

The dispute involved documents pertaining to the Tet offensive in 1968. (Representative Bob McClory, the ranking Republican on the Select Committee has accepted an invitation to today's leadership meeting.)

B. Participants: See Tab A

C. Press Plan:

Press Office to announce as a regular Republican Leadership meeting. White House photographer, and Press photographers, if requested.

III. AGENDA See Tab B

IV. TALKING POINTS

1. Energy - See Tab C
2. Turkish Aid - See Tab D
3. Sinai Agreement - See Tab E
4. CIA Investigation - See Tab F



PARTICIPANTS

The President
The Vice President

SENATE

Hugh Scott
Carl Curtis
Bob Stafford
John Tower
Ted Stevens
Milt Young
Paul Fannin
Cliff Case

HOUSE

John Rhodes
Bob Michel
John Anderson
Sam Devine
Barber Conable
Lou Frey
Jimmy Quillen
Guy Vander Jagt
Bud Brown
Herm Schneebeli
Al Cederberg
Bob McClory

STAFF

Secretary Kissinger
Secretary Morton
Don Rumsfeld
Bob Hartmann
Jack Marsh
Phil Buchen
Ron Nessen
Jim Cannon
Jim Lynn
Max Friedersdorf
Bill Seidman
Alan Greenspan
Bill Baroody
Brent Scowcroft
Dick Cheney
Frank Zarb
Doug Bennett
Vern Loen
Bill Kendall
Charles Leppert

Pat O'Donnell
Tom Loeffler
Bob Wolthuis

REGRETS

Secretary Schlesinger
Senator Griffin
Rep. Edwards
Rep. Broomfield



AGENDA

- 8:00-8:10 a.m.
(10 minutes) The President opens the meeting and discusses the current status of energy legislation.
- 8:10-8:15 a.m.
(5 minutes) The President calls upon Frank Zarb for comments on energy and for a report on Senator Mansfield's offer for an extension compromise.
- 8:15-8:30 a.m.
(15 minutes) The President invites the leaders to comment on energy legislation.
- 8:30-8:35 a.m.
(5 minutes) The President introduces the subject of Turkish Aid and urges a favorable vote in the House next week.
- 8:35-8:40 a.m.
(5 minutes) The President calls upon Secretary Kissinger for a report on the Cyprus situation.
- 8:40-8:45 a.m.
(5 minutes) The President calls upon leaders Rhodes and Michel for comments on the Turkish Aid vote.
- 8:45-8:50 a.m.
(5 minutes) The President introduces the subject of the Sinai agreement and the need for prompt approval.
- 8:50-8:55 a.m.
(5 minutes) The President calls upon Secretary Kissinger to comment on the Sinai agreement.
- 8:55-9:00 a.m.
(5 minutes) The President introduces the subject of the dispute with the House Select Intelligence Committee (the Pike Committee).
- 9:00-9:05 a.m.
(5 minutes) The President calls upon Counsellor Jack Marsh as coordinator of intelligence activities relating to Congress, for comment.
- 9:05-9:10 a.m.
(5 minutes) The President calls upon Congressman Bob McClory as ranking minority member of the Pike Committee, for comment.
- 9:10-9:30 a.m.
(20 minutes) The President invites the leaders to discuss any other topics of interest.
- 9:30 a.m. The President concludes the meeting.



ENERGY TALKING POINTS

1. Controls have been off since September 1st. While there has been very little movement in the market up to now, it is important to clarify the situation by October 1st.
2. Frank Zarb met with Mike Mansfield on Monday, September 22nd, and Mike indicated he was interested in pursuing an extension of controls with certain restrictions.
3. We asked the Congress for four separate pieces of legislation which would enable us to handle the absence of controls very nicely. It is fairly clear that we are not going to get that legislation very quickly.
4. I have a decision to make with respect to Mike Mansfield's proposal and I would like your thinking.
5. Frank (Zarb), why don't you review the discussion you had with Senator Mansfield.



