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Q: Can you confirm reports that the President has approved an \$11 billion increase in the DOD budget?

1/4/75 A: It is premature to discuss proposed budget levels. I will have no comment on these various budget stories until the budget is made public.

5. FYI: The Pentagon plans to notify Congress today and make a public announcement later that a contract has been let to fire 4 Thor ICBMs from Johnson Island in the Pacific to Kwajalein Island to test missile re-entry characteristics. The problem is that Johnson Island is where the U. S. stores obsolete poison gas weapons. The Pentagon will make clear that every precaution against the missile firings disturbing the stored gas have been taken.

1/14/75



1. ~~Can you confirm reports that the President has approved an \$11 billion increase in the DOD budget?~~

GUIDANCE: It is premature to discuss proposed budget levels.

1/6/75

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6. FYI ONLY: The Pentagon has confirmed that the MIRV conversion at Malmstrom has been resumed after a temporary suspension. DOD has declined to comment on the reason for the resumption or the suspension.

2/6/75

THE WHITE HOUSE

WASHINGTON

April 16, 1975

Question and Answer - Secretary Schlesinger

Q. - Mr. Secretary, there has been a report that the Defense Department has this \$700 million already squirreled away out of years and years of stashing some money aside. Is that true?

A. - That's false. That is basically preposterous as I indicated in there (Committee Meeting). We can all have our own opinion but we don't have our own facts. The Congress this year in passing an appropriation of \$700 million swept away all prior year funding. The total ceiling for the Department for this year is \$700 million; that is all that is available and only \$17 million of it remains unobligated.

For further information, two page transcript with Vanderki on 2255

July 7, 1975

SUBJECT:

DEFENSE SPENDING VRS. PAYMENTS
TO INDIVIDUALS--1966-1976

Since 1968, real spending for Defense has been reduced from \$151 billion (FY'76 dollars) to \$87 billion.

Over the same period, real spending for payments for individuals has increased from \$80 billion to \$160 billion.

In percentage terms, Defense spending is 58% of what it was in 1968, while payments for individuals is 200% of the 1968 level.

Defense/Payments To Individuals

In Current Dollars (Fiscal Years)

	<u>Defense</u>	<u>Payments to Individuals</u>
1966	\$55.9B	\$34.1B
1967	69.1	40.0
1968	79.4	45.5
1969	80.2	52.5
1970	79.3	59.4
1971	76.8	73.9
1972	77.4	84.6
1973	75.1	95.2
1974	78.6	110.3
1975	85.3	137.3
1976	94.0	152.7

In Constant 1976 Dollars

	<u>Defense</u>	<u>Payments to Individuals</u>
1966	\$112B	\$ 64B
1967	136	73
1968	151	80
1969	145	88
1970	130	94
1971	114	111
1972	108	123
1973	96	133
1974	91	141
1975	87	157
1976	87	160

Payments to Individuals include: Social Security, Railroad retirement, Federal employees' retirement and insurance (including Military retired pay), Unemployment assistance, Veterans' benefits, Medicare, Medicaid, Housing payments and Public assistance.

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July 15, 1975

ARMY DISCRIMINATION STUDY

Question from July 14

FOLLOW-UP

Yesterday you were asked to comment on a General's report on discriminatory practices in assignments in the military. You may wish to relay the following facts to the press:

1. The report is titled The General Officers Steering Committee on Equal Opportunity Report.
2. It was undertaken by the Army in response to President Ford's order that major executive departments look into the possible discriminatory practices of their organizations and report to the President.
3. The objective of the report was to identify where past and present practices on assignments differed from stated equal opportunity goals.
4. The report identifies the areas where divergences in stated equal opportunity goals were found to exist both in the past and in the present. The report sets forth recommendations for rectifying these specific past and present practices to bring them into line with stated goals.
5. Two contacts at the Department of Defense who can answer specific questions on this report are:

Lt. Col. Dick Bryan
Major Shirley
Phone: 697-5662

[You should refer specific questions to them.]

December 15, 1975

SUBJECT:

PRESIDENT RESTORES ONE-THIRD
OF DEFENSE BUDGET CUTS

According to several stories, President Ford restored more than \$2.5 billion of the \$6.5 billion cuts that have been ordered for the Pentagon Budget. These decisions were made, according to sources, during the Saturday meeting with Secretary Rumsfeld.

Is it correct that more than one-third of the Defense Budget was restored following the President's meeting with Secretary Rumsfeld.

GUIDANCE: The President did have detailed discussions on the activities of the Defense Department with the Secretary and the Chairman of the Joint Chiefs of Staff and some other staff people on Saturday. They reviewed very carefully the impacts of alternate funding courses for the upcoming fiscal year.

This was one of the regularly scheduled discussion sessions between the President and his Cabinet members to review alternate budget policies for next year.

JGC

MINUTEMAN III PRODUCTION

DOD did not include funds for continuing the production of Minuteman III in the FY '77 budget. FY '76 and transition budget long lead procurement and reprogramming requests, protecting the option to continue Minuteman III production capabilities in FY '77 if that should become necessary.

The primary considerations which might lead to future requests for funding to continue Minuteman production are:

- 1.) The outcome of SALT II negotiations and the assessment of Soviet ICBM programs.

Q. Have the White and the Department of Defense split?

A. No, the White House and DOD are in full agreement.

NOTE: The above guidance will be used by the Department of Defense in response to questions based on reports on Minuteman III production capabilities.

(MISSILE)

WASHINGTON (UPI) -- THE WHITE HOUSE IS RECONSIDERING ITS DECISION TO STOP BUILDING MINUTEMAN III NUCLEAR MISSILES AND MAY KEEP THE PRODUCTION LINE WARM WHILE IT AWAITS AN OUTCOME OF THE STRATEGIC ARMS TALKS.

THERE ARE NO FUNDS IN THE FISCAL 1977 BUDGET TO CONTINUE MINUTEMAN PRODUCTION, BUT THAT WOULD BE NO PROBLEM FOR SEVERAL WEEKS WHEN MONEY WOULD BE NEEDED TO MAINTAIN COMPONENT PIPELINES.

MEANWHILE, THE BUDGET DOES CONTAIN RESEARCH FUNDS FOR A NEW MISSILE -- THE MX -- AND A DECISION ON ITS DEVELOPMENT IS EXPECTED EARLY THIS YEAR.

DEBATE WITHIN THE PENTAGON OVER THE MINUTEMAN ISSUE IS EXPECTED TO CONTINUE AS THE ADMINISTRATION AND CONGRESS WRANGLES OVER THE 1977 BUDGET. ANY ATTEMPT TO REVERSE THE DECISION MUST BE MADE BY FEBRUARY.

IN HIS DISCUSSION OF STRATEGIC WEAPONS PROGRAMS IN THE PENTAGON'S 1977 BUDGET, COMPTROLLER IERENCE MCCLARY SAID A DECISION HAS NOT BEEN MADE ON WHETHER TO STOP PRODUCTION ON SOME OF THE COMPONENTS OF THE MINUTEMAN, SUCH AS THE GUIDANCE SYSTEM.

