and indicated they may have been made in violation of Section 209 of Title 18, United States Code. The matter was considered serious enough to refer to Justice, and it was passed to them last June. Section 209 of Title 18 is a criminal statute that prohibits the supplementation of the salary of government officials by non-government sources. We are continuing to coordinate with Justice during the course of their investigation. (U)

I-HAWK Missiles for United Arab Emirates: Sheikh Khalifa bin Zayid, Crown Prince and Deputy Supreme Commander of the United Arab Emirates (UAE) Armed Forces, signed a foreign military sales (FMS) agreement last week for five batteries of our I-HAWK air defense missile. This is significant because it represents the first major U.S. weapon system sale to this strategically significant state. This offer (valued at \$547 million) was issued to the UAE almost a year and a half ago, and its acceptance is a reflection of improved cooperation in defense matters. The UAE is also closely examining our A-10 light attack aircraft with night fighting capability for possible future purchase. (C)

Army-Navy Game in the Rose Bowl: This year, for the first time, the annual Army-Navy football classic will be played in the Rose Bowl in Pasadena. Under the terms of the contract recently signed by representatives of the U.S. Military and Naval Academies, the City of Pasadena will provide transportation for the Corps of Cadets and Brigade of Midshipmen to and

~~SECRET~~

~~CONFIDENTIAL~~

5

33

from the game. Commercial revenues that will accrue as a result of the event will more than offset the expense to Pasadena.

Negotiations are currently underway with Philadelphia regarding the next eight Army-Navy games, and we expect the negotiations to be concluded rapidly. We expect the first five games ('84-'88) to be played in Philadelphia and plan to retain the option for the game to be played one of the following three years ('89-'91) at another site. If a game is moved, we will add another Philadelphia game to the commitment. (U)

Spring Ministerials: I leave Sunday for the semiannual NATO Nuclear Planning Group (NPG) meetings, to be held this year in Portugal. In addition to discussing the critical nuclear issues with my defense colleagues, I will hold bilateral discussions with several key NATO defense ministers on various issues of mutual interest. After the NPG meetings, I will visit Spain for my initial personal discussions with the new Prime Minister and the new Defense Minister. I will, of course, urge them to stay in, and participate in, NATO. (C)

Says

~~CONFIDENTIAL~~

34

~~SECRET~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

~~SECRET ATTACHMENT~~

March 26, 1983

MEMORANDUM FOR THE PRESIDENT

FROM: WILLIAM P. CLARK

SUBJECT: Secretary Weinberger's Weekly Report

Attached is Casper Weinberger's Weekly Report for Friday,
March 25, 1983.

cc: The Vice President
Ed Meese
Jim Baker
Mike Deaver

~~SECRET ATTACHMENT~~

~~SECRET~~

DECLASSIFIED
Sec. 3.4(b), E.O. 12358, as amended
White House Guidelines, Sept. 11, 2009
BY NARA RW DATE 5/10/13



~~SECRET~~

THE SECRETARY OF DEFENSE

159260

35

WASHINGTON, THE DISTRICT OF COLUMBIA

DECLASSIFIED

NLRN M453/10 #159260

83 MAR 25 P 6: 53

BY RW NARA DATE 1/26/16

March 25, 1983

WHITE HOUSE
SITUATION ROOM

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of Defense Activities

Legislative Affairs: As you know, our efforts to revitalize the national security program were dealt a setback this week by passage of the House Democrats budget plan. Under this plan, national defense spending would be reduced in FY 1984 by \$16.7 billion in budget authority and \$9.9 billion in outlays. Also included in their proposal is a 4 percent pay raise for military and civilian personnel amounting to about \$2.5 billion. There are other serious defects in this plan; the correct real growth percentage from FY 1983 to FY 1984 permitted by this proposal is not 4 percent but, rather, 2.6 percent. Also, if we were required to reduce Defense spending by \$9.9 billion in outlays, it would probably require a much larger cut in budget authority in the range of \$25 to \$30 billion.

