MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford
Donald Rumsfeld, Secretary of Defense
Congressman George H. Mahon (D-Texas)
Congressman Bob Wilson (R-California)
Congressman Melvin Price (D-Illinois)
Congressman Elford A. Cederberg (R-Michigan)
Congressman Jack Edwards (R-Alabama)
Congressman Robert L. F. Sikes (D-Florida)
Congressman Floyd Spence (R-South Carolina)
Brent Scowcroft, Assistant to the President for National Security Affairs

DATE AND TIME: Tuesday, March 2, 1976
1:29 - 2:23 p.m.

PLACE: The Oval Office

SUBJECT: The Defense Budget

President: [Same general pitch as with the Senators.]

Mahon: We have made cuts and increases which net about a $900 million cut. Cuts of the magnitude of the past two or three years are not in the cards. You are preaching to the choir here -- we have to get to those who haven't heard about the rapid Soviet buildup.

President: I don't know how you arrived at $900 million. But the Budget Committee, which doesn't have the expertise -- when they get the pressures from all those areas, will take it out of defense, as usual.

Mahon: Our report deplores the efforts of the Budget Committee to make line item cuts. But the average member is saying: "What the hell -- increasing the Defense budget when the social programs are being cut?" You have got to get to those people.
President: We are trying to get directly to the people.

Mahon (and others): It's working. We are feeling the pressure.

Cederberg: You have to get to the Budget Committee.

Wilson: Our Committee isn't trying to cut. We are trying to figure how to get more ships.

President: There is $1.5 billion on shipbuilding just for inflation.

Mahon: But only $800 million is needed this year. We can cut the rest without costing anything.

Cederberg: I think they will come out of the Budget Committee with cut proposals in specific programs.

Spence: I think the people are ahead of the Congress. One committee I think will recommend more ships.

Sikes: The Budget Committee is the problem. We have got to keep them from cutting.

Edwards: Show these charts of Don's [Rumsfeld's]. They are worth a speech.

President: Should I meet with the Budget Committees?

All: Yes.

Cederberg: The Budget Committee is coming in with such increases elsewhere they have to cut Defense to make sense.

President: If you would come in over my budget, it would put the Budget Committees on notice.

Wilson: We asked Holloway what he personally thought the shipbuilding program should be. His program would add $2 billion this year.

Mahon: What we need is some slightly dovish Republican or Democrat to stand up and say he was convinced. The real problem is Congress won't want to go in over the President's budget. Since they are over in other programs, they will want to cut Defense to get it under the President's budget.
Rumsfeld: [Pitch on equivalence and the need to stop declining budgets.]

Sikes: The Budget Committee needs to know the $900 million is just a paper cut.

The Security Assistance bill has some disastrous limitations on your authority for arms sales.

[Short discussion of issue.]
P (same point phrased as w/ sister)

The idea here would be to increase significant 700 and cut 40 of each 2-5 year, c/2. I think 40 in each. Your proposal to get change here - we have to get & try to show other element charged with respect for building.

P didn't have any arrival at 2:30 and

But a budget center, which doesn't have, especially when they get pressure from all these others, will be hard to get even. We can get into a budget center, in my opinion, to accept ball - knowing the new budget when turned programs long out. Can get to get to those people.

P We're very tight and our people,

To get into a budget center, We're very tight to budget center, We're drawing tight to get more things.

P There is 10% or they would just want it.

But they also: 50% rush is needed, we can cut 10% and carry on thing.

C I think they could come out of budget with or 10% reduction in specific program.

S I think it [a] good idea of some: 10% cut, or 10% reduction in specific programs.

E Should there be changes of R. I see few changes.

P Should get more w/ Budget center.
Budget cuts are coming in for each university. The last day to make cuts was April 1st. If you would like to see my budget, I will send it to you. We asked them to have a plan, but the deadlines keep changing. It is going to hit hard and I hit this year.

What we need is some flexibility with budget. Dean's have to stand up and say they need more money. The real part is they can't write any more in P's budget. Since they can write some in P, they won't want to cut Def. to get under P's budget.

If we can negotiate a revised budget, I think we can get under P's budget. The security issue still has some directions.

The security has a lot less money because

(Handwritten notes)