"A DECISION IS BEING CONTEMPLATED ACROSS THE RIVER," HE SAID. "WE REALLY HAVE UNTIL FEBRUARY BEFORE WE INCUR ADDITIONAL COSTS."

"DOES THIS DEPEND ON WHAT HAPPENS AT THE SALT TALKS?" ASKED A REPORTER.

"I BELIEVE," WAS MCCLARY'S REPLY.

UPI 01-23 09:13 AES

UP-016

(NATURAL GAS)

WASHINGTON (UPI) -- THE ADDITIONAL NATURAL GAS THAT WOULD BE PRODUCED BY LIFTING FEDERAL PRICE CONTROLS WOULD COST 42 TIMES THE CURRENT REGULATED PRICE, ACCORDING TO A NEW JERSEY CONGRESSMAN.

REP. WILLIAM HUGHES MADE THE CHARGE IN TESTIMONY THURSDAY TO THE HOUSE SUBCOMMITTEE ON ENERGY AND POWER, WHICH IS CONSIDERING BILLS TO "DEREGULATE" GAS.

HUGHES SAID HE GOT THE AMMUNITION FOR HIS CHARGE FROM A GENERAL ACCOUNTING OFFICE REPORT ON REMOVING REGULATIONS.

HE SAID THE GAO ESTIMATED 400 BILLION CUBIC FEET OF NATURAL GAS WOULD BE ADDED TO THE INTERSTATE MARKET SUPPLY WITHIN THREE YEARS AFTER REMOVAL OF PRICE CONTROLS. THE ADDITIONAL COST OF THAT WOULD BE \$9 BILLION, THE GAO ESTIMATED.

THAT TRANSLATES TO \$22.50 PER THOUSAND CUBIC FEET, HUGHES SAID, COMPARED WITH THE CURRENT REGULATED PRICE OF APPROXIMATELY 53 CENTS PER THOUSAND CUBIC FEET.

"AND THIS IS A CONSERVATIVE ESTIMATE," HUGHES SAID.

UPI 01-23 09:16 AES

UP-017

(NEW YORK)

NEW YORK (UPI) -- IN A GRIM "STATE OF THE CITY" MESSAGE, MAYOR ABRAHAM BEAME SAID NEW YORK CITY'S ATTEMPT TO SAVE ITSELF FROM DEFAULT IS IN SERIOUS JEOPARDY BECAUSE OF THE CONTINUING EFFECTS OF THE NATIONAL RECESSION.

BEAME SAID THURSDAY THIS YEAR'S BUDGET DEFICIT COULD BE \$89 MILLION HIGHER THAN ANTICIPATED BECAUSE OF UNEXPECTED DECLINES IN TAX REVENUES AND HIGHER COSTS OF WELFARE, ENERGY AND HEALTH INSURANCE.

"THE UNDERLYING ISSUE IS PAINFULLY SIMPLE," BEAME SAID. "THE TAX BASE OF OUR CITY CANNOT SUPPORT THE SERVICES OUR PEOPLE NEED."

IN HIS STRONGEST LANGUAGE ON THE SUBJECT TO DATE, BEAME TOLD A JOINT SESSION OF THE CITY COUNCIL AND BOARD OF ESTIMATE HE FACES AN "ECONOMIC PARADOX:

"WHEN WE LAY OFF WORKERS, OUR WELFARE AND SOCIAL COSTS INCREASE."

Feb. 4, 1976

Q. Is the Les Gelb article in the New York Times accurate? Was the Defense budget padded by \$3 billion for Congressional cut insurance?

A. All sorts of ideas and concepts are developed by staffs of the affected agencies and OMB during the budget review process. The New York Times article referred to a memorandum prepared last October, and I would like to point out that the OMB review with the President on the Defense budget did not begin until the end of November.

I can assure you that the President did not use any such concept in his preparation of the Defense budget. The President conducted a detailed review of each major Defense program with his national security and budget advisors and approved only those programs which are essential to our national security.

Secretary Rumsfeld is prepared to defend his budget on a line-by-line basis in the Congressional hearings.

I would also like to point out that the President has proposed a number of actions to improve the efficiency of the Department of Defense which will require Congressional approval. The President has already stated that if these actions are not approved, additional appropriations of up to \$2.8 billion will be required in 1977.

Official Criticizes U. S. Arms Pact Plan

By Oswald Johnston

Los Angeles Times, Saturday, February 28, 1976

"Washington - The Ford Administration's latest reported compromise on what strategic arms limitation formula to offer the Russians came under veiled criticism Friday from the head of the Government Agency responsible for furthering arms control programs.

"Fred C. Ikle, head of the Arms Control and Disarmament Agency, told a news conference that limiting the range of certain types of cruise missiles to 375 miles would be impossible to verify and that such proposals were therefore damaging to the long-term future of an arms pact between the United States and the Soviet Union.

"Ikle called reporters into his office ostensibly to criticize a proposal by three liberal Senators that both superpowers delay flight tests of sea-launched cruise missiles of strategic range.

"But it became evident that criticism of the Senators' plan applied also to some aspects of the proposals Secretary of State Henry A. Kissinger has forwarded to the Russians during the current negotiations on a new strategic arms treaty.

"At issue is the extremely complicated question of how to verify a weapon as versatile as the cruise missile.

"The weapon can be fired from an airplane or launched from a surface ship or through the torpedo tube of a submerged submarine, fly at ranges from a few hundred miles to more than a thousand miles and deliver either a conventional or a nuclear warhead within a few feet of a target.

"Under present techniques of verification, it is impossible to determine how many cruise missiles are deployed, what their range is or whether their striking capacity is conventional, nuclear, tactical or strategic.

"Against the background of repeated charges by critics of Kissinger and his arms control policies that previous strategic arms agreements have been violated by the Russians, and any new agreement containing unverifiable limits on cruise missiles is bound to come under sharp attack -- especially in an election year.

"Nevertheless, Kissinger came away from Moscow after talks there last month with a tentative agreement to ban testing and deployment of submarine-launched cruise missiles with a range exceeding 375 miles.

"In support of this proposal, which has been under fire from the Pentagon, Kissinger aides have argued that flight tests of cruise missiles can be monitored and that the Russians would be unlikely to deploy a weapon for strategic purposes if it had only been flight-tested at substrategic-tactical-ranges.

"These officials have also argued that, given the five-to-ten year advantage in computer technology that the United States now has over the Soviet Union, verification problems involving cruise missiles are "their problem with us, rather than our problem with them."

"Ikle explicitly rejected both of these arguments Friday. A cruise missile, he said, is so versatile it could easily be tested as though it were designed to be launched from a heavy bomber, then surreptitiously deployed on a submarine.

"He said further that arms pact negotiators should look ahead to the future, even though, in the short run, violations or problems are relatively unimportant.

"Ikle hinted that the best approach to the present arms negotiations with the Russians might be to avoid any attempt to impose numerical limits on cruise missiles -- whether a range limitation, such as is now under discussion, or a deployment limit such as Kissinger reportedly offered last fall."