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DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 11/24/98, State Dept. Guidelines
By CA/HM, NARA, Date 11/28/02

BACKGROUND AND TALKING POINTS ON
RESTORATION OF MILITARY ASSISTANCE TO TURKEY

I. Background

- A. Congressional Developments: On September 17, the House International Relations Committee reported by a vote of 20 to 9 legislation which would partially lift the arms embargo against Turkey. Favorable House Rules Committee action is expected on Wednesday, September 24, with a vote in the full House on Tuesday, September 30. Meanwhile, we are continuing intensive efforts on the Hill to gain the necessary votes for approval of the remedial legislation on military assistance for Turkey.
- B. Turkish Developments: While Turkish leaders appear to understand that their long-term interests require a negotiated settlement on Cyprus, they will have great difficulty in going beyond the concessions made at Vienna III in late July - early August. The absence of continued progress at the September 10 intercommunal talks in New York reflects Turkish domestic political requirements. Demirel is looking ahead to the mid-term Senate elections on October 12. Demirel would like to go into these elections having obtained relief from the embargo. If that does not happen, he may feel his best chance in the elections is to take an extreme anti-American position, resulting in further damage to Turkish-US/NATO relations.

The Turks have also been exerting pressure at NATO and in Western European capitals for the lifting of the U.S. arms embargo, hinting broadly that NATO installations on Turkish soil would be placed under the same restrictions as U.S. facilities if military assistance were not soon restored. This is the message which NATO Secretary General Luns conveyed during his recent visit to Washington.

Your purpose in this meeting with the leadership will be:

- to urge a maximum effort to gain favorable action in the House when the compromise legislation on Turkish military assistance reaches the floor.

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II. TALKING POINTS

1. There have been several developments concerning Turkey since we last discussed this issue.
2. Secretary General Luns recently visited Washington to register NATO's concern over the harmful effect the arms embargo is having on Alliance defenses, and NATO fears that Turkey may move next against NATO installations on Turkish soil.
3. The intercommunal talks in New York are at an impasse. These developments underscore the negative impact of the Turkish arms embargo.
4. From the Turkish point of view, the military assistance embargo remains a fundamental impediment to resolving the issue of the U.S. bases and obtaining substantive progress on Cyprus.
5. Demirel's government is fragile, with increasing opposition from the far right. Faced with mid-term Senate elections on October 12, he feels he cannot soften his stance on Cyprus or the U.S. bases while the embargo is in effect for fear of providing the opposition with an exploitable political issue.
6. On the other hand, the Turkish foreign minister recently told our ambassador in Ankara that the Turkish government "was doing its best under difficult circumstances," adding that "with respect to the Cyprus situation, the lifting of the embargo will increase Turkey's room for maneuver and will have a positive effect" on developments.
7. The need is obvious for immediate legislation to restore to an important NATO ally access to U.S. sources of supply to maintain American-furnished military equipment in operational condition.
8. Resumption of military assistance will enable Turkey to fulfill its NATO commitments, will help us to renegotiate the use of joint bases in Turkey, and will -- most importantly -- remove a substantial impediment to progress in the Cyprus negotiations.
9. We will need your leadership and support on the House floor when the Turkish aid bill comes to a vote.



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10. Have you had the opportunity yet to take a House Whip Check? If so, what are the results? What is the mood of the House?
11. I believe it would be disastrous to delay a House vote until after the Turkish Senate elections on October 12, as some have suggested. To do so could force Demirel into taking an extreme position before the elections, and would certainly make the Turks more inflexible. The result would be further damage to US/NATO security interests in the Eastern Mediterranean. The key is remedial legislation on military assistance -- as the Turkish Foreign Minister recently stated, "Turkey cannot move on Cyprus until the embargo is lifted."
12. There can be no doubt as to the need to restore military aid to Turkey. It is entirely in the best interests of the United States. Favorable House action is essential.