Despite the outcome, we made calls to key Democrats who did not support the Democrats budget plan because of the severe impact on Defense. Deputy Secretary Paul Thayer and the Service Secretaries made over 32 telephone calls to Democrats targeted by Ken Duberstein. Many were very disturbed over what was happening to the Defense rebuilding program and vowed to oppose their party's program unless Defense levels were increased.

Activity now focuses on the Senate Budget Committee where action will resume on April 6. We will continue to work with individual committee members to increase the Defense spending level in the Senate plan in order to gain some maneuvering room in the upcoming House-Senate conference on the budget resolution.

Also this week, Paul Thayer made a strong presentation to the Senate Governmental Affairs Committee on improvements that have been made in Defense management programs over the past two years. Paul reported that our management initiatives are doing better in two specific areas of previous concern to this committee-- budgeting for inflation and improving the accuracy of budget estimates. Chairman Bill Roth was very helpful throughout the hearing and conducted the hearing very fairly. (U)

NATO Nuclear Planning Group Meeting and My Visit to Spain: You may already have seen the reporting cables we sent from Portugal on the results of the NATO Nuclear Planning Group Meeting. It was by all odds the most successful and united NATO meeting I

CLASSIFIED BY SEC DEF
DECLASSIFY ON OADR

~~SECRET~~

Sec Def Cont Nr. X24794

~~SECRET~~

2

have attended. The Defense Ministers unanimously supported the idea of deployment on schedule starting this year; they referred several times to your zero option as the best; they accepted my statements that we were working on various ways to reach zero and, contrary to the usual quite inaccurate Post reports, I was not put under any pressure whatever by any "demands" for an "interim solution."

The Ministers also, at my suggestion, worked most enthusiastically to adopt the strong communique language that severely criticized Andropov's so-called "proposal." They also adopted communique language supporting the criteria for an arms reduction proposal as set forth in your speech to the American Legion. By personal telephone calls, I was able to notify the Defense Minister of Germany, Manfred Woerner, and the UK Secretary of State for Defence, Michael Heseltine, about your PMD proposal. They both seemed extremely interested, and I hope they will issue favorable statements.

In Spain, I met with the Defense Minister at length, the Foreign Minister (a slightly improved Spanish version of Cheysson), the very charming, warm, and friendly Prime Minister/President (who is greatly looking forward to his visit with you in June), and the King, who particularly asked me to send you his warmest greeting and his "prayers for your constant good health." The meetings were all characterized by what I believe is a sincere desire for a continued good and close relationship with the U.S. I feel they would like to begin full participation in NATO but are worried by their campaign pledge to hold a referendum on this, and they think such a referendum at this point would lose. They also want to assess the potential benefits and any disadvantage to full NATO membership. However, they always insisted that regardless of any NATO decision, they want to maintain close bilateral ties with the U.S. They were very interested in the F-18 and seemed somewhat relieved when I advised them we would make all efforts to hold down the unit price to them, similar to our agreement to do our best for Australia and Canada. Incidentally, the Defense Minister complained that McDonnell Douglas, manufacturer of the F-18, "did not seem to be a very good or aggressive salesman," and did not treat him as he would "expect such a large buyer as me to be treated." This complaint has several implications, but we have passed it on without comment to McDonnell Douglas. They contrasted their behavior with General Dynamics, who seems very eager to sell them the F-16.

The King was particularly cordial and indicated as strongly as he could that he would like to have Spain join in full participation in NATO. He seems to share somewhat his government's apprehension over possible future aggressive action by Morocco. I told him that in my opinion they were having so much trouble with the Polisario that I doubted very seriously whether they had any aggressive intentions whatever.

~~SECRET~~

~~SECRET~~

3

37

All in all, I think it was an extremely useful visit, and we have laid the foundation for future staff talks and later meetings with the Defense Ministers, whom I invited to visit Washington. They are particularly anxious to have us spend large amounts of money building them an air defense consisting of ground-based radars, etc. I told them while it was doubtful that Congress would appropriate very much more, we would see if we had any kind of available stocks that we could loan or lease to them.