NUMBER TWO MILITARY POWER

Q: Ronald Reagan has charged that the U.S. has become Number ^{two} militarily. He cites the following statistics: "The Soviet Army is now twice the size of ours. Russia's annual investment in weapons, strategic and conventional, now runs about 50 percent ahead of ours. Our Navy is outnumbered in surface ships and submarines 2-to-1. We are outgunned 3-to-1 in artillery pieces; 4-to-1 in tanks. Soviet strategic missiles are larger, more numerous and more powerful than those of the United States"

On what do you base your assertion? Yet you contend that we maintain a rough equivalence with the Soviets in military power? On what do you base that assertion?

A:

Our defense forces are ^{second to none,} ~~second to none,~~ and it ^{damages} ~~is~~ ^{the ill-informed} ~~is~~ damaging to the interests of this country for ^{completely falsely} ~~demagogues~~ to declare to our ~~adversaries and our friends abroad~~ ~~completely falsely~~ that

we are in second place. Such false statements are highly dangerous.

They could mislead our friends and and could invite miscalculation by our adversaries.

Let's look at the facts:

• Although the Soviet Army may now be twice the size of the US Army, during most of the ^(since World War II) ~~postwar~~ period, it has been more like three times ^(larger.) ~~the size~~

And, ~~now,~~ most significantly, for the first time ever, a substantial portion of that Army is ^{now} ~~is~~ deployed to the Soviet Far East.

(A) to page 2

- Our strategic forces are superior to Soviet forces in a most important category: Numbers of accurate, survivable, individually targetable nuclear warheads. It is, after all, the warheads which actually destroy the target. Our lead in this area has been increasing over the past several years. Mr. Reagan likewise ignores our vast superiority in strategic bombers.

- Our fighting men are the best trained and most ready in the world. Our aircraft are the most modern and are widely recognized as the best in the world.

- Navy?)*
- *Finally, while others come late to this subject and offer only ~~empty~~ rhetoric,*
I am the one who ^{has} reversed the trend of shrinking defense budgets. *Because I am well aware of the dangers we face,* My last two defense budgets ~~are~~ ^{have been} the highest peacetime budgets in the nation's history, ^{and} I, and members of this Administration, ^{have} ~~are the ones who~~ fought the battles in the Congress for the vital weapons systems we have now -- the Trident submarine, the B-1, the ABM, the C-5A. ~~Where was Mr. Reagan when these battles were being fought to maintain our defenses?~~

~~Our defense capability is a vital issue. I hope it does not get~~

- [Get A, page 1]

3/11/76

US-USSR RELATIONS

Q: Mr. President, with regard to our relations with the Soviet Union, several of your opponents -- both Democratic and Republican -- have charged that detente has become a one-way street, that the Soviets have used this period of improving relations in fact to extract one-sided concessions from the United States, to push us back to second place status in military strength, and to exploit the relationship ~~for~~ U.S. grain and technology while engaging in activities in Angola and elsewhere contrary to our interests and to the spirit of a more stable relationship. Would you respond to these charges and, in light of your dropping detente from your vocabulary, explain your policy toward the USSR.

receiving }
A: *First* ~~At the outset,~~ let me remind you *that in dealing with* ~~of the strength of the~~ *the Soviets we deal from a position of strength - militarily,* ~~United States,~~ *economically, technologically and psychologically,*

- ~~Our military might is unmatched.~~
- ~~Our economic and technological strength dwarf any other.~~
- ~~Our~~ *Our* heritage as a democracy of free people is envied by hundreds of millions around the world.
- ~~In virtually every aspect of human endeavor, we are~~ ~~the most advanced country anywhere.~~

* * *

Complex,
The Soviet Union *is* a growing superpower. Because we and the Soviets are political opponents and military rivals, the US-Soviet relationship in this nuclear age has the most profound implications for global survival. When I use the term "peace through strength" to discuss our approach to the US-Soviet relationship, it is not because there has been a change in

~~U.S. policy -- it is because I want that policy to be clearly understood.~~

* * *

~~It is my policy to assure the security of this nation. In~~ *I want (Continue to assure our)* ~~It is my policy to assure the security of this nation. In~~ *I want, in*

~~our dealings with the Soviet Union, it is my policy to move beyond~~ *I want*
~~an area of constant confrontations and crises,~~ *I want* ~~to develop a more~~
~~stable relationship) based on restraint and respect, but to counter~~ *(between us and the Soviets. I want a relationship which will)*
~~any Soviet expansionism.~~

~~This ~~is~~ policy involving reciprocity. It is a one-way~~ *can not be a*

~~street. We pursue this policy because it is in our national~~ *As in any negotiations, we will often seem to yield on*
~~interest to do so. Let's look at the facts.~~ *union points to gain our overall objective.*

Let's look at how we are working out this policy toward a stable relationship with the Soviets in an effort to keep peace in the world.

-- Strategic Arms

- ~~We have taken positive steps to limit strategic arms,~~
 - We halted a Soviet *arms* build-up so that now,
 - ~~Now~~ for the first time, we can cap the growth of Soviet and American nuclear weapons at equal levels.
 - We have avoided a ~~very~~ costly and futile ~~arms~~ *arms* race ~~which~~
- ~~In our current negotiations we are seeking to avoid a very costly and futile offensive arms race. This is in our interests; it is not a unilateral favor we grant to Moscow; our security is fully safeguarded in this process.~~ *While fully safeguarding our own security,*

-- Trade

have:

In trade, we have reached agreements on grain assuring
~~income to American farmers, and the enormously productive~~
^{#1. Assumed}
~~U.S. agricultural sector,~~ ^{#2. Earned} earning foreign exchange for our
~~economy (\$2 billion last year), and protecting American~~ ^{#3. Protected}
consumers from fluctuations in grain prices due to Soviet
actions in the international grain market. ~~We~~ ^I will remain
vigilant to ensure that US-Soviet trade does not affect our
national security, ~~interests.~~ ^{(but we will continue to see that our} Our country benefits -- in jobs
and dollars -- from the sale of goods to the USSR. ~~This is~~
~~not a give-away; it is in our interests.~~

When we have faced Soviet threats -- wherever they have
come -- we have moved to counter them. We will continue
to do so for there can be no real accommodation of interests
if we do not react with firmness when challenged.

Neither foe nor friend should

~~Neither friend nor foe should~~

~~There should be no misunderstanding about the United States, our~~
^{our} intention or ^{we do not intend to be} resolve. We ~~must never be~~ second best in a world
that looks to us for the strength to ensure the peace. ~~We can~~ ^{we should be}
~~not bestow our trust simply because we share with another nation~~

Covered in following #1



~~a desire to avoid nuclear holocaust. The suspicions and rivalries
of more than a generation cannot be swept away in a short time.~~

long-term
Our political rivalry and military competition with the Soviet
Union will continue. As the recent past has shown, our policy
requires us simultaneously and with equal vigor to resist
expansionist drives and to shape a more constructive relationship.

This is my policy.
There is no responsible alternative.

