

MEMORANDUM

NATIONAL SECURITY COUNCIL

CONFIDENTIAL

March 25, 1976

MEMORANDUM OF CONVERSATION

PARTICIPANTS: President Ford
Donald Rumsfeld, Secretary of Defense
Brent Scowcroft, Assistant to the President
Bipartisan Group of Senators (list attached)
Leslie A. Janka (note taker)

DATE AND TIME: Wednesday, March 24, 1976
11:10 - 12:30 p.m.

PLACE: Cabinet Room

SUBJECT: Defense-Related Issues

DECLASSIFIED
E.O. 12958 Sec. 3.0
State Dept. guidelines
MR 01-101, #37: OSD, sec 3/2/04
dal NARA, Date 7/20/04

The President: It is good to see you all down here today. I am pleased to have the opportunity to discuss with you the Department of Defense appropriation and other matters of defense policy. I would like to say a few things to put the budget into perspective and then take whatever questions you have. I think the problem we are facing is very well illustrated by a news story I saw this morning to the effect that Brock Adams, Chairman of the House Budget Committee, has indicated that he contemplates a reduction of \$7 billion or more in budget authority for DOD in FY 77.

That is simply intolerable and we are going to fight it all the way. I would not rule out a veto should such a bill come to me that slashed the DOD budget that much. Over the past five years there has been too much of a cut each year. Last year's cut was between \$6 and \$7 billion. Over the last six years Congress has cut some \$38 to \$39 billion out of our budget requests for DOD. The time has simply come for that kind of game to be over. If I'm presented with such cuts again, I will veto the bill and take the issue to the people. Are there any questions?

Senator Dole: The first hurdle you must face is that of convincing the budget committees on your levels.



~~TOP SECRET~~ - VSFS (3)
CLASSIFIED BY: [unclear] A. R. JINGER

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The President: In that regard we have taken several steps down here. First, I invited the jurisdictional committees, both House and Senate, to meet with me. We then had meetings with the full House and Senate budget committees. At every meeting we've had I talked very frankly and very firmly, and I know Don Rumsfeld has spent a tremendous amount of time with Members of Congress. We are going to fight like hell for this budget.

I know that many pressure groups are up there on the Hill pushing to have you adding things to this budget that don't add anything to our military capability. At the same time, very important items are being squeezed out.

Senator McClure: Are you referring to the increase in the shipbuilding account?

Secretary Rumsfeld: No, that's not what the President meant. He was referring to the cost restraints he has requested. These restraints would save \$2 to \$5 billion from programs that don't add any war-fighting capability. We are right now studying the shipbuilding issue.

The President: If the study shows that we need more ships, I will send out a formal request. However, I recognize that the House Armed Services Committee has already added a number of ships beyond the DOD request for 16 new ones.

Senator McClure: Secretary Middendorf was with me out West last week, but he carefully did not go beyond your requested ship levels.

On another matter, a number of us sent a letter to you regarding the SALT negotiations. There is a lot of concern on some of the proposed limitations, especially a proposed trade-off of the cruise missile and the Backfire. Such a proposal goes against any attempt to counter the already heavy Soviet throw weight. We do not see much symmetry in such a proposal.

The President: I want to emphasize that any agreement we reach will be a total package. I agree with you that you just can't trade cruise missiles for the Backfire. Those two weapons systems are quite different in their utilization. I think it is also important to recognize that the ALCM is not interchangeable with an intercontinental ballistic missile. A land-based cruise missile would take 12 hours to reach the Soviet Union, while an ICBM only takes 30 minutes. I know some people feel that an intercontinental cruise missile would be equal to an ICBM. It is not and we have to be very careful what factors we use to make comparisons. We must look at the total package.



A big problem is what we do with the fact that the cruise missile is still in the development stage but the Backfire is actually being produced and deployed. We estimate that the Soviets plan to deploy 400 to 500 Backfires.

We have ALCMs and SLCMs as well as land-based cruise missiles under development but we do not anticipate deployment until 1979 or 1980.

We have put no time limitation or schedule on the SALT negotiations. We will make an agreement when we can get a good one. We must be realistic in recognizing that if we don't get a SALT agreement in a reasonable time, I have the responsibility to come to the Congress for increased appropriation to meet the unrestrained momentum of the Soviets. As you know at the 2400 level agreed to in Vladivostok, the Soviets would have to cut back by about 200, while we don't even plan to go up to the 2400 level. Therefore, that level is a big advantage to us. All of these things are interrelated and we must continue to look at the total context. I have no specific timetable but we cannot let the talks drag out. Without an agreement, we would have to spend \$2 to \$4 billion a year to keep our strategic lead.

