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OFFICE OF THE PRESIDENT
WASHINGTON, D.C.

10/8/74

From the President:

To:

Ken Cole

Date:

Time

a.m.

p.m.

Does statement on Vietnam
invite enemy attacks?

Suggest you consult
with General LeMay
& Sec. Kissinger &
Sec. Schlesinger.

THE WHITE HOUSE
WASHINGTON

Dick

Cherry-

Ker Gler

① Why

Mon AM

10/6

②

See me
fast

DRAFT SIGNING STATEMENT
H. R. 16243

I am pleased to sign this bill. Although not all Administration recommendations were accepted, I recognize and appreciate bipartisan efforts made by the House-Senate conference committee to produce a Defense Appropriations Bill acceptable to both Houses and sufficient for our national security needs.

The bill has, however, a major drawback. The \$700 million funding for South Vietnam is inadequate to provide for all of their critical needs, if South Vietnam's enemies continue to press their attacks. It may, therefore, be necessary to approach the Congress early next year to work out some solutions to meet critical needs which arise.

Each year the President of the United States must sign into law an appropriations bill for our defense. From my experience in Congress, I know all too well the conflicts this defense bill can produce in the name of economy and other national interests. Thus, as I sign such a bill for the first time as President, I want to renew my pledge to build a new partnership between the Executive and Legislative Branches of our Government, a partnership based on close consultation, compromise of differences and a high regard for the Constitutional duties and powers of both branches to work for the common good and security of our nation.

*old
statement*

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THE WHITE HOUSE
WASHINGTON

October 8, 1974

MEMORANDUM FOR:

ROY ASH
KEN COLE *OK*
BILL TIMMONS
PAUL THEIS

FROM:

JERRY H. JONES *JHJ*

The NSC has requested that a change be made in the second paragraph of the attached signing statement (Tab A). Would you please look at the suggested change at Tab B and get back to this office with your comments and recommendations as soon as possible.

Thank you.

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The bill has, however, a major drawback. Funding for South Vietnam is not adequate to provide for all of the ~~most critical~~ of South Vietnamese ^{critical} ~~defense~~ needs. The \$700 million appropriation clearly will be insufficient as South Vietnam's enemies continue to press their attacks. It may therefore be necessary to approach the Congress early next year to work out some solution to meet critical needs which will arise.

Ogilvie

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WASHINGTON

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Diana brought the attached up
at 10:40 and said that it was
very important. Today is the last
day for action. I have attached
our memo and backup when it originally
went through.

[Handwritten signature]

10:40

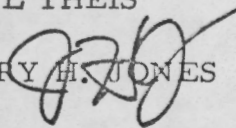
THE WHITE HOUSE
WASHINGTON

October 8, 1974

MEMORANDUM FOR:

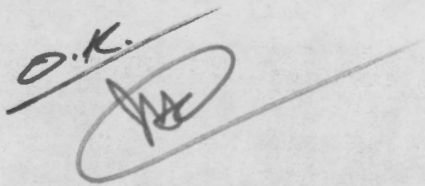
ROY ASH
~~KEN COLE~~
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THE WHITE HOUSE

WASHINGTON

ACTION

Last Day - October 8

October 5, 1974

MEMORANDUM FOR: THE PRESIDENT
FROM: KEN COLE
SUBJECT: Enrolled Bill H.R. 16243

Attached for your consideration is House bill, H.R. 16243, Department of Defense Appropriation Act, 1975, which appropriates \$82,052,141,000 for activities of the Department of Defense for fiscal year 1975 exclusive of the regular military assistance, military construction, and civil defense programs; \$43,356,000 for liquidation of prior year deficiencies in military personnel, Navy; and \$800,000 for the Defense Manpower Commission.

Department of Defense and Roy Ash recommend approval. Additional background information is provided in Roy's enrolled bill report (Tab A).

We have checked with the Counsel's office (Chapman), the NSC, and Bill Timmons who concur.

RECOMMENDATION

That you sign the House bill, H.R. 16243 (Tab B) and approve the signing statement (Tab C).

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 628

Date: October 3, 1974

Time: 9:30 a.m.

FOR ACTION: Geoff Shepard
NSC/S
Phil Buchen
Bill Timmons

cc (for information):

✓ Warren K. Hendriks
Jerry Jones
Paul Theis

FROM THE STAFF SECRETARY

DUE: Date: Friday, October 4, 1974

Time: 2:00 p.m.

SUBJECT: Enrolled Bill H.R. 16243 - Department of Defense
Appropriation Act, 1975

ACTION REQUESTED:

☐ For Necessary Action☒ For Your Recommendations☐ Prepare Agenda and Brief☐ Draft Reply☐ For Your Comments☐ Draft Remarks

REMARKS:

Please return to Kathy Tindle - West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Warren K. Hendriks
For the President

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

OCT 3 1974

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H. R. 16243 - Department of Defense Appropriation Act, 1975
Sponsor - Representative Mahon (D), Texas

Last Day for Action

October 8, 1974

Purpose

Appropriates \$82,052,141,000 for activities of the Department of Defense for fiscal year 1975 exclusive of the regular military assistance, military construction, and civil defense programs; \$43,356,000 for liquidation of prior year deficiencies in military personnel, Navy; and \$800,000 for the Defense Manpower Commission.

