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THE WHITE HOUSE  
WASHINGTON

March 16, 1976

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR: BRENT SCOWCROFT

FROM: JAMES E. CONNOR *JEC*

SUBJECT: Telephone Call to Representative Bennett  
Regarding the Navy FY 77 Shipbuilding  
Program

The following notation was directed to you in the President's outbox in connection with your memorandum of March 14 on the above subject:

"Congressman Bennett wants us to endorse Committee's action which he says follows CNO's recommendations.

I said study underway and we would have results within two months or less.

He thought too late for FY 77. Reaction? Can we expedite?"

Please follow-up with appropriate action.

cc: Dick Cheney  
Jim Lynn  
Jack Marsh

THE WHITE HOUSE  
WASHINGTON

Jerry Jones -

NSC is asking that this call  
be made before Noon today if  
possible.

Trudy Fry

A handwritten signature in black ink, appearing to be 'Trudy Fry', written in a cursive style.

THE WHITE HOUSE  
WASHINGTON

Brent

Cong. B. wants us to endorse Committee's action which he says follows CNO's recommendations.

2 said study underway & we would have results within 2 months or less.

= He thought too late for

F.Y. 77

Reaction?  
Can we expedite?


## THE WHITE HOUSE

WASHINGTON

ACTION

March 14, 1976

MEMORANDUM FOR: THE PRESIDENT

FROM: BRENT SCOWCROFT 

SUBJECT: Telephone Call to Representative Bennett  
Regarding the Navy FY 77 Shipbuilding  
Program

PURPOSE:

Representative Charles Bennett wanted to see you as soon as possible about the Navy FY 77 shipbuilding program. A meeting could not be scheduled on Monday (March 15) because of your own commitments in the morning and Representative Bennett's need to be on the House floor in the afternoon. Instead of a meeting, Representative Bennett is expecting a telephone call from you sometime around noon on Monday.

BACKGROUND:

The House Armed Services Committee recently submitted to the House Budget Committee its estimate of the FY 77 Defense Authorization Bill. The Committee proposed a number of additions and deletions to your budget submission, which taken together would add a net \$1.1 billion to the FY 77 Defense budget. Most of the add-on items came in the Navy shipbuilding account.

The shipbuilding program you proposed in your FY 77 budget provided for the construction of 16 new ships:

- One Trident submarine
- Three Attack submarines
- One Conventionally-powered ship equipped with the AEGIS air defense missile system (plus long lead funds for a nuclear AEGIS ship)
- Eight Guided Missile Patrol Frigates
- Three Support ships

The House Armed Services Committee budget estimate deleted funds for the Patrol Frigates and the conventionally powered AEGIS ship. It then added funds for a second Trident submarine, initial funding for three nuclear powered AEGIS ships (two new "strike cruisers" and conversion of the LONG BEACH to the AEGIS system), funds for three more support ships, and funding for an undetermined number of DD-963 destroyers. The Committee also included long lead funds for a new Nimitz-class aircraft carrier. In your budget review, you had decided to defer this initial funding for a new carrier until FY 78.

Representative Bennett is largely responsible for the Armed Services Committee's expansion of the shipbuilding program, and he will be seeking your support. While reaffirming your commitment to a strong Navy, you will probably want to defer commenting on the Armed Services action until completion of the study of naval shipbuilding requirements that is currently underway within the NSC system.

In addition to a general discussion of the overall shipbuilding program, Representative Bennett will probably raise the Committee's decision to favor nuclear propulsion for the ships that will carry the AEGIS air defense missile system. In your review of this issue last fall you decided upon a mixed fleet of both nuclear and conventionally powered ships, and so informed the Congress as required by Title VIII of the Defense Authorization Bill. In your Title VIII submission you compared this mixed approach to an all-nuclear alternative and concluded that between now and 1981 we could build ten ships under the mixed approach (eight conventional and two nuclear) and only seven under the all-nuclear alternative. In addition, the mixed fleet would still cost \$1.7 less.

The Defense Department has since discovered an error in this \$1.7 billion figure. The cost of the all-nuclear alternative mistakenly included long-lead funds for follow-on ships. When these funds are removed, the nuclear alternative is still more costly than the mixed approach but by \$1.1 billion rather than \$1.7 billion. Representative Bennett is aware of this mistake and will probably try to use it to persuade you to shift your support to an all-nuclear AEGIS program. OMB Director Lynn is still in favor of the mixed-propulsion AEGIS program but he is reviewing the relevant cost figures. Your talking points suggest that you defer getting into the details of this issue with Representative Bennett until the OMB review is completed.

#### TALKING POINTS

1. I want to assure you that I share your firm conviction that the United States Navy should continue to be second to none among the fleets of the

world. It is for this reason that I included a substantial shipbuilding program in my FY 77 budget.

2. To insure that this program is adequate, a study is now underway to take an in-depth look at our overall shipbuilding requirements. If this study indicates a need for an expanded program, I will not hesitate to seek the required funds from the Congress.
3. I am aware of the discrepancies in the cost information that was included in the Title VIII notification of my decision to build a mixed fleet of both conventionally and nuclear-powered AEGIS ships. OMB Director Lynn is looking into the matter and will be reporting to me on it shortly.
4. Striking the proper balance between nuclear and conventional propulsion is difficult, especially since our nuclear shipbuilding capacity is already seriously overtaxed.
5. I appreciate your support for my overall defense budget and your help in defending that budget against unwise reductions.