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BACKGROUND AND TALKING POINTS ON
THE SINAI AGREEMENT

I. Background

The Egyptians and Israelis completed their Geneva negotiations on the Sinai protocol on Monday, but both Houses of Congress have delayed the approval necessary to obtain Israeli signature of the Protocol. Despite extensive open and closed hearings before both the Foreign Relations and International Relations Committees by Secretary Kissinger and other Administration officials, the Committees are carefully scrutinizing the various public and classified documents related to the Agreement. Although not directly related to the U. S. proposal to station U. S. civilian technicians in the Sinai, there has been considerable concern expressed over the provisions to guarantee Israeli oil supplies and to consider the sale of Pershing missiles contained in documents leaked to the press.

On Tuesday, Senator Church announced that he opposes the Senate Foreign Relations Committee's taking any vote on the proposal until the Executive Branch declassifies all the documents which it has submitted to the Congress regarding U. S. commitments to Israel and Egypt. The Senator's determination to make a point against what he sees as secret diplomacy will be echoed by others and could further slow Senate deliberations.

Both Committees will meet on Wednesday to consider a draft joint resolution which contains a provision whereby Congress, by a concurrent resolution, can direct the removal of the American civilians if it determines their safety is jeopardized. Action by either House before the middle of next week is unlikely.

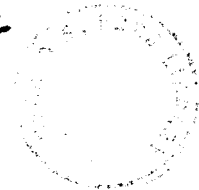
You will want to strongly impress upon the leadership the dangers inherent in a further delay in Congressional approval of the American role in the Agreement.

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E.O. 12958 Sec. 5.6

MR 94-64, #34 NSC /tr. 3/11/96

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By KBH NARA Date 4/1/96



II. TALKING POINTS

1. The negotiations in Geneva on the Egyptian/Israeli protocol were successfully completed on Monday. But, as you know, the Israelis have only initialled, and will not sign the protocol until Congress approves the U.S. proposal on the Early Warning System. We must recognize that a delay in obtaining Congressional approval will require Israeli adjustments in the withdrawal timetable agreed upon at Geneva. Changes in the agreed timetable for implementation could create serious problems.
2. I strongly urge that Congress vote soon on the U.S. proposal for civilian technicians. Early approval is very important. Further delay will not only upset the agreed timetable for implementing the Agreement; it will further erode the confidence of other states in the ability of the United States to conduct a coherent foreign policy.
3. I am particularly concerned about proposals to declassify all of the materials related to the agreement and not to approve the U.S. proposal until such declassification takes place. First, this would put the Agreement itself in jeopardy. Second, it would seriously damage our relations with the parties to the Agreement to whom we promised confidentiality. Third, such an act would undermine completely whatever belief other governments have that they can deal with the U.S. in confidence. We already have enough problems with and between the parties and our unilateral declassification could be the last straw. We have made an unprecedented effort to inform Congress of all aspects of the Agreement and related understandings with Egypt and Israel. There have already been unfortunate leaks of some of the material. We have done this under the provisions of the Case Amendment in which Congress itself recognized the need for confidentiality in some areas. I strongly urge Congress to move ahead on the Agreement on the basis of information we have provided.



TALKING POINTS

Background

Both the House and the Senate have established Select Committees to review the intelligence activities of the Federal Government. It is important we understand the issue that has arisen over the investigation being conducted by the Select Committee of the House of Representatives. The delivery to the Committee of classified information is not an issue.

At the beginning of the current hearings, you ordered all agencies of the Executive Branch to cooperate with the House and Senate Committees investigating the intelligence agencies. An extensive amount of classified material has already been supplied to both Houses. Some of it has been declassified by the Executive Branch. It has long been your view as a Congressman there is too much material being classified. You have not changed that view as President. You have said you will not allow the use of national security classification to cover up the failure of our intelligence community, or conceal criminal behavior. Some of the information admits to serious intelligence failings. Recently, the House Select Committee over the strenuous objections of representatives of the intelligence community declassified in executive session sensitive information produced under the signal intelligence statute. This information had been voluntarily furnished to them earlier by the CIA.

