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7 January 1976

MEMO FOR THE SECRETARY OF DEFENSE

In response to your question about out year ship building issue, in a few days the-Navy will be submitting alternative plans for funding ship construction in- the period FY 78 thru 81. These alternatives will be based on the FY 77 projection levels which involve the 4% real growth per year in the out years. The purpose of this submission by the Navy- will be for you to determine the mix as well as the number of ships which the Navy should plan on being prepared to build during the out year period of 78 thru 81. This submission by the Navy should show what the Navy is able to squeeze in other areas of the Navy budget -in order to achieve a higher level of ship building.

Subsequently, the Navy will submit a plan for the mix as well as number of ships the Navy would like to have in the out year period of 78 thru 81. Len Sullivan already is working on this matter and the outcome will be contingent on review of the Navy submission discussed above. After the OSD staff has reviewed the proposals for the mix as well as number of ships in the out years, it will be possible to process a paper through -the Defense Review Panel for ultimate resolution by the President to include out year budgetary changes.

"signed"

JAW

John A. Wickham, Jr.  
Major General, USA  
Military Assistant

cf: ✓ DepSec Clements  
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