If there are any other aspects of the trip on which you would like me to elaborate, I will be glad to do so. (S)

B-1 Test Flights Resume: This month we are resuming flight testing of the B-1 strategic bomber at Edwards Air Force Base, California. The initial tests will utilize B-1A number two, one of the four prototypes built in the original B-1 program. This aircraft, with a flight control system modified to simulate the B-1B configuration, has been instrumented to measure structural loads during stability and control, flutter, and weapons systems tests. The aircraft will be modified further as the tests progress to enable extensive testing of B-1B systems before serial production begins. (C)

USS ENTERPRISE Visit to Sasebo, Japan: Although some 6,000 demonstrators turned out to protest the visit of the nuclear-powered carrier, ENTERPRISE, this was somewhat short of the 10,000 hoped for by protest organizers. It was also less than one-fifth the size of demonstrations in 1968 when anti-Vietnam war sentiment was high in Japan. Even more significant were major Japanese television network comments on Monday: "The visit involved no violent feeling or reaction on the part of the Japanese people; this is because of the Soviet behavior demonstrated in Afghanistan; and, it (the visit of the ENTERPRISE) is also understandably necessary in light of the massive Soviet military buildup in the Far East." (U)

Air Force Cost Control Efforts: Although the recent ABC 20/20 telecast (which I reported last week) portrayed the Air Force as tolerant of cost growth, the Air Force has, in fact, begun a broad-based attack over the last year on the high costs of weapon systems and spare parts. As a result, they are in the process of changing fundamentally the way they do business with large contractors. Specific improvements include:

- vigorous and successful pursuit of reductions in the growth rate of contractor compensation at all levels;
- disallowance of "extraordinary" termination pay agreements;
- an elimination of payment of profit on economic price adjustment clauses and increased use of forward price rate agreements;

~~SECRET~~

- increased competition for all types of weapons contracts and maximum reduction of blanket order agreements, which are essentially "cost plus" contracts;

- reduction of costs by improving labor efficiency in plant production;

- establishment of a cost control steering group to identify cost control improvements that can be quickly implemented-- such as firm program baselines, coordinated scheduling of requirements for cost estimates, and increased cost reporting to senior management executives;

- establishment of an ad hoc committee to recommend changes to the acquisition process to reduce cost growth or improve cost management, such as minimizing retroactive expense recovery clauses in contracts;

- greater accountability, more frequent program financial reviews, increased training and manning in cost analysis, and development of additional cost resources; and

- development of methods to estimate requirements for spare parts more accurately and to flag problems early when estimates are wrong. (U)

Federal Republic of Germany (FRG) Flight Training Terminates: Last Wednesday American and (FRG) Air Force and Navy officials met at Luke Air Force Base, Arizona, to mark the end of the FRG flying training program there. The joint program, which was conducted at Luke for more than 25 years, was terminated as the FRG began phasing out the F-104 Starfighter plane.

Ceremonies included a fly-by of eight Starfighters in which nearly 2,000 FRG pilots were trained since 1964. The F-104s were piloted by members of the last class to train at the base under a 1957 agreement. At the height of the program in 1968, 60 students flew more than 22,000 hours per year in 102 Starfighters, and it became a common sight to see German-speaking "cowboys" on the streets of nearby communities as the German aviators quickly adapted to their western surroundings and traded their uniforms for boots, western hats, and Levis during off-duty hours. (U)

Clinical Psychologist Sentenced in Fraud Case: In my January 28 Weekly Report, I discussed a case of fraud involving a clinical psychologist who had filed false claims with the civilian health and medical program of the uniformed services (CHAMPUS) amounting to \$65,000 and who was also charged with one count of mail fraud. The doctor pleaded guilty to the charges in Federal court at San Diego on December 21st and the sentencing was conducted late last month. The U.S. District Court judge sentenced the doctor to five years in prison, suspended; placed him on probation for five years; and ordered him to spend sixty days