The Issue

The single issue in the dispute with the House Committee is whether one Congressional Committee may release unilaterally for publication any classified information it receives from the Executive Branch no matter how sensitive.

You have stated your opposition to such action for very fundamental reasons.

First -- the high risk of damage to our intelligence operations.

Second -- There are over 300 committees in the Congress that would have the right to set their own rule.

Third -- It could do long range damage to both intelligence capabilities and foreign relations.



Fourth -- Technological intelligence capabilities are costly, difficult and sometimes impossible to replace once compromised.

Authorities, Precedents and Traditions

As President, you have the Constitutional responsibility to provide for the common defense and to continue foreign relations. Intelligence operations are necessary to discharge this duty. They have always been conducted in secrecy. Additionally:

1. Foreign governments will not cooperate in the vital exchange of information.
2. Congress has traditionally recognized the need for confidentiality in intelligence matters, i. e., the signal intelligence statute, the AEC, etc.
3. The Director of the CIA has traditionally complied with Congressional requests and you wish him to continue to do so.

Congressional Responsibility

Congress in the past has received and safeguarded sensitive information absent of formal procedures.

Through the years the Executive Branch has worked closely with the Committees, but you cannot agree to a unilateral declassification.

You ordered to cease providing classified information to Committees, which is an internal measure, until a mutual agreement can be concluded.

Conclusion

Point out to the Leaders that you seek their cooperation in reaching an agreement that not only meets their needs, but enables you to meet your Constitutional responsibilities.



Marsh

GOP LEADERSHIP MEETING
Wednesday, September 24, 1975 Cabinet Room

President Welcome and to start off I'll ask Frank Zarb to comment on the energy bill.

Zarb The House bill (H.R. 7014) in its present form is unacceptable. Senator Mansfield suggested the President accept a November 15 extension with a restriction until November 1 for the President to submit a phased decontrol plan.

President What will Democrats do? Will they send down H.R. 7014? Are H.R. 7014 and S.622 compatible for a conference?

Cong. Brown Yes, they are. Under the House bill the President is required to mandate certain conservation provisions which Congress could overrule. The bill is a 5 tier pricing mechanism.

President We have had no controls since September 1, 1975. Frank, what has happened?

Zarb The best thing would be for the controls to stay off and then get passed the four pieces of legislation dealing with windfall profits, propane, independent dealers and small refiners. We must clear up the situation in the next week. The market can't wait much longer. If we can't get the four things just listed we must work out a compromise with the leadership on phased decontrol. H.R. 7014 makes us more vulnerable to Arabs and will increase imports by 500,000 barrels.

President We took off the 60¢ and we are waiting now on OPEC which is meeting today. I'm waiting for the dust to settle before removing the \$2.00 tariff.

Cong. Rhodes Paul (Fannin) When will you go to conference?

Sen. Fannin The conferees are not yet appointed.

Cong. Rhodes What is being done in conference?

Zarb Mansfield and Muskie are trying to get the extremes together.



Cong. Rhodes Eckhardt will not allow decontrol without some crazy amendments.

Cong. Brown It will be a quick conference. The conferee ratio is 2 to 1 plus 1.

Cong. Rhodes Will the Democrats send a bad bill or a signable bill?

Cong. Brown There will be some reasonable provisions but many rotten ones. There is a 36 months decontrol approach floating in the Senate. The President should go to the public and point out the 9 month failure on energy and their failure to pass a 60 day extension.

President Can we sustain a veto of H.R. 7014?

Cong. Brown There were 178 votes on recommittal and 148 on final passage. If the bill is softened we will have to work hard.

