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~~THE PRESIDENT HAS SEEN~~

THE WHITE HOUSE  
WASHINGTON

INFORMATION

March 31, 1976

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES T. LYNN  
BRENT SCOWCROFT   
SUBJECT: Possible Navy Budget Amendment

As a followup to our meeting this morning, we would like to summarize our views on the proposed Defense increase to the Navy budget.

- The Belknap repair is a high priority project and should be approved as a supplemental to the FY 1976 Budget.
- The patrol frigates, which are relatively small low cost air defense and ASW escorts, are also high priority. It is unlikely, however, that we can build the patrol frigates any faster than the current plan. As you recall, the number of frigates in the 1977 Budget was reduced from 13 to 8 to reflect severe shipyard capacity. There have been no significant changes since that time, and additional funds will not speed production of these ships.
- You deferred the proposed oiler last fall in order to permit thorough review of the alternative of using civilian manned ships. The Navy has not yet completed this review.
- The proposed conversion of the Long Beach does not appear to be justified -- it is expensive (\$737 million), would have only a limited useful life after conversion, and would face special operational and maintenance problems as a one-of-a-kind ship. Jim Lynn recently informed Congressman Bennett of our views on this proposal.

- ° The long-lead funding for a new large nuclear powered aircraft carrier is premature. The NSC study of overall Navy requirements is underway, and we will not have analyzed the need for such a major capital ship until early May.

Finally, we are concerned with the timing of the proposed amendment. Congress and the public are well aware of the ongoing NSC study of Navy requirements. It will be difficult to justify an amendment until we can convincingly document the factors which have changed since your budget decisions last fall. We are unprepared to do so at this time.

[ 3/3/1763 ]

Mrs. Miller  
Science & Industry  
May —

The President