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THE DEPUTY SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

February 9, 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Significant Actions, Secretary and Deputy Secretary
of Defense (February 3-9, 1979)

Harold departed this morning for discussions in Saudi Arabia, Jordan, Israel and Egypt and will return February 19.

SARATOGA SLEP: The Senate Armed Services Committee held a special hearing today on the SARATOGA Service Life Extension Program (SLEP). Graham Claytor and Tom Hayward were the DoD witnesses, and at the Committee's request Elmer Staats of GAO was the third witness. Other witnesses were to have been called this afternoon after our witnesses were released. Graham supported the testimony I had given last week. The House Armed Services Committee has scheduled a hearing on the SLEP decision next Friday--Graham Claytor and I will be the principal witnesses.

Defense Budget Hearings: On Wednesday and Thursday, Harold and Dave Jones appeared before Joe Addabbo's Defense Subcommittee. All in all the hearing went well, however, Joe and Bob Giaimo pressed hard on the need for the FY 1979 Supplemental, and the three percent growth. Other discussions were pretty much what we anticipated with the major issues being the strategic balance, naval aviation, shipbuilding, the carrier, MX and its basing mode, the all-volunteer force, and the AV-8B Harrier.

Visit of Swiss Minister of Defense: On Tuesday Harold and I met with Minister of Defense Rudolf Gnaegi to discuss possible acquisition by the Swiss of various U.S. weapons systems as part of their armed forces modernization plans. Their desire to purchase sizeable quantities of U.S. military equipment is a distinct departure from past Swiss practice. Previously, they bought smaller quantities of weapons from various Western suppliers in order to placate domestic political elements who warn that dependence upon any one source could call into question Swiss claims of political neutrality.

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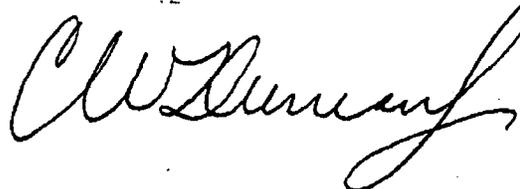
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Meeting with the Prime Minister of Thailand: Also on Tuesday Harold and I met with Prime Minister Kriangsak. He presented a long list of requests including an additional \$20 million in FMS credits; accelerated delivery of equipment currently in the pipeline; U.S. authorization to obtain equipment and/or spare parts currently produced under U.S. licensing arrangements in Taiwan and Korea; retention of the U.S. MAG in Thailand; and access to additional major equipment items such as tanks, APCs, and interceptor aircraft. Harold gave them a substantial list of items on which delivery is being expedited, agreed to review their requests, and told them we have no plans to withdraw the MAG from Thailand. He generally sympathized with their situation, and reiterated our support. The Thai's want a lot more than we are likely to be able to provide, but we should be able to help considerably.

Iran: An MOU was signed last week on the restructuring of Iran's FMS program. The MOU amends current FMS Letters of Offer and Acceptance to cancel purchase orders for 160 F-16 fighter aircraft, 7 E-3A AWACS aircraft, 16 RF-4E reconnaissance aircraft, 2 CG-993 SPRUANCE-class destroyers, a variety of missiles, armored and other vehicles, and ammunition. The Government of Iran has also requested a reduction in the U.S. MAAG Team to 250 members.

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