



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DR met w/
President &
Senators
3/2/76

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MEETING WITH SENATE LEADERSHIP FROM
ARMED SERVICES AND APPROPRIATIONS COMMITTEES

Tuesday, March 2, 1976
11:00 a.m. (45 minutes)
Cabinet Room

From: James T. Lynn (O'neill)

I. PURPOSE

To obtain support for your 1977 Defense budget request.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: Under the Congressional procedures established by the Budget Control Act, various Congressional Committees must submit their views and estimates on agency 1977 budget levels to the Budget Committees by March 15. The Budget Committees must report a First Concurrent Resolution by April 15, and Congress must complete action on the First Concurrent Resolution by May 15. This is the first test of this new procedure. The Senate Armed Services and Appropriations Committees are currently deliberating on the budget levels they will submit to the Budget Committee by March 15.
- B. Participants: Senators John Stennis, Strom Thurmond, John McClellan, and Milton Young; Donald Rumsfeld and William Brehm from Defense; John Marsh, Brent Scowcroft, James Lynn, Don Ogilvie, Max Friedersdorf and Robert Wolthuis.
- C. Press Plan: Press pool at beginning.

III. TALKING POINTS

1. I requested this meeting to seek your support for my proposed 1977 Defense budget program.
2. No program is of higher priority than maintaining an adequate national defense in the face of a



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continuing Soviet build-up. As you know, I have requested a substantial real increase in the Defense budget.

3. The Soviets continue to increase the size and capability of their forces through an extensive modernization program. At the same time, there has been an opposite trend in the U. S. defense program.
4. If these trends continue, with the Soviets on the increase and the U. S. declining or level, then the Soviets will surpass us in military strength.
5. Even with detente, the Soviets exploit opportunities whenever they arise. Recent experience in Angola serves as a sharp reminder that the Soviets will be deterred only through maintaining strong defense forces and a willingness to use these forces.
6. My Defense budget maintains the current level of military personnel and proposes increases in:
 - a. Strategic forces
 - o An increase of \$1.7 billion in real dollars to cover modernization of strategic forces including
 - The Trident submarine and missile.
 - Initial production funding of the B-1. The B-1 is an essential component of our strategic forces. Barring unforeseen technical difficulties, we plan to begin production in 1977. If funds for the B-1 are not included in concurrent resolution ceilings, it will be difficult to restore funds later and we would run the risk of a program delay.
 - o These strategic modernization programs assume we achieve an acceptable SALT agreement. Without these programs, the deployment of new Soviet strategic systems, allowed under agreements currently being considered, could threaten the future deterrent value of our forces.



- If no SALT agreement is reached, and the Soviets continue their expansion, I will not hesitate to ask Congress for additional funds.

b. General purpose forces

- I am recommending a real increase of \$4.5 billion in general purpose forces modernization. These increased resources are required to maintain the balance in conventional forces.
- Higher production rates for land forces will eliminate existing deficiencies and provide more modern capability to our European forces. Our tactical air forces will benefit from the continued production of the F-14, F-15, A-10; initial production of the new F-16 and continued development of the F-18.
- Funds for 16 new ships, including the Trident strategic submarine. Soviet naval capability has been expanding at the same time that the U.S. Navy has declined rapidly. We cannot let another nation dominate the high seas.
- I have directed a major review of our current naval plans and requirements. This review could lead to my requesting additional resources for naval programs over the next five years.

c. Improved force readiness

- I am not satisfied with the current readiness of U.S. forces, particularly ships and aircraft. Efforts last year to increase force readiness were hurt by Congressional cuts in operations funds. This year I have requested a \$1 billion increase in real operating costs to improve the readiness of our forces by reducing the backlogs of aircraft maintenance and by increasing the number of ship overhauls. I hope that the Congress will not cut these operating funds which directly affect our combat readiness.



d. Research and development

- ° I have requested an increase of over \$1 billion in real dollars in this area. Our national survival depends on our continued technological edge. We must remain second to none in our technical capabilities.
- 7. These are the highlights of my 1977 defense proposals.
- 8. I decided upon this program only after many hours of deliberation.
- 9. Although I believe the final level of \$112.7 billion is enough to assure our defense needs, it is substantially reduced from the \$122.8 billion requested by the Chiefs. The final level reflects the same even-handed restraint that I applied to Government programs across the board. I am personally satisfied it is tight and austere.
- 10. We appear to have a national frame of mind which recognizes the urgency about taking positive steps to arrest trends unfavorable to defense.
- 11. Between now and March 15, I believe our job is:
 - First, to ensure that the Armed Services and Appropriations Committees' recommendations to the Budget Committees are in the same ballpark. We need as broad a consensus as possible between the two substantive committees, if they are to work effectively under the new budget process; and
 - Second, through your personal efforts with members of your Committee and other colleagues, to convince the members that trends have, in fact, reached a crucial stage -- this is the year to act.
- 12. I need your support:
 - To achieve the level of defense I believe is required and



-- To implement the tough reductions we must take to achieve the real program increases recommended without increasing the total. The recommended \$112.7 billion level includes decisions to restrain Federal pay increases and reduce civilian personnel levels, benefits, and support activities. Many of these reductions will require the approval of Congress. As you know, these are emotional and "popular" spending issues. The members of the four committees should be prepared to defend, as strongly as necessary, these kinds of economies.

13. If these reductions are not approved, additional defense appropriations of several billion dollars will be required in 1977.
14. I believe we have a momentum going which must be nurtured in the weeks ahead. Your efforts and support will be critical.