3/11/76

US ARMS SALES TO EGYPT

Q: Based on Secretary of Defense Rumsfeld's statements, it would appear that the Administration has more in mind for Egypt than just limited arms sales. What exactly is involved and how can ~~you~~ ~~the US~~ possibly justify arms sales to Egypt since these will fuel an arms race and weaken our commitment to Israel's security?

A: The only item now under consultation is several C-130 transport aircraft. This can scarcely affect the military balance.

Our objective in supplying Egypt anything in the military field is the same as that in providing economic assistance -- to support Egypt in its moderate policies which have been so instrumental in helping the area move closer to peace. By responding to Egypt's own desires to diversify its resources in this field, including reducing dependence on the Soviets, we can help maintain its confidence in the peace process.

~~It is our policy~~
We will do nothing to upset the balance in the area to Israel's disadvantage. Israel's position is ~~very~~ ^{Israel} strong. ~~It~~ ^{United States} will continue to receive substantial military and economic assistance from the ~~US~~ ^{to}
~~this end.~~

Q: The Israelis are obviously not persuaded by the Administration's arguments. What is your reaction to their strong condemnation of the arms decision?

A: We have been in touch with the Israelis on this matter. We are firm in our commitment to Israel's security and we will do nothing to upset the balance in the area to Israel's disadvantage.

Q: Is it true that the Administration's real intent is to use the C-130s to set a precedent for future supply of more sophisticated equipment to Egypt, possibly after the results of more primaries are in?

A: *We have* ~~There are~~ no plans ^{now} ~~at this time~~ to provide material other than the C-130s. Any future decision would be taken only after close consultation with the Congress.

3/11/76

CORPORATE BRIBERY

Q: What is U.S. policy toward ^{the} ~~reported~~ large scale bribery by U.S. firms ^(of) and foreign officials in the Middle East and elsewhere?

A: We deeply deplore any practices such as bribery or attempts to corrupt foreign officials, which run counter to deep-seated and traditional American values. We intend to take strong measures to deal with such practices, and have raised this in the international context in the hope that other countries would join in a broad scale effort to halt corruption.

3/11/76

ARMS SALE TO MIDDLE EAST

~~March 10, 1976~~

Q: How do vastly increased US arms sales to Saudi Arabia and the Persian Gulf further US interests? Isn't the U.S. fueling another Middle East arms race?

A: For some years the U.S. has been committed to supporting Saudi Arabia's program of military modernization; this has included sales of some equipment and the sales of a much greater value of construction services. The close relationship we have ^{long had} with Saudi Arabia has made an essential contribution to the moderation and stability of the vital Persian Gulf area and ~~to the progress toward peace in the Middle East.~~ Our modest arms sales will not create an arms race. They will help to ensure continued moderation and close relations with the U.S..

US-USSR RELATIONS -- THE AFFRONT OF ANGOLA

Q: Mr. President, how can you suggest that your policy toward the Soviet Union is successful in light of the aggressive and expansionist character of Soviet actions in Angola?

A: *on far more*
The success of our relations with the Soviet Union depends ~~very~~
than their actions in one part of the world, The real key to our success is how we
respond to their challenges. ~~much on what we do.~~ If we unilaterally cut our defenses; if we
deprive ourselves of economic tools as instruments of our diplomacy;
if we weaken ourselves in SALT negotiations and leave Soviet
programs unconstrained; if -- as has been the case -- through
the actions of the Congress we fail to block Soviet moves in
local conflicts such as Angola, we are tearing down both their
incentives for restraint and the penalties for aggressive behavior.
If we deprive ourselves of the tools of our own policy, we cannot
then be surprised at the unsatisfactory results. Better US-Soviet
relations do not depend on American conciliation but rather upon
American willingness to meet our own responsibilities.

~~FOREIGN POLICY QUESTIONS~~ SOUTHERN AFRICA

the Soviets Q: One of the broader questions ^{*(raised by the Angolan affair)*} of ~~Angola~~ is how we can stop Soviet/Cuban intervention ^{*(the affairs of small nations)*} in ~~situations such as Angola~~. You have consistently refused to tell where you would draw the line. Doesn't this tempt ~~them~~ to keep on prodding and intervening and raise the stakes when we are forced to intervene? Wouldn't it be better to say where you draw the line?

A: Our response to Soviet/Cuban interventions such as in Angola would be tailored to the circumstances. It will be firm and prompt. I do not believe it would be wise to speculate on the specific character of our actions, or where we would draw the line.

Q: Another question about Angola. Do you believe you can conduct an effective foreign policy with your hands tied by Congress as they were in the Angolan situation? And if so, how?

A: As I said at the time, by cutting off funds for Angola, Congress put the United States on record as refusing the request for help for an African people who sought no more than to decide for themselves their own political future, free of outside intervention. I believe Congress' action was a grave error that can only result in serious harm to the interests of the United States. As for the future, I will continue to take the Administration's case to the American public and will seek their support and that of Congress

for a strong foreign policy that enables the United States to play a responsible international role. I have no intention of shirking our responsibilities to our friends and allies around the world.

Q: There are reports of Cuban troops in Rhodesia. What do you intend to do about this new Cuban intervention?

A: We have no confirmation of these reports. The presence of Cuban military forces ~~in that situation~~ would present a grave problem and, while I would not want to speculate about our response, Cuba must understand that it must proceed with extreme caution. ^D~~we~~ must not consider that what we did in Angola would be our response to another Cuban aggression.

Q. What is the Administration's policy toward the regimes of Rhodesia, South West Africa and South Africa? Can we afford to support racist regimes on the black continent?

A: I firmly support majority rule in Rhodesia, and my Administration will use its influence in that direction. The United States also supports a peaceful evolution in Rhodesia through negotiations. It would be a tragedy for all Africans if change had to be brought about by violence.

Concerning Namibia (South West Africa), the United States has urged the South African Government, in conjunction with the United Nations, to move rapidly to grant the people of Namibia the right to choose their own destiny.

Our policy toward South Africa has remained fundamentally unchanged for over a decade. We maintain relations with the Government of South Africa and a dialogue with all elements of the South African society, but we have made clear the inherent opposition of the American people to the South African Government's internal policies.

CONFLICT ON THE SUBCONTINENT

Q: India has already exploded a nuclear device. Pakistan is developing a nuclear capability and there is a Soviet navy buildup in the Indian Ocean. What are you doing to control a potential conflict in the Indian Ocean?

A: ~~We believe that~~ ^N nuclear proliferation is one of the most serious ~~foreign policy~~ ^{and it} problems we face today, ~~one which~~ ^(we deal with it) promises to become even more serious ~~in the future~~ unless ~~it can be~~ ^(the Presidency, taken) adequately ~~dealt with~~. Since I assumed ~~this office~~, we have ~~launched~~ a series of ~~steps to reduce~~ ^{steps to reduce} ~~of initiatives aimed at reducing~~ the risk of further proliferation of nuclear weapons. ~~These~~ ^{These steps} include negotiations with other nuclear ~~suppliers~~ ^{suppliers} toward strengthening safeguards on nuclear exports and determined efforts to make our views known firmly to countries such as India and Pakistan.

