MEMORANDUM
THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

PARTICIPANTS:  President Gerald R. Ford
Donal Rumsfeld, Secretary of Defense
Senator John L. McClellan, Arkansas
Senator John C. Stennis, Mississippi
Senator Strom Thurmond, South Carolina
Senator Milton R. Young, North Dakota
Brent Scowcroft, Assistant to the President
for National Security Affairs

DATE AND TIME:  Tuesday, March 2, 1976
10:59 - 11:58 a.m.

PLACE:  The Oval Office

[The following are not complete notes.]

The President: I submitted the largest defense budget in history. We have to reverse the trend of the past several years.

[There is extended discussion of the need for a bigger defense budget.]

I know you agree with me. What we have to do is convince the Congress that this is an essential program. Don, what do you think?

Rumsfeld: I think the American people will not accept anything less than rough equivalence. We can't just keep riding from one year to the next, cutting $5-8 billion from defense.

The President: I think the mood around the country is changing. I know we have a new difficult procedure in the Congress with the Budget Committees. Once the budget resolution has been accepted, it will be hard for you all to change it.

I know you are all concerned about my shipbuilding program. We have had a program under way for a couple of years, but in the light of Soviet programs, I have asked Don for a new study. If we need more, I will ask for more.
McClellan: The stumbling block is the Budget Committee. I don't know if you will have them down here. They are the problem.

The President: I will have the House Armed Services Committee and House Appropriations Committee this afternoon and I will get to the Budget Committees also.

McClellan: Good. You will be okay with our committees, but the Budget Committee is leaning to make cuts. Our report from the Budget Subcommittees is the tentative recommendation and will run $16 billion over the Budget -- HUD, 550 million and Agriculture 500 million, etc.

The President: How about foreign aid?

McClellan: It seems that defense and military procurements are at budget levels. That is how it is running now. My inclination is to cut a couple of billion off the defense budget, but with the Budget Committees increasing everything else and holding DOD, I don't like it.

The President: I am glad to hear it.

Stennis: The manpower and procurement is the part which comes to me and I think it is at rock bottom. Revenue things like stockpile sales should be taken out -- they just confuse things. If you are going to recommend more shipbuilding, you should do it as soon as possible.

The President: I want to be able to justify anything I send up.

Rumsfeld: I think your Committees, who are the experts, can be so helpful with the budget cuts.

Young: I heard George Brown. There is sentiment that the B-1 is not as important as other things, that we can do with the B-52.

The President: We have got to disabuse them of that.

Rumsfeld: In the past, the different services and different contractors have hit at each other's procurement. That must stop.

Thurmond: The Budget Committees are the key.

Stennis: You can go over the heads of the Congress to the people on this.
Thurmond: How about going on nationwide television? Do it right away, so the pressure gets back to the Congress.

I think the defense budget should be maintained and even increased.

Stennis: Where will the cuts come in the DOD budget?

The President: In the House, Mahon has recommended cuts of $900 million. I don't recall where.

Rumsfeld: They have, though, taken out the restraints on things like commissaries, so the cut in fighting capability is even worse.

AWACS was cut from six to three; they held intelligence to current levels; likewise CCC.

We can't keep cutting investment and adding to the people part of the budget.

McClellan: Why should retirement come in the defense budget?

Stennis: Retired pay needs attention, but I wouldn't take it on this year.

Thurmond: You should get all the committees down here.

McClellan: You won't be able to turn Muskie. You will have to outvote him.

[There is a discussion of general issues.]

The President: I will meet with the Budget Committees.
P. Submitted largest flip budget in history. We have to increase the fund of past several years.\n
(Revised at length as need for longer flip budget)

I hope you agree with me. What we have to do

is increase. Long that this same spends per.

Don

R. I think the main people will not accept any thi-

thing unless over-extend. We can't just

keep raising them one year except raising 3

dollars from this.

P. I think a second annual novelty is changing

I know they have much flip per year in a way

where budget income. Once the budget workmen

has been accepted, it will be hard for you all

to change it.

I know you will welcomed about ways

flipping does. We have had a pop during

year for a couple of years, but in a budget for

prices. Have asked the financial study. If we

could more, shut ours for more

The annual budget is a budget worth. I don't know

if you will have this dream line. They are

opos.

P. Don't have NAS to bring this afternoon. I can't

think a budget includes

in $4.00. You will earn as one in the line

Budget with 10?, 1,200,000. Don't have

Dep't from a 1,600,000. Budget includes.

$100,000 plus, $4,000

HEC 11,50.

P. How about foreign aid
I'm at dinner at Inland Bank. That is how
it seems now. The combination is not
a couple of kid off Big Budget, that will
help into underwriting anything else.

Then there, I don't like it.

P talked to him.

St. The money I'm going to send, is in a part which
concerns me. I think it is not

I have a thing. It's strategic, not to
be taken out. This is not a good thing.

If you want to come around this
should be at 11:48. P

I want the bill & payment, anything I can reply.

R, I have someone, who are experts, can he

Is helpful off a budget into

I know, Brown. There is something that R can
not do anything about things, that we can do.

P is a part of a budget that

R in fact, a different & by customer have this

off this year. First and foremost

The budget should not

S, you can have a look at Longbeach

on this.

1. How about cut-rate TV? Right away, so the

pressing gets to break & a long.

A think I said that should be ended then amount

S. Where will a cut-rate remain off budget?

P. House-Brady has recommended 10% only.

I mentioned above

R They have the cut-rate amount is this.

Commission, so a house cut in penalty was
...cut costs from ... which we can save the money on budget... 

...costs were minor.

...we cut from $6 to $3, still within current budget.

We can't keep cutting everything -- adding in people part of budget... 

Why should retirement costs in this budget?

I remind you we are all citizens, not someone's slaves... 

...should get all the attention, but I wouldn't take it on this year.

...should put all the blame down here.

...you won't be able to turn off the lights, you'd have to motivate them.

...discussion of rent issues.

...general must write budget comments.