Senator Stennis: The first Senate action will be taken on the DOD procurement. I want to state that this is the best constructed budget request I have seen in years, and I think your levels can be sustained. It is well within the limits of the budget committee. However, I don't think we should start the process with big battles over commissary subsidies, reserve reductions, and so forth. I support the restraints you have requested but there will be trouble over them. We have to do what we can to get the votes for the bill and I believe we can get them but these restraints will not make it easier. I will not support the extra ships the House Armed Services Committee added unless you make a specific request. I hope that you can act on the ship study before the Senate has to act on the budget.

The President: We have got 16 ships in the budget now. Don, when will that study be done?

Secretary Rumsfeld: I have been meeting on that study every day. It will not be completed before late April, but I have told the Chairman that I am hopeful that we can give him some indication of the general thrust of the study somewhat earlier. The study will be completed by the time the Armed Services Committees go to conference on their bills.

Let me also add that with regard to your comments on Backfire, we now have a revised estimate that the Soviets are producing two or three a month.



The President: With 80 Backfires deployed at this time.

Senator Stone: What can you tell us with regard to your plans on Cuba and what you are doing militarily now to back up the warnings you have been giving Castro?

The President: My top advisors on this matter are meeting downstairs at this very time to look at various options. I do not want to go beyond that right now.

Senator Stone: It makes no sense to threaten Castro while at the same time closing important bases on the Keyes. That simply sends the wrong signals to Cuba.

The President: I am ready to take some firm action if necessary and we will want your support if we decide to take any action.

The Senators: You've got it, Mr. President.

Senator Helms: I've prepared a letter for you, Mr. President, regarding the fact that I have it on very good authority that Castro has 2,000 to 3,000 troops in Peru. Is there anything to this?

The President: I've seen nothing to confirm such a report, but we'll look into it urgently.

Senator Morgan: I like your determination to fight for your budget. I would like to suggest that those of us who aren't on the jurisdictional committees be better informed. You don't have much support among the membership of those committees, and we would like to be of help to you. We don't have the information they have. We should be briefed as well as they are so that we can be your advocates.

The President: I know that's a problem but the Secretary of State and Don Rumsfeld have offered briefings and met frequently with many Members. I will assure you we will maximize our efforts.

Senator Morgan: The Angola situation is a good example of how you have no advocates in the committee membership.

The President: On Angola we had a situation where eight committees were briefed but in Secretary Kissinger's meeting with a group of Senators the night before the vote, it seemed an agreement was reached on a compromise but that support eroded rather quickly.



Senator McClellan: I was in that meeting which was held in Senator Scott's office. The proposed compromise was rejected the next morning by the Foreign Affairs committee.

Senator Bartlett: I support Senator Morgan's point. We simply did not have enough information to help you on the floor. All Members have to be better informed. I am concerned that we have no policy on Africa right now. We need to have information to match the information the committee members have. I strongly urge more briefings across the board.

Secretary Rumsfeld: We run a similar risk in defending the DOD budget. The facts are very clear about Soviet momentum. I hope all Senators will avail themselves of the DIA briefings which show clearly that we cannot wait one more year. The Soviets have a strong momentum, while we have a strong downward momentum and now we find Representative Adams is just recommending more such cuts. Mr. President, the Senators need to have the same facts you had in making your decisions. We are at a point where further defense cuts will inject great instability into the world. The budget committee has to be brought to realize that there will be a tremendous floor fight if they come to the floor with levels too low.

I have pointed out before that the world bases its judgments not only on what is now but what will be. Further defense cuts will weaken our future posture and make the world awfully wobbly.

The President: I have asked for increased money for strategic weapons, conventional forces and R&D. Adams took \$5 billion out of operations and maintenance and R&D. Such cuts in operations and maintenance hurt our current readiness because they affect steaming time and flying time. The R&D cuts he is recommending will mean that a president five years from now will pay the penalty in the development of new weapons systems for the next 5 to 10 years.

Senator Dole: There is a mindset on the budget committee staff that they must cut the budget. The whole staff is oriented toward cutting DOD.

Secretary Rumsfeld: That's because the staff believes they can impress their bosses by recommending cuts.

The President: I know that it is easy to take money out of O&M but if we don't fly our planes and run our ships, they simply won't be ready when needed.

Senator Stennis: Senator Nunn is on both committees and he may have some comments.



The President: Senator Nunn has fought very hard for us in past years.