~~With regard to~~ Soviet naval activity in the Indian Ocean area, ~~this~~ ^(American) is why I have strongly supported a strong defense posture in the area, including my requests to Congress for essential facilities at Diego Garcia. I believe that a policy of peace through strength will protect our own interests in this area, without threatening the interests of any other state.

IMPORT ISSUE

Q: Your Administration has been pledged to lowering trade barriers wherever possible. Now in the next few weeks and months you will be facing some tough calls on imports of various items such as specialty steel. What will be your criteria for making these decisions? Do you favor the new laws that make it easier to block imports?

A: The objective of our trade policy is to enhance the welfare of American industry, American workers, and American consumers. It is for this reason that we seek a more open global economy. We believe such a system serves the interests of other nations as well.

My advisors have given me their recommendations on the ITC findings on steel. I am reviewing those recommendations and I will announce my decision shortly. (Deadline is March 16)

On shoes, the International Trade Commission (which was divided on this issue) only recently made their findings and recommendations; and my advisors have not yet completed their review. (Deadline mid-April)

My decisions will be based on the merits of each case, the welfare of American workers and consumers, and the impact on our trading relationships with other nations.

- The welfare of US workers and firms has been and will remain a primary objective of this Administration. I can assure our workers that I will not allow unfair practices by others to undermine competitive American industry and jobs.

- I shall also carefully consider the interests of American consumers. And I shall take into full account our relationships with important trading partners, who constitute important markets for our exports. In keeping with the spirit of Rambouillet, I intend to consult with these partners as trade problems arise.

I recognize that these decisions are sometimes difficult. Because they are so difficult, I shall weigh carefully the various positions and attempt to arrive at judgments, fair to all parties concerned, which best serve the interests of the American people.

* * *

We are working in the Multilateral Trade Negotiations, in Geneva, and elsewhere to improve the international trading system, lower global trade barriers, and manage in an orderly fashion problems which arise from time to time. The Trade Act of 1974 gives us ample authority to achieve these goals.

The Trade Act also provides adequate authority to deal with such issues as dumping, export subsidies and unfair trading practices by other nations. In keeping with the letter and spirit of the Act I have directed my advisors to carry out thorough studies of the International Trade Commission (ITC) findings. I certainly will make my decisions on each case within the 60 days allowed me by the Trade Act.

U. S. GENERAL CAN ORDER NUCLEAR HIT?

Q. Yesterday Ret. Vice Admiral Gerald Miller disclosed that the Commander of the North American Air Defense Command is authorized to order a limited nuclear strike in wartime without specific presidential authorization, but that this authorization may be revoked in the near future. Can you confirm that this is, in fact, U. S. policy and that it is being changed?

A. Policies involving the employment of nuclear weapons are understandably classified. As a matter of policy, we do not discuss these matters. It must be noted that the responsibility for the use of nuclear weapons rests with the President.

* * * *

The above response will be used by the White House and the Pentagon to any and all questions on command and control of NORAD operations, and nuclear use policy. State and ACDA will refer all questions to DOD and the White House.

Policies involving the employment of nuclear weapons are understandably classified. As a matter of policy, we do not discuss these matters. It must be noted that the responsibility for the use of nuclear weapons rests with the President.

14 April 1976

Defense Manpower Commission Report

Q: The Defense Manpower Commission has submitted its extensive study to you on the manpower requirements and policies for the Defense Department. Would you comment on their recommendations.

A: I have not yet had the opportunity to examine the Commission's report; however, I will be asking the appropriate agencies to examine the report and its recommendations.

NAVY SHIPBUILDING PROGRAM

Q: In testimony before the Senate Armed Services Committee, Secretary Rumsfeld indicated that the Administration would like an additional \$1.2 billion for five new ships over and above your original FY 77 shipbuilding request. What has happened since you submitted your original budget in January to require an increase in the shipbuilding budget?

A: The five-year shipbuilding program that I submitted in January with my FY 77 Defense budget calls for construction of 111 ships over the next five years at a cost of \$35 billion. This program is based on our assessment that although the US Navy is still superior to the Soviets and capable of performing its essential missions, the trend in the overall maritime balance is moving against us -- and it is essential to reverse this trend. The five-year shipbuilding program I proposed does that. I made it clear at the time that we were conducting within the NSC system an intensive study of our future naval requirements, and that if this study indicated a need for further expansion of our program, I would not hesitate to seek the required funds from Congress.

The study has progressed far enough for me to conclude that additional funds for ship construction should be added to our FY 77 budget -- about \$1.2 billion for five more ships. The House recently acted to add roughly the same amount to the shipbuilding budget. I have added long-lead money for a new nuclear-powered aircraft carrier, but unlike the House program, mine favors

highly capable but conventionally-powered non-carrier surface ships rather than the more expensive nuclear-powered versions. In this way can we achieve an overall increase in the size of our fleet -- more quickly and more economically -- and this must be our top priority. I have also added money for research and development to exploit new technologies in ship design, weapons systems, and sensors.

My revised FY 77 shipbuilding budget meets the concern of the House and is worthy of the support of the whole Congress. To this end, I will work with Congress to ensure our continued ability to protect our vital interests on the high seas.

May 11, 1976

SENATE ARMED SERVICES COMMITTEE
PARES PRESIDENT'S REQUEST

Q. What is the President's reaction to the Armed Services Committee's decision to refuse his \$1.2 billion FY '77 budget amendment for shipbuilding, and related aircraft? Can he live with the legislation as approved by the Committee?

A. The President is disappointed that the Committee did not accept his request for the budget amendment to the FY'77 weapons authorization bill.

As the bill and the amendment moves through the legislative process (to the Senate floor and then to conference) the President hopes that the funds he requested will be restored.

FYI: President's Q. & A. on rationale for Navy shipbuilding program is attached.

5/21/76

PRESIDENT'S MEETING WITH GENERAL
HAIG

Volunteer

The President will meet this afternoon at 1:45 p.m. with General Alexander Haig, Supreme Allied Commander, Europe. The purpose of the meeting will be to review issues of current importance to the North Atlantic Alliance, especially the developments along NATO's Southern Tier.

F.Y.I. ONLY

One aspect of NATO's problems that concerns Haig in particular is the adverse impact of US-Turkish and Turkish-NATO relations of the Congress does not approve the US-Turkish Defense Cooperation Agreement.

end FYI ONLY

May 22, 1976

B-1

Q: What is the status of the B-1 program? Are we going to produce the B-1 bomber?

A: I have included approximately \$1 billion in my FY 1977 budget to make it possible to begin procurement of production-model B-1s. I expect to make the final production decision later this year, after completion of flight testing.

As we gradually modernize our bomber force, we will need up to some 240 B-1s by the mid-1980's. Our test program, which is one of the most extensive and comprehensive in history, is moving well, and we are encouraged by the results thus far. Our manned bomber capability is a key element in our strategic deterrent, and the improved performance of the B-1 will allow us to maintain that capability into the 1990's and beyond.