Cong. Rhodes We should have our bill in place as a backdrop.

President Is there any movement in Senate Finance Committee?

Sen. Curtis The ball is pretty much in Senator Jackson's court.

Sen. Fannin We thought we had an understanding with Mike Mansfield, but Muskie said no over 6 days and this killed the extension. The Democrats want an issue.

Sen. Tower Muskie and Jackson want an issue and the President to take the heat.

President Unless something changes dramatically we will have a confrontation. I think we can sustain it and then face the consequences. We must do something on propane, small dealers and independents and farmers.

Cong. Brown If there is a confrontation, Mr. President, go on T.V. and take your case to the people.

Cong. Michel Tell the number of meetings and your efforts to compromise.

Sen. Tower I fully agree with Bud Brown. The President should go to the public.

Cong. Brown If oil is bad, wait until we get to natural gas. Democrats want to freeze natural gas price. Democrats want country to suffer to gain an issue rather than solve the problem.



President The problem is very serious in several states.

Sen. Young Mr. President, keep up your effort. Your position has strengthened over the last few months.

President We have met with 51 different Senators and 305 different House members.

Cong. Frey What has been the impact of the New Hampshire election?

Sen. Stevens Wyman refused our help and Cotton's advice to go to the middle ground. It was Louis' fault and not a national issue. Labor was a big factor.

Cong. Cederberg We should look at the impact of labor under the new election law.

Cong. Rhodes I talked to Wyman and he said Labor had 4,000 people in New Hampshire. The Farkas thing also hurt him.

Sen. Scott I spent two days trying to solve the Farkas thing. The Special Prosecutor's office admitted some unfairness and delay. Wyman refused all help.

Cong. Brown The N.Y. Times says the tilt in the new election law favors labor.

President I believe that when organized labor can concentrate like this we are up against tough odds.

Sen. Stafford Lou was weak in rural areas because he never got there.

Cong. Conable There is a very strong anti-incumbency feeling. We should keep Congress out front as an issue. Republican should talk about being on the outside.

Sen. Scott Millions of Americans are mad at Congress and Democrat challengers will run against Congress and get elected.

Sen. Curtis Our great danger is propane and protection of small dealers. Perhaps the Judiciary Committee should do something for these guys like we did for car dealers. Maybe we should try something not in package form. Do it for propane and natural gas and let the Democrats go on debating.



President We can probably enact legislation on propane, natural gas and small dealers, but it will always have bad amendments.

President John, where do we stand on Turkey Aid?

Cong. Rhodes It goes to Rules today and Jimmy, I believe we have the votes.

Cong. Quillen That is right.

Cong. Michel Our whip count shows 103 hard yeses. 16 hard nos and 10 from undecided we should get. We should have 113 and the Democrats say they can match that.

President The Speaker says he will go all out.

Sen. Scott How many inches does that mean?

President We are talking to Jewish leaders and to the Embassy. We hope they will help.

Cong. Cederberg I talked to Peres and Allon in Israel and they are unhappy with the Congressional action.

President Some words are now being used. Denktash is saying they may set up an independent Turkish Cypriot nation. They have 40% of the island and could probably get into the U.N. There will be further deterioration unless we lift embargo. We are working on European members to get Turkey and Greece to work out a compromise. If this drags on, we will see the Turkish element act very abruptly and seriously.

Where is the Sinai issue Hugh?

Sen. Scott We have an executive session today.

Sen. Case We meet at 10 A.M. No committee discussion since Sisco appeared. Our problem is whether we can get a record of what undertakings and commitments the U.S. has made. If we can get this we can get the thing through.

President Secretary Kissinger has talked to Sparkman and Sen. Case laying out the total picture.

Sen. Case The actual piece of paper has not yet been produced. There will be no trouble if we can get disclosure of all substantive matters.



President If it is reported today when will Mike bring it up?

Sen. Scott The next several days. Maybe next Tuesday or Wed.