Senator Nunn: I have repeatedly said that the budget committee must play a strong role in achieving the cut restraints you recommended. I am trying to get the budget committee to put an umbrella over both the Armed Services Committee and the Civil Service and Post Office Committee in order to treat military and civilian employees alike.

My subcommittee will agree with most of your program. I can report progress on your budget restraints. In the full committee we have a one vote majority for a strong defense budget. The situation is just that close.

Secretary Rumsfeld: The important fact on the restraints is that these cost items escalate each year and those future costs eat into military capability.

Senator Nunn: These are very unpopular restraints, however.

The President: I recognize that but the escalation factor is just frightening. It simply doesn't make sense.

Senator Bill Scott: One big problem we must face is the early retirement issue. You should consider enacting a one percent cut in retirement pay for each year a person is under 60. If you did that people wouldn't retire so early.

Senator Nunn: Senator Scott is on our subcommittee. I do believe we will pass the one percent kicker. Senator Scott may want to comment further on that matter.

Bill

Senator/Scott: I believe everyone around this table supports you on the defense budget. We do have serious concerns, however, about SALT. I believe that we must achieve onsite inspection. I don't trust the Russians at all and believe it is against the interest of our country to move on arms control without adequate verification. There is a great deal of concern among my colleagues on this.

The President: I recognize that concern but I am assured by many experts that our verification procedures are substantially effective.

Senator Bill Scott: But we have had some testimony that some missiles can be hidden. You should look into this factor.

Secretary Rumsfeld: If one takes all the people involved in the NSC process and goes through the verification issues, you will find there has been a high degree of unanimity and confidence about what we know and don't know about



the Russian forces. Most of the tough decisions revolve around questions of weighing the degree of certainty and risk involved. We spent a lot of time on this but you would be pleased at the high degree of agreement among NSC participants. But we must recognize that there are inevitably some areas of uncertainty.

Senator Domenici: We have four members of the budget committee here today. I commend you, Mr. President, for the budget you have submitted but you must recognize that we are facing serious problems with the cross-jurisdictional matter of the restraints you requested.

The President: I am impressed with how seriously you have addressed these issues. I also think the public is fed up with these abuses. That's why I have recommended the commissary subsidy phase-out over four years. I simply don't see how anyone could object to phasing out such a subsidy. The \$8 billion of retirement pay don't bring a dime of national security to this country.

Secretary Rumsfeld: The President has clearly stated the need for such restraints in proposing the levels this year.

Senator Domenici: But that puts us in a bind because the budget has been promoted at the lower levels which are realistic only if the restraints are achieved.

Senator Nunn: I am thinking of recommending that the pay restraints be handled as a separate bill but each one of these restraints ought to be added to the DOD budget as a package of items.

Senator Bartlett: Mr. President, I am bugged by much of the rhetoric going around by people saying we need a military second to none. I see this as a statement of weakness. We are either number one or we are not. We must face the fact that we are in fact in an arms race.

The President: I am of the personal belief that we are today fully prepared to meet our military obligations. What my defense budget tries to do is to maintain that full capability into the future to meet every contingency.

Regarding SALT we are faced with some very practical problems, but the 2400 Vladivostok level forces the Soviets to cut, while leaving us room to move upward if necessary. The only other option is to have no ceiling, and that would mean we would have to go to Congress immediately to start a buildup to match their unrestrained growth. I think it is much better to put a cap on these weapons.



Senator Domenici: When would be the latest that you would move to request such an increase?

The President: That's hard to predict but I think we would move if we don't have an agreement in several months, and by that I do not mean only two or three months.

Senator Bartlett: Would asking for such increases jeopardize SALT?

The President: Probably, because it would be a signal to the Russians that our momentum will start building up. We must recognize that SALT I expires in October 1977. We are in a very delicate situation right now. We are doing our best to get an agreement, but my strong conviction is that we cannot allow this situation to just drift.

Senator Hansen: Senator Clark has made a speech suggesting that we should state which countries we will support and what countries we can let go down the drain because of their internal policy. Rhodesia would be in this latter category. On the contrary, I believe that we have to give a strong signal that we will help all nations that are on our side regardless of their internal policies.

The President: The situation in Rhodesia is a very complex one. There is a very substantial black majority there. The UK is trying to work out some movement to majority rule, but in the meantime the rest of Black Africa will be alienated if we don't support black rule which of course we do. It is a very difficult problem for us.

Senator Hansen: I have also been doing some thinking about the Middle East situation. I recognize that there is a strong Jewish influence in this country, but I happen to think that some of the Arab countries are our good friends and I think our policy should be more evenhanded in the Middle East.

