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THE WHITE HOUSE


WASHINGTON

CEREMONY FOR SIGNING THE FY 1977 DEPARTMENT
OF DEFENSE APPROPRIATIONS BILL

Wednesday, September 22, 1976

12:30 p. m. (20 minutes)

The East Room

From: Brent Scowcroft 

I. PURPOSE

To sign the FY 1977 Department of Defense Appropriations Bill.

II. BACKGROUND, PARTICIPANTS & PRESS ARRANGEMENTS

A. Background: The FY 1977 Defense Appropriations Bill provides a total of \$104.3 billion in new funds, and represents the largest such bill in our history. Your original request, including the supplementals submitted last spring, was \$107.9 billion. The shipbuilding request (\$1.17 billion) was not considered in this bill. The funding level compromises the original House and Senate bills, representing a \$1 billion reduction from the former and a \$330 million increase over the latter. This bill represents an increase of \$11.6 billion over last year's appropriation. Primary differences between this bill and your original and supplemental budget submissions include:

- Retention of the Senate provision prohibiting any use of B-1 production funds until February 1, 1977. Funds are provided for interim contract obligations and production line maintenance, not to exceed \$87 million per month.
- Inaction on the major supplemental shipbuilding requests which you submitted in August, and inclusion of one major shipbuilding program which we did not request, i. e., refitting of the nuclear cruiser Long Beach with the AEGIS fleet air defense missile system.
- Rejection of that portion of your defense management efficiency program that related to phasing out of military commissary subsidies over a six-year period.

-- Rejection of the efficiency plan to consolidate military helicopter training programs.

While these last two issues represent relatively small budget increments, they did cause significant debate both in the conference committee and on the floors of the two houses, and they bear directly on your broad program for improving the overall efficiency of the Defense Department. Of greater importance is the shipbuilding issue, and this is addressed in your proposed statement.

B. Participants: (List at Tab B)

C. Press Arrangements: The signing ceremony will be announced and the press will be admitted.

III. TALKING POINTS

-- A statement is provided for your use at Tab A.



SIGNING CEREMONY FOR THE DEFENSE
APPROPRIATIONS BILL

It is with considerable pleasure that I have signed into law the Defense Appropriations Bill for 1977. This legislation represents substantial progress towards meeting the essential Defense requirements I recommended to the Congress. This bill firmly establishes a new trend, reversing the steady decline in real resources devoted to national security. For the second year in a row -- after eight years of decline -- we are providing for real growth in defense spending. It marks a return to a balanced Defense program and an adequate Defense posture. I believe this bill reflects a new awareness that this country can no longer short-change our national defense. I am convinced that this new pattern must and will be sustained in future years, and I am fully committed to support it.

I intend to ensure that America's military forces remain unsurpassed, as they are today.

But while this bill represents real progress, there is more to be done.

First, I have directed a number of actions to achieve major economies in the operation of the Defense Department. Other economies which would have saved \$16 billion over five years required legislative action. Unfortunately, the Congress has

failed to act on the vast majority of these measures. This failure to act has deprived us of a potential saving of well over \$10 billion over the next five years. Second, Congress has failed to authorize certain programs that are essential to our long-term defense policy. This is particularly true in the shipbuilding area. Third, Congress has added funds for programs which I did not request in Fiscal Year 1977 -- funds which should be used instead for more important programs the Congress rejected.

That is why on August 23, I found it necessary to re-submit authorization requests totalling \$2.4 billion to cover critical programs which were not approved by the Congress. At that time I also asked for deletion of programs totalling \$600 million, suggesting that those funds be applied against the programs I requested. And I called for Congressional action on my economy measures.

I am pleased that the House/Senate Conferees on the Legislative appropriations Bill have agreed to some of the steps I have recommended.

This is progress.

But there are still other requests which would permit the Department of Defense to save over \$1 billion a year by 1979.

Of special importance is the shipbuilding program which our military leaders and I believe is of critical importance to our future

ability to control the seas in times of conflict. The Seapower Subcommittee of the House Armed Services Committee has unanimously approved a \$1.1 billion request to begin work on the initial ships needed to rebuild our Navy. I call on the Congress to approve this program before they adjourn so that we can assure our naval superiority during the next two decades.

I want to thank in particular those of you here today; I know you have a deep commitment to our national security. I share your dedication, and value your contributions to our freedom.