I should note that the efforts of some in the Congress to delay production unnecessarily are misguided. By November, we will have almost two years of exhaustive testing behind us. To delay our ability to go into production beyond that time makes no sense either militarily or economically. I hope that the Congress in its upcoming deliberations on the B-1 will agree with me on that.

July 22, 1976

B - 1 BOMBER

Q: Does the President have any reaction to the Senate Appropriations Committee decision to delay procurement of the B-1 bomber?

A: The President deeply regrets Senate Appropriations Committee Action to delay procurement of the B-1 bomber. He hopes that in the continuing legislative process Congress will ultimately decide to provide full funding for this program which is of such great importance to the national security.

July 22, 1976

POSSIBLE SUPPLEMENTAL REQUEST

Q: There are reports that the President will send to the Hill a Supplemental Request in light of Congress' passage of a reduced Defense Authorization bill?

A: The President indicated in his signing Statement of the Defense Authorization Bill that he deeply regretted cuts made by Congress and is considering a Supplemental Request to Congress to reconsider authorization and appropriations of the programs cut in that bill.

PRESS GUIDANCE - 9/1/76

APPROPRIATIONS COMMITTEE ACTION ON THE B-1

The President is deeply disappointed that the Congress has acted to delay full production of the B-1 bomber. The Congress' action will prevent a Presidential decision based upon the most efficient and timely use of resources and will therefore result in a waste of time and money in upgrading an important element of our strategic deterrent forces.

FYI:

Inasmuch as the Conference Committee has not finished its work and issued its report, you will not be able to discuss in detail the legislation affecting production of the B-1.

DEFENSE APPROPRIATIONS CUTS

Q: Do you have any comment on the House/Senate appropriations conference which cut about \$3 billion from the President's DOD request?

A: The President is of course disappointed that the Congress has failed to live up to its responsibilities to provide the adequate funding for our defense forces as the President's budget proposed. I would remind you of the message the President sent to Congress on August 23 which outlined the President's concerns over programs the Congress had failed to fund and the important economic measures Congress had failed to legislate.

Q: Will the President veto the bill?

A: The Conference Committee has not yet issued its report and the House and Senate must still vote final approval. We hope the Congress may yet restore some of the cuts and we will want to access carefully the appropriation bill as it finally emerges from Congress.

Q: What about the delay on the B-1 Bomber?

A: The President is deeply disappointed that Congress has acted to delay the full production on the B-1 bomber which will prevent the most efficient and timely uses of forces and therefore result in a waste of time and money in building an important element of our strategic forces.

POSTED: 12/9/76

ANSWER TO QUESTION IN DAILY PRESS BRIEFING DECEMBER 9, 1976

Q: What is the story behind the supposed A-4 sales pitch to India?

A: First, let me state that we do not have under consideration the sale of A-4s to India. Sometime ago McDonald Douglas expressed an interest in providing unclassified data on the A-4 to India and Pakistan to enable them to make a presentation. We approved the request on the understanding that this in no way implied a USG decision to approve any sales of the aircraft. In this connection, the USG has not received a GOI request about the A-4 and therefore there is no review under way with regard to a possible sale.

December 10, 1976

M-X MISSILE

Q: What is your comment on press reports that the President intends to request \$250 million in next year's budget to initiate full scale M-X development? What is the status of the M-X program?

A: I am not going to get into any discussion of the specifics of the President's budget. With regard to the status of the M-X program, we are proceeding with concept validation of the M-X program. A date for the DSARC II, which must precede full scale development, has not yet been established. I will make no comment on the future funding of the program until the President's budget is presented to the Congress.

Background: Bill Beecher's Boston Globe article reports that the President intends to request \$250 million in his budget to initiate full scale development of the M-X.

The Authorization Act for FY 77, enacted June 25, 1976, directed "a comprehensive study of our ICBM force and its role in our national strategic posture...with the stipulation that it be accompanied by a statement from the President certifying that the study reflects national policy."

A study group, headed by Mr. John Walsh, Deputy Director (Strategic and Space System), ODDR&E conducted the study, which will be sent to the President with the proposed DOD budget.

The DSARC I (Program Initiation Milestone) was held in March 1976. As indicated, the program is now in the concept validation phase.

U.S. Defense Posture: Strike Options

Q: Do you rule out a nuclear first strike by the U.S.?
Would you consider using tactical nuclear weapons as
a first defensive response rather than conventional
weapons or ground forces?

A: The U.S. position has been and continues to be that our
defense posture must be both flexible and determined.
In order to be prepared for all contingencies we must have
a full range of options. We must be able to make deliberate
choices and to meet rapidly changing conditions under any
circumstances. Let me simply say that we will respond
to whatever degree is required to protect our interests.

* * * *

A summary of past public statements is attached.

FYI:

Secretary Rumsfeld did, in fact, signed a letter of resignation when he left the White House Staff.

INCREASE IN DEFENSE BUDGET FOR FY 1976

Q. How can you justify a Defense Budget for FY 76 which exceeds \$100 billion?

A. The Defense budget I am sending Congress will ensure that our defense will not erode because world peace depends upon a strong American defense posture. Almost all of the increases in next years Defense budget resulted from the impact of inflation and increases in the price of energy.

In developing the budget there were certain fundamental decisions I had to make. One of the most fundamental was to ensure that the security of our Nation is maintained.

We should not forget that a strong defense is our principal deterrent to aggression. Our defense posture is a fundamental underpinning of our alliances, and reinforces the will of our allies to make our common defense work. Moreover, our military strength underwrites our diplomatic strength. It insures that negotiation is the only rational course, and thus lays the groundwork for achieving, through negotiation a relaxation of tensions with our adversaries and an enduring framework for peace.

Each Administration and Congress since the Second World War has supported--on a bipartisan basis--the maintenance of our military strength. I intend to continue to support a strong defense posture, and I believe the Congress will continue to do so also.

FYI: The FY 76 Defense budget request provides for \$92.8 billion in outlays \$106.3 billion in budget authority, and \$104.7 billion in total obligation authority.

NSA DOCUMENTS

The Defense Department acknowledged the subpoena from the House Select Committee on Intelligence today and turned over to the committee the two documents it sought. The documents were provided on a classified basis, which means they were made available on the condition that, because of their top secret classification, no one outside the committee can see them. The committee's own rules, however, provide that classified material will not be disseminated outside the committee.

Q: Was the White House involved in this turnover of material?

A: Yes, the counsel's office worked with the Defense Department on this matter.

5. FYI: The Pentagon plans to notify Congress today and make a public announcement later that a contract has been let to fire 4 Thor ICBMs from Johnson Island in the Pacific to Kwajalein Island to test missile re-entry characteristics. The problem is that Johnson Island is where the U. S. stores obsolete poison gas weapons. The Pentagon will make clear that every precaution against the missile firings disturbing the stored gas have been taken.

