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EXCERPTS FROM AN ADDRESS BY DEFENSE SECRETARY MELVIN LAIRD  
BEFORE THE ECONOMIC CLUB OF NEW YORK, NOVEMBER 17, 1970

We in the Department of Defense presently are engaged in the annual task of putting together our budget request for the next fiscal year. We are performing this difficult exercise under the added handicap of not being sure how much Congress will appropriate for the current fiscal year, which began last July 1. This uncertainty does not facilitate wise decision-making or efficient management.

We are not planning for action beyond FY 1971, which is a year of transition. We are preparing to make some tough, hard decisions for the decade ahead of us. As expected, our waiting time is running out.

For several reasons, I believe that we cannot look forward to any further significant reductions in total defense spending. It appears much more likely that the defense budget must at least remain stable in terms of real purchasing power. I see some strong and convincing evidence for possible defense budget increases in order to meet urgent requirements, many of them too long deferred.

For example, if the trend of the past five years continues in the field of strategic weaponry, we will have no alternative but to develop costly new deterrent system less exposed to destruction by the powerful weapons which the Soviet Union continues to add to its arsenal. Our best hope for avoiding the necessity for major increases in spending for new strategic weapons lies in the strategic arms limitation talks. A verifiable agreement which would

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effectively limit strategic armaments could make it unnecessary for us to proceed to the development and deployment of new deterrent weapons.

Yet another factor that exerts upward pressure on the defense budget is the urgent need for modernization of weapons and equipment. We paid for Vietnam in considerable part by not replacing many items as obsolescence overtook them. We must now make up for these years of delay.

One more category in the list of defense costs that will rise in the future results from the transitions in our defense structure now underway. The Nixon Doctrine has many ramifications in terms of force levels, deployments, and future levels of military assistance. For the United States there will be a major shift in the mix of future programs -- heavier on technology and modernization, lighter on manpower.

As I have said, the budget that is currently before the Congress for fiscal year 1971 is a transitional budget. It does not provide for many of the new initiatives that will clearly be necessary in the period ahead. We have made the cutbacks in many baseline areas of the defense budget, consistent with the President's new foreign policy, but we have delayed some of the increases that will clearly be necessary. Among such areas are research and modernization, aid to allies, movement toward an all-volunteer force, and improvements in Guard and Reserve forces.

The partnership policy which made possible the budget cuts of the past two years will be followed and more widely developed in the future as a major ingredient of the Nixon formula for ensuring national security. In Vietnam, the reduction of American forces will continue. Our expenditures for Southeast Asia will continue to decline.

This partnership, which has worked well in Vietnam, will be further extended in other places. We shall expect other nations to share with us to a greater degree the responsibility, the burdens, and the costs of defense. As this policy of partnership matures, it will mean fewer of our forces will be stationed outside our borders.

The response of the Congress to the President's request for a supplemental appropriation for military assistance will provide a crucial test for the policy of partnership. Without the encouragement and support which these and subsequent military assistance funds would provide to nations that are willing to share the responsibility for peace and stability, the partnership which the President is seeking to make a reality would be stillborn.

If this should happen, our country would find itself with no viable middle course to follow between the extremes of becoming the world's policeman or the world's hermit. Either extreme would offer less security for the American people.

Partnership with other nations that share our desire for peace is one of the means by which we can in the years ahead achieve and maintain a generation of peace.

Partnership and strength are two of the three pillars of President Nixon's foreign policy. The third pillar is the policy of negotiation. Clearly, our defense costs could be cut substantially if the threats which our defense forces guard against receded.

In summary, we are making progress in moving toward President Nixon's objective of a generation of peace. To succeed in attaining this goal will require an imaginative mix of foreign and military policy, patiently and steadfastly pursued by our nation's leaders and supported by Congress and the American people.

One indispensable element of our policy must be the maintenance of adequate military strength. That strength cannot be maintained at lower expenditure levels than those to which we have reduced the defense budget. The price, in fact, may increase somewhat -- but it will not be a high price to pay for peace and freedom.

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