Agency Recommendations

Office of Management and Budget

Approval

Department of Defense

Approval (informally)

Discussion

The original budget request of January 1974 for the three areas covered by this bill was \$85,583,397,000. This was increased by amendments in the amount of \$1,474,100,000 for the increased cost of fuel, military retired pay, and other pay-related legislation.

This bill appropriates \$4,961 million less than the amended budget request. This reduction is offset, however, by authorized transfers and financial adjustments of \$611 million, for a net program reduction of \$4,351 million. All but \$300 thousand of these reductions apply to the Defense Department. This \$300 thousand reduction applies to the Defense Manpower Commission. The Department of Defense views these reductions as substantial, but acceptable without serious degradation to our capability to meet national defense requirements.

The following table shows the Congressional reductions to Department of Defense appropriations by appropriation category.

	(\$ in thousands)	
	Budget as amended	Congressional changes
Military personnel	\$24,723,442	-\$ 552,690
Retired military personnel	6,040,600	---
Operation and maintenance	27,049,343	-1,719,240
Procurement	19,866,617	-2,635,501
Research, development, test and evaluation	9,322,469	-745,799
Special foreign currency	2,900	---
Military assistance South Vietnam forces	---	+700,000
1975 Budget authority	\$87,005,371	-\$4,953,230
Liquidation of prior year deficiencies	51,026	-7,670
Total Budget authority	\$87,056,397	-\$4,960,900
Financing adjustments	---	+610,673
Total program	\$87,056,397	-\$4,350,227

The major dollar changes from the budget request are discussed below.

Military personnel

The budget request was reduced \$553 million. Reductions were primarily for pay-related items such as change of station travel, separation payments, terminal leave payments, and training. Active duty military manyears and end-strengths were reduced about one percent.

The Department was directed to receive full reimbursement for military personnel working for other organizations and to credit all such collections to offset personnel costs in the year in which the work was performed.

As an incentive to the services to increase reimbursable collections which they are entitled to but are not collecting, a reduction of \$42 million was directed. To the extent that this reduction is offset by an increase in collections, no program reduction will be necessary.

Operation and maintenance

Operation and maintenance accounts were reduced \$1,719 million. The major reductions were \$411 million for reduced civilian personnel strengths of 32,327, or three percent.

This bill also provides authority for the Secretary of Defense, with OMB approval, to transfer an additional \$750 million between appropriations or funds.

In recommending this amount, the House Appropriations Committee stated its intention that additional financial requirements which result from unanticipated inflation be funded through the use of this transfer authority and that funds to continue high priority programs be obtained by eliminating and stretching out lower priority programs. The committee directed that further supplemental appropriation requests not be made.

Procurement

This bill reduced budget authority by \$2,636 million. The net program reduction is \$2,103 million due to \$533 million of offsetting transfers and other financial adjustments.

The shipbuilding program was reduced \$504 million. Funds for the first Sea Control Ship were deleted and the Department was directed to use prior year funds to study design of a new low cost mini-carrier. Funds for patrol frigate construction were reduced from \$436 million to \$186 million, and \$81 million for a new fleet oiler was denied.

Congress reduced procurement of the Airborne Warning and Control System (AWACS) from 12 to 6 aircraft for a reduction of \$145 million. Modification of wide-bodied aircraft owned by commercial airlines for inclusion in the Civil Reserve Air Fleet was denied for a reduction of \$133 million. Congress added \$305 million above the budget to buy 12 F-111 fighter/bombers and 24 A-7D attack aircraft.

Research and development

Congressional reductions for research and development amount to \$746 million in budget authority and \$710 million in program level, due to transfers and other financial adjustments of \$36 million.

The reductions are mainly for a number of small changes. Significant program reductions include \$25 million or 43 percent of the request for the Army heavy-lift helicopter, \$42 million for the Site Defense ABM system, deletion of \$20 million for the AGILE air-to-air missile and deletion of \$16 million for an improved small strategic submarine. The B-1 strategic aircraft program was cut \$54 million, reducing funds for the fourth research and development prototype but not breaking the existing B-1 contract.

Military Assistance South Vietnamese Forces

A total of \$1,450 million requested for support of South Vietnam in the regular appropriations, and included in the reductions listed above, was deleted. The reductions were \$24 million in military personnel, \$574 million in operation and maintenance, and \$852 million in procurement. These cuts were offset, in part, by the appropriation of \$700 million in a separate new title for Military Assistance South Vietnamese Forces. It may be necessary to request additional funding for support for South Vietnam, particularly if there is an increase in the scale of North Vietnamese attacks.

General provisions

Overseas deployments, excluding personnel assigned to Navy vessels, was limited to 452,500 effective May 31, 1975. This provision results from the continuing efforts of Senator Mansfield and others to force troop reductions in Europe. Defense was largely successful in opposing these efforts on the grounds that any such reductions should be made in the context of the Mutual and Balanced Force Reduction negotiations now in progress -- the strength limitation in the bill represents a cut of only 12,500 U. S. military personnel stationed outside the United States. However, the worldwide application of the limitation would effectively limit the President's ability to deploy additional forces abroad to meet an emergency. Accordingly, while it appears to be a valid exercise of the congressional power of the purse and, therefore, is not constitutionally objectionable, the provision is obviously highly undesirable from a policy point of view. Even though the limitation will have only limited practical application -- being effective May 31, 1975, for funds available only until June 30, 1975 -- we think Defense should be prepared to offer language to preserve the commander-in-chief power, should the issue arise again next year.

Recommendation

I recommend you sign this bill.



Roy L. Ash
Director

Enclosure