Talking Points

DEFENSE OUTLAYS

- Department of Defense military and military assistance outlays are estimated to increase \$8 billion in current dollars, from \$84.8 billion in 1975 to \$92.8 billion in 1976. This 9% increase is necessary to maintain defense preparedness and preserve personnel levels in the face of rising costs.
- In constant dollars (i.e., current dollars adjusted for inflation) 1976 defense outlays provide for about the same level of real resources as 1975.
- Since 1964, the most significant defense increase has been for pay-related outlays which account for most of the increases in the military personnel, retired pay and operation and maintenance categories. These costs have risen from \$22 billion in 1964 to \$49 billion in 1976 for a military and civilian work force which is 600,000 or 17% smaller in 1976 than in 1964.
- The proportion of the defense budget required for pay-related costs has increased from 43% in 1964 to 55% in 1975, and 53% in 1976.
- Procurement, construction, and other outlays increase from \$19.2 billion in 1975 to \$21.9 billion in 1976 in current dollars to offset increasing costs and to provide for modernization needed to insure a credible strategic deterrent and to strengthen general purpose forces.

NAVAL IMBALANCES

Q: Senator Jackson, in a position paper released last week, charged that our Administration has been negligent in building up the size of the Navy, and that the shrinking number of American warships is leading to a dangerous imbalance of Naval forces with the Soviets. How do you respond?

A: During the past decade, the Soviets have established themselves as a formidable maritime power. That fact is confirmed by the numbers of ships the Soviets have built and by their pattern of operations.

At this time, the United States Navy has the ability to carry out its missions. Our Navy has major assets not possessed by the Soviet Union, such as a formidable aircraft carrier force, quieter submarines, and more highly qualified personnel.

However, in order to provide for this nation's defense in the future, we must have a shipbuilding program that assures us a modern and capable fleet. In the budget that I submitted for the next fiscal year we have proposed more money for shipbuilding than at any other time in our history. We are also in the process of a study to see whether our current shipbuilding programs are adequate. Let me assure you we cannot and will not let any other nation dominate the world seas.

IS A NUCLEAR WAR "WIN POSSIBLE?"

Q: Former Navy Secretary Paul Nitze recently wrote in Foreign Affairs magazine that the Soviets now believe it is possible for a nuclear power to "win" a nuclear war. This is a view diametrically opposed to our position. Have you given any thought to reconsidering what we are doing in view of the change in Soviet strategy?

A: The primary objective of U. S. strategic nuclear forces is to deter nuclear attacks on the US and our allies. To make deterrence credible, these forces must be able to inflict an unacceptable level of damage on our enemies even after absorbing an all-out first strike on US strategic forces. They must also be able to deter limited nuclear attacks by ensuring that US forces can respond to less than all-out attack.

Let me assure you that the strategic arsenal of the United States is sufficiently large, flexible, diversified and survivable so as to preclude a first strike that would deprive us of a basic retaliatory capability. The program I have recommended to Congress calls for the improvement of our strategic nuclear forces to insure that we retain that capability for the foreseeable future. My defense program is designed as well to increase our research and development efforts so as to keep US forces at the forward edge of technology.

I am confident that these steps will further enhance our deterrent capability and the stability of the strategic balance between the United States and Soviet Union. I am certain that Soviet leaders fully appreciate the catastrophic consequences of nuclear war and the need to find ways to reduce the prospect of such an occurrence.

MISSILE BUILD-UP

Q: Pentagon intelligence sources have been reported as saying that the Soviets have been steadily building up their inter-continental ballistic missile strength. Do you consider these reports accurate? And if so, how does the build-up fit into our SALT negotiations and Detente, and how are you planning to respond to the build-up?

A: The Soviet Union is in the process of a major modernization of both its ICMB and SLBM forces. However, the total number of ICBMs and SLBMs is not increasing since this total was frozen under the terms of the Interim Agreement. As you know, in the current SALT II negotiations we are seeking equal aggregate limits on both the total number of strategic missiles and the number of MIRVed missiles.

Of course, this would not preclude modernization of existing forces and, indeed, like the Soviets we are also engaged in our own modernization effort. This includes current deployment of the Poseidon and Minuteman III MIRVed missiles and, within a few years, deployment of the B-1 bomber, the Trident submarine, and the Trident missile. We are also protecting our options for the future through R&D on the M-X missile, which can provide increased throw weight and the option of alternative basing modes, to maintain the viability of the ICMB portion of our deterrent.

I am determined to continue to improve our strategic nuclear forces to maintain a clear strategic deterrent. World peace depends upon an adequate American defense effort and I will not let our defenses erode.

NUMBER TWO MILITARY POWER

Q: Ronald Reagan has charged that the U.S. has become Number 2 militarily. He cites the following statistics: "The Soviet Army is now twice the size of ours. Russia's annual investment in weapons, strategic and conventional, now runs about 50 percent ahead of ours. Our Navy is outnumbered in surface ships and submarines 2-to-1. We are outgunned 3-to-1 in artillery pieces; 4-to-1 in tanks. Soviet strategic missiles are larger, more numerous and more powerful than those of the United States

Yet you contend that we maintain a rough equivalence with the Soviets in military power. On what do you base that assertion?

A: ^{militant} Our ~~defense~~ ^{is} forces ~~are~~ ^{and as low as I'm President, we} second to none, ~~and it is damaging to the~~ ^{will never be second.}
~~I hope that false statements, made in the heat of a~~
~~interests of this country for demagogues to declare to our~~
~~political campaign, do not lead our~~
~~adversaries and our friends abroad~~ ~~to believe that~~
~~to believe the United States is~~
~~in second place. Such false statements are highly dangerous~~
~~and could lead to~~ ^{lead to} ~~mis~~ ^{mis} calculation. ⁵
_A

• Although the Soviet Army may now be twice the size of the US Army, during most of the postwar period it has been more like three times the size. And now, most significantly, for the first time ever, a substantial portion of that Army is deployed to the Soviet Far East.

- • Our strategic forces are superior to Soviet forces in a most important category: Numbers of accurate, survivable, individually targetable nuclear warheads. It is, after all, the warheads which actually destroy the target. Our lead in this area has been increasing over

the past several years. ~~Mr. Reagan likewise ignores~~

(we also have a

our vast superiority in strategic bombers. And we have superiority in naval war ship tonnage.

- • Our fighting men are the best trained and most ready in the world. Our aircraft are the most modern and are widely recognized as the best in the world.

- • ~~I~~ ^{Have} ~~and the~~ ^{20-year old} ~~one who~~ reversed the trend of shrinking defense budgets. My last two defense budgets ^{were} ~~are~~ the highest

peacetime budgets in the nation's history. ~~I, and members~~

Unless I had reversed the trend, our military bases,

~~of this Administration, are the ones who fought the~~

over the long run, would have been ~~battles in the Congress for the vital weapons systems~~

in danger of falling into second

~~we have now - the Trident submarine, the B-1, the ABM,~~

place.

~~the C-5A. Where was Mr. Reagan when these battles~~

~~were being fought to maintain our defenses?~~

FACT SHEET - NAVY SHIPBUILDING

The Secretary of Defense appeared before the Senate Armed Services Committee on Tuesday, 4 May, to testify in support of an amendment proposed by the President ^{Ford} which added \$1.174 billion for shipbuilding and research and development to the FY 77 Defense Budget now under consideration by the Congress.