~~SECRET~~

5

in a halfway house, make restitution to CHAMPUS, and surrender the provider numbers used to process claims for medical care through CHAMPUS and Medi-Cal. This investigation and prosecution is representative of continuing Department efforts to eliminate fraud and waste in government. (U)

Contractor Pleads Guilty to Fraud Charges: Last July I reported that we were charging a Defense contractor with fraud in a case involving substandard parachute cord. Last week the Executive Vice President of American Cotton Yarns, Incorporated pleaded guilty to charges that he participated in a scheme to provide substandard parachute cord to the Department of Defense.

An 18-month joint investigation by our Inspector General (Defense Criminal Investigative Service) and the FBI culminated in a 31-count indictment against the Executive Vice President and a 32-count indictment against the company and the owner (who is also Chairman of the Board). According to a pretrial agreement, the Executive Vice President pleaded guilty to two counts of the 31-count indictment in return for his agreement to testify against the owner and company during upcoming legal proceedings. The Vice President faces a maximum penalty of 10 years in jail, plus a \$2,000 fine. Sentencing was delayed pending completion of the prosecution of the company and owner. I believe it is interesting that the U.S. prosecutor in the case is a former U.S. Army paratrooper. (U)

Defense Assistance to Homeless: Energetic support by the Services of our program to provide space to local elected officials and voluntary organizations for homeless individuals and families has resulted in spaces being made available at some 500 locations across the country. Even though the receptiveness of local officials and organizations to the program has been mixed (few seem willing to pay the modest charges we are required to charge; some just throw up their hands and say "winter is nearly over," etc.), it may be that our continued willingness to provide the spaces may yet result in greater utilization in the future. We are also continuing to search for spaces in areas where specific requests have been made and efforts to date have been unproductive. I currently plan to make the program a continuing one and sent a memorandum to that effect this week to our Service Secretaries. (U)

Exercise GALLANT KNIGHT 83: This week we are conducting this readiness exercise, coordinated by the Joint Chiefs of Staff and involving almost 13,000 personnel from all of our military services. The exercise is based on a Southwest Asia scenario and is designed to test, among other things, critical aspects of our ability to inject forces rapidly into that region and to support them, once there. The exercise is sponsored by the Commander, U.S. Readiness Command and is being coordinated with CIA, DIA, and State. (S)

~~SECRET~~

~~CONFIDENTIAL~~

6

Southwest Asia Impact Study: As you know, the NATO staff in Brussels has, for some time now, been studying the impact on NATO dedicated forces and equipment of a possible drawdown for Southwest Asia contingencies. I think that some results of this study effort are long overdue, and I am trying to obtain results by the time of the next NATO Defense Ministerial meeting, June 1-2.

I plan to raise this as an issue at that meeting to get the NATO Defense Ministers to agree to including compensatory measures in Force Proposals for 1985-1990, taking into account other priority Alliance requirements, i.e., NATO interests in Southwest Asia. I believe this is essential if we are to preclude further Congressional ideas that the Allies are not doing their fair share. Such perceptions could, of course, result in additional Congressional actions such as a troop freeze, and cuts and restrictions on Host Nation Support, POMCUS 5 and 6, and Specialty Metals. (C)

Ammunition and Explosives Safety: In order to reduce the likelihood of loss of lives and property damage that could occur from accidents involving ammunition and explosives, the Department has an on-going ammunition and explosives safety program. One aspect of this program, conducted under the auspices of the Defense Explosives Safety Board, is an explosive site survey and reporting system. The annual report of this Board for Calendar Year 1982 was recently completed, and it reflects that in 1982 the Board conducted field surveys of 270 Defense installations and approved 384 site and construction plans. The report concluded that the status of ammunition and explosives safety Department-wide is good, but improvements in several areas are needed. We will be concentrating on these areas in the months ahead. (U)



~~CONFIDENTIAL~~