Sen. Case What about Pershing missiles?

Sen. Scott What about the Hawks for Jordan?

Sen. Case That is nicely settled. The Jordanians made some noise, but the King didn't see all the print. The Foreign Minister was responsible for the outburst and now we have had a nice retraction from Jordan.

President Regarding the Pershing missiles, last November I got a shopping list from the Israelis -- just a shopping list of what they wanted. We have made no commitment. The list was resubmitted at the time of the Sinai agreement and we have said we will study it. We have made no commitment.

Sen. Case This underscores need for the exact words.

President John, where is Sinai in the House?

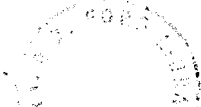
Cong. Rhodes The House won't act until the Senate does.

Cong. Anderson We need to show that there are no secret agreements. Secretary Kissinger has used phrase "constructive ambiguity" and this bothers the Democrats.

Sen. Case No question about President's willingness to do it, but Henry Kissinger is a great man, but is sometimes known for "constructive ambiguity."

President Let's turn now to the intelligence inquiry in the House. Jack Marsh is now coordinating the White House effort. There are only two intelligence committees now, but over 300 full and subcommittees in Congress. We should find a way to deliver classified material and responsible procedures for publication. We will under no circumstances protect an illegal act or error by an administration, but we can't publish techniques, agents or sources. Under no circumstances will we do it.

Marsh Congress has recognized right of Executive to classify, but we have a genuine conflict between Congress' power to legislate and the President's authority to conduct foreign affairs and protect the national security. Congress recognized need for confidentiality when it created AEC and CIA. The jurisdictional committees have been cooperative over the years.



Marsh

We now have two select committees with no defined rules

The issue in the House Select Committee is not delivery, but unilateral decisions in committee to publish information without executive approval. The statutes prohibit this publication.

We want to establish these rules and procedures.

Buchen

We need time for the Administration to make its case. Over the years we have worked this out. We want to get on track again and find a way to resolve without abrupt unilateral decision by a majority of the committee. Congress really doesn't want to let courts decide this. It should wait until the final report and it will sort out. Other countries are picking up intelligence data from the investigation

Cong. McClory

I have met with the four Minority members. We finally agreed on this one page memorandum (handed memo to President). We are in full agreement with the procedures adopted by the committee. The committee feels there are four areas requiring investigation: 2 during Republican Administrations and 2 during Democratic Administrations. This issue is fraught with tremendous political dangers. No Republican has been willing to publish anything harmful to the U.S. These procedures were adopted at my request and Rod Hills in some form approved it. The committee really wants to take this thing to court and get Henry Kissinger, Phil Buchen and maybe the President as defendants. Buchen is wrong in saying they don't want it in the courts.

President

What if we hand over everything, the 24 hours pass and we have our say and then it is still released? What protection does the executive have?

Cong. McClory

No one will release it. We are bound by same statute.

Stevens
Devine
Rhodes

[All disagreed and said it could be released on the floor.]



President If you assume no coverup of any Administration, then we get down to sources, methods and procedures. John, How do you do it?

Sen. Tower We are structured differently. The ratio is 6 Democrats and 5 Republicans and I am Vice Chairman. Church was going public with N.S.A. yesterday and with help of 4 Democrats I stopped it. Church is sometimes after his own publicity. Toxins and Huston have bombed out. Far more inhibition on our part. Church doesn't want us to break and get a separate minority staff. A majority of Americans want an intelligence capability.

President For 200 years Congress and executive have been able to negotiate without bringing in third branch of government and we must find a way to settle it.

Cong. Anderson The four words are in Kalb's book (Page 500 or something) and words came from National Security book on Iran. A better position is to go along with four minority members. Don't make a fight over present issue or we'll have trouble politically.

Hills The CIA quickly declassified the bit about doing a poor job. The other part covered sources and methods. The released bit was from signal intelligence which is a source. The issue is not 24 hours, but to let enough time elapse to cool it down. Mutual tolerance is required.