In January, the budget for Defense submitted by the President -- a budget which totalled \$112.7 billion in total obligational authority -- included \$6.3 billion for 16 new ships. The budget amendment ^{to the} proposed by the President ~~and outlined by Secretary Rumsfeld~~ adds 5 ships and brings the FY 77 total to \$7.3 billion for shipbuilding and adds \$200 million to the ~~RD&E~~ ^{Research and Development} account. Specifically, the budget amendment calls for:

- the addition of 4 frigates (FFG-7s) and 1 fleet oiler (AO), at a ^{total} cost of \$624 million
- the addition of \$350 million of long lead funds to begin construction of a new nuclear powered aircraft carrier
- the addition of \$200 million of ~~RD&E~~ ^{research and development} funds to accelerate ~~vertical~~ ^{Vertical /} ~~Short Take-off/Landing (V/STOL)~~ ^{Short Take-off/Landing (V/STOL)} aircraft and related Navy weapon technology.

When the budget was presented to Congress in January, the President pointed out that it had been ^{examined} ~~scrutinized~~ as thoroughly as any Defense budget in recent history and was, in fact, subject to possible increases in three areas:

- First, the President's budget proposed specific efforts to hold down growth in the area of compensation, support, ~~other manpower costs~~, and areas that did not add directly to our defense and deterrence, amounting to some \$2.8 to \$5.4 billions worth of reductions to which the Congress would have to agree. Were that legislation not to pass, the President indicated that he would ask for a supplemental, in that the budget was too austere to absorb that amount by cutting into hardware;
- Second, that a number of judgments regarding strategic nuclear programs would require review later in the year against the background of progress in SALT negotiations and might require a supplemental; and
- Third, the fact that a National Security Council review of U.S. requirements for naval shipbuilding was in process, and that adjustments to the five-year forecast included in the Budget might be forthcoming.

Specific increases have already been proposed in the area of strategic nuclear forces. The President has submitted budget amendments in the amount of \$266 million and \$56 million in the cases of Minuteman III procurement and re-entry vehicle acceleration, respectively, because the pace of progress in SALT has been such that it is now clear that production options must be kept open for the only U.S. long range ballistic missile line.

Secretary Rumsfeld reported to Senator Stennis and his Committee that the study of shipbuilding requirements had progressed to the point that the Administration could comment on a number of ship construction issues raised in the Congress for FY 77, even though the work will not be finished for several months.

The House Armed Services Committee, in reviewing the proposed authorization for FY 77, added five ships and a net increment of \$1.088 billion to the ship construction program recommended by the President. Specifically: two nuclear submarines -- one Trident and one attack -- were added; long lead funding for a nuclear aircraft carrier was advanced by a year; long lead funding for two additional nuclear strike cruisers was provided; a conventionally powered, AEGIS-equipped guided missile destroyer was deleted; funds were provided for AEGIS modernization of the nuclear cruiser USS LONG BEACH; four conventionally powered guided missile frigates were deleted and four ASW destroyers (DD-963) were added; three support ships -- two repair ships and a fleet oiler -- were added; funds for repair of the cruiser USS BELKNAP were added; and \$1.1 billion in funds for settlement of shipbuilders' claims and unbudgeted cost growth were cut.

^{The} Secretary ~~Rumsfeld~~ presented decisions by ^{the} President ^{and} on changes to be made to the FY 77 shipbuilding program submitted earlier, indicating that any further adjustments to the five-year program would be forthcoming when the study is complete.

Acknowledging that Congressional action to date has been encouraging,

~~Secretary Rumsfeld~~ said there has been:

- Recognition of the circumstances we face in our future defense posture and of the need to arrest the adverse relative trends of the past ~~several~~ years;
- A ~~strong~~ ^{U.S.} desire on the part of the House of Representatives to expand ~~our~~ naval capabilities; and
- Support for many of the ship construction programs identified in the FY 77 budget submission.

As to the specific Presidential recommendations, he testified that:

• The House action adds another Trident to the budget request. The Administration does not support this addition. The rate of Trident construction is dependent on the extent to which Poseidon can remain in the force after 25 years of service and the numbers of launchers permitted under SALT agreements. Pending an assessment of Poseidon life extension and progress of SALT, it would be premature to add another Trident to the budget at this time.

• The House would add another attack submarine (SSN-593 class) to the budget. We now have 28 attack submarines under construction, ~~and 2 more on the drawing boards.~~ We should defer approval for another attack submarine in favor of more urgent requirements for surface combatants.

~~The President~~
 • ~~The President~~ has already taken a position on the repair of the USS BELKNAP. The need is clear and we ought to proceed as soon as possible with the repair. A supplemental to the FY 76/77 budget has been submitted for this purpose.

• The House provided funds to accelerate the procurement of a large deck nuclear powered aircraft carrier by one year. ^{Two} A study indicates a need for a sea-based aircraft capability both for power projection ashore and for long range air defense of vital sea lanes in areas not amenable to land based operations. We plan to extend service lives of several of the current aircraft carriers by ten years or more, which will require decommissioning these ships for major rework. We will require another NIMITZ-class carrier to enable us to keep an adequate carrier force level in the active fleet through the 1990s. The President supports the addition of long lead funds in FY 77 to apply toward construction of a new nuclear powered carrier.

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~~However, the Secretary of Defense noted that the~~ ~~the size and complexity of some variants of V/STOL aircraft technology~~ ~~has not met expectations.~~ ~~A new R&D program will be initiated in FY 77 to explore new V/STOL technology as well as the technologies associated with naval target acquisition, offensive missile systems and defensive systems.~~

e The House deleted the conventionally powered AEGIS destroyer (DDG 47), and added funds to begin AEGIS conversion for the nuclear powered USS LONG BEACH and provide long lead funding for two additional strike cruisers (CSGN). This action would move the Navy toward an all-nuclear-powered AEGIS ship capability, but would delay the rate at which we achieve the required levels of AEGIS capability. The general direction of the force mix presented to Congress in the FY 77 budget, providing a balance of nuclear and conventional powered ships -- initiating AEGIS capability on the DDG 47 and providing long lead funds for one strike cruiser in FY 77 -- was reaffirmed by the President.

e The House action deleted four conventionally powered frigates (FFG-7s) and added four conventionally powered ASW destroyers (DD-963). Instead, based on the study results to date, the President has recommended procurement of 12 FFG-7s in FY 77, an increase to the earlier budget request. This will provide the needed additional surface combatants with improved air defense, anti-submarine warfare, and improved anti-surface warfare capabilities for support of task forces, convoys, and defense of replenishment ships.

e The House added funds for three support ships. It appears to be premature to add the two repair ships, but the fleet oiler is clearly necessary to support forward operating forces and will be required soon in any case.

e Finally, the House reduced the request for cost growth payback and claims by \$1.153 billion. DOD is strongly opposed to the elimination of piecemeal funding for these legitimate costs and recommends including full funding in FY 77.