The President: That reminds me to mention to you another major problem. As you know I recommended \$2.3 billion for Israel in FY 76 and for FY 77 I recommended \$1 billion in military assistance and \$700 million in economic assistance. Every technician in the U. S. Government told me that the \$2.3 and \$1.7 billion was fully adequate for the survival of Israel over these two years. The fact is that they recommended only \$500 million military assistance for FY 77, and I added an extra \$500 million. I have also recommended the funds for the Arab countries.

I was simply shocked that the Senate appropriations committee added over \$500 million for Israel for a 3-month period. That's 1/2 billion dollars for only three months, and that just doesn't make sense to me.



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I think my credibility with the Jewish community is rather good. We are doing very well on the shopping list they have submitted to DOD. All of the experts I talk to say that Israel is better off today than at the end of the Yom Kippur War. Egypt is worse off due to the Soviet arms cut off, and the threat to Israel is therefore much less. So, I just do not understand why the Senate should add 1/2 billion dollars more for a 3-month period.

Senator Dole: We have enough votes against that bill to sustain a veto should you decide to do so.

Senator Stennis: Changing the subject. I want to say that as bad as the retirement pay situation is, the issue cannot be settled in this procurement bill. Let us not try to solve it all in one year on this bill.

Senator Thurmond: I agree with Senator Stennis. I think we need a study of the whole retirement system. I also hope you will not relent on R&D funding. The overall sentiment in Congress is better this year. But if the bill falters, I hope you are ready to go on TV to take the issue to the people.

The President: I came very close to vetoing the FY 76 Defense Bill last December. If Congress cuts the bill, there is the distinct possibility I will veto it and take it to the people.

Senator McClure: Senator Byrd, who could not be here today, wanted me to tell you that he supports your strong DOD posture.

Sometimes, however, I find that we send small signals which send the wrong message about how tough we will be with the Soviets. For example, I think we should have been very tough with them about the radiation they were directing against the Moscow Embassy. Another example would be very strong warnings to Castro but without any follow up of what we will do if he continues his aggressive movements. These conflicting signals hurt the overall view that you have a strong foreign policy. As you will remember, Truman was very popular because he was a very gutsy guy.

I thank you, Mr. President, for the meeting today and I pledge to you our continued strong support.

The President: Thank you all for coming. This was a very useful meeting.

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PARTICIPANTS

The President
Secretary of Defense Rumsfeld
Assistant Secretary of Defense Brehm

SENATE

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Lawton Chiles
Carl Curtis
Bob Dole
Pete Domenici
Jim Eastland
Paul Fannin
Barry Goldwater
Cliff Hansen
Jesse Helms
Fritz Hollings
Paul Laxalt
John McClellan
Jim McClure
Bob Morgan
Sam Nunn
Bill Scott
John Stennis
Dick Stone
Herman Talmadge
Strom Thurmond
John Tower

STAFF

Jack Marsh
Dick Cheney
Max Friedersdorf
Ron Nessen
Bill Hyland
Paul O'Neill
Bob Wolthuis

REGRETS

Sen. Allen
Sen. Brock
Sen. Buckley
Sen. Harry Byrd
Sen. Garn

Jim Lynn
Brent Scowcroft



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AH
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MEMORANDUM

NATIONAL SECURITY COUNCIL

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ATTACHMENTINFORMATION
March 26, 1976

MEMORANDUM FOR: BRENT SCOWCROFT

FROM: LES JANKA *les*

SUBJECT: Meeting with Bipartisan Group of
Senators, Wednesday, March 24, 1976

Attached for your review is a Memorandum of Conversation drawn from my notes of the President's meeting with certain Senators on Defense-Related Issues which was held Wednesday, March 24, 1976.

RECOMMENDATION:

That you review and approve the Memcon at Tab A.

W. J. Jank APPROVE

DISAPPROVE

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 11/24/98, State Dept. Guidelines
By dal, NARA, Date 7/20/04

~~TOP SECRET~~ - XGDS (3)
CLASSIFIED BY: HENRY A. KISSINGER



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SUBJECT: *Memorandum of Res Mtg w/ Department Group of Sec May 24 1976 re Defense Related Issues*

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ECONOMIC						APPROPRIATE ACTION
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LATIN AMERICA						REFER TO _____ FOR
MID EAST/NO. AFRICA						ANY ACTION NECESSARY?
NSC PLANNING						CONCURRENCE
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SUBSEQUENT ROUTING/ACTIONS

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