Cong. McClory We established procedures at your request. Where additional time is needed we will grant it. We want to meet our deadline and finish the inquiry. Access to classified material is limited to the Committee and people like Harrington can't get information. We will accept material on loan. These four words may have been a signal of failure of intelligence. We need an immediate accommodation and if it becomes a confrontation the four Republicans feel these procedures are correct.

President The four words in Kalb's book are covered by criminal statute and are subject to prosecution.



Cong. McClory He interviewed Secretary Kissinger and got it from the executive.

Cong. Anderson You can't ignore the fact these four words were in public forum, but I can't defend exposure of the secret installation in Iran.

Sen. Tower This thing gets much more play in N.Y. Times and Washington Post and the networks. Not nearly as much play and concern out in the country.

Cong. Cederberg Cong. Giamo will try to make public in House Appropriations Committee the total dollars available to the intelligence community. If he is blocked in committee he will try it on the floor. Congresswoman Holtzman will try it on the floor next year. You haven't seen the end yet.

Cong. Brown There is a Government Operations Subcommittee chaired by Bella Abzug that may look at operations and methods. Also on the Committee are Conyers, Moss, Harrington and Maguire. They may look at smuggling of materials to other nations.

Cong. Rhodes Most of the problem could be solved if you could get together and discuss what should be released. Big problem is what you can't agree on. Maybe we need an escape hatch. If it goes to the Supreme Court they may rule for President. Congress wouldn't be weakened if the President were given final determination.

Hills If agreement is reached and President can say no on national security interest, then Congress could still subpoena the material.

Sen. Curtis You have some staff and members who may not be fully patriotic. Let the Speaker and the President Pro Tem be the final arbiter.

Cong. Devine We have a similar problem with Secretary Morton.

Sec. Morton My case will go to court.

President Nelson

Vice President I have had some background in this area. Cong. McClory and the Republicans thought they were doing what Administration wanted and got Pike to agree. They then found out it wasn't good enough and now they are in a tough spot. We should cut our losses and work out a deal. Credibility of Republicans is damaged.



Cong. Rhodes Don't let it go to court. You may lose.

President We have spent unlimited hours on this. The discussion has been useful. We must work out an accommodation.

Sen. Stafford May I raise another subject. The Child Nutrition Act has been to conference a second time and reduced. I'm not urging signing or veto, but by this weekend recipients will be notified of termination. Mr. President I urge an expeditious decision.

President Jim Lynn. Would you summarize the budget.

Lynn Three weeks from now we will know a lot more when we have more data on energy costs, tax cuts, receipts and the economic forecast. Our best case for FY 76 is a \$55 B deficit. Our worst case for FY 76 is a \$90 B deficit. Our best estimate is \$68 B without tax cut extension. With a tax cut extension it would be \$73-76 B deficit. Look hard at receipts and tendencies to add further stimulus. I have looked at OMB's ability to look at receipts and anything close is coincidental. I appreciate your help on the pay raise. Please don't go to 2 tier. Keep executive linked to federal scale. Separate Congressional salaries if you want. Also look at impact on FY 77. We are now at a \$70 B deficit for 77 FY. The intelligence inquiry could destroy big hunks of money and the equipment it pays for.

President Alan, could you give us the economic report.

Greenspan A grave concern is reemerging over inflation. June and July figures were one shot effects based on 1974 feed grain shortfall and the effect is bad on the number of cattle on feed. Oil increase was also temporary. The 0.2% in August was lower than we expected. The economy is not about to pick up a major inflation impetus. Real dangers are budget and deficits. We can't run deficits at these levels and expect inflation not to increase. Major source of inflation is in budget.

Rhodes If the State-Justice Appropriation is recommitted and the Snyder Amendment is added, the President will veto it.

Cederberg The present language should be acceptable.

