



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

National Archives and Records Administration, Online Public Access Catalog Identifier: 7787364

This is an insert of the budget meeting on Friday, July 23. I was missing the notes for the morning of the 23rd, and I'll add those in here. First of all, in the staff meeting that morning we had quite a blow up as Shultz and Ehrlichman came in first thing in the morning at 8:00, and made the point that they were having problems with Kissinger because he was blocking action on the budget. He won't review the papers that are stacked up for him on the budget, and therefore they can't go ahead with the defense segment of the budget meeting. Also, he's blocking action on the international drug situation and on implementation of the intelligence review recommendations. The problem is he won't allow anyone to act for him. He has to set up some means of delegating and he hasn't done it. As a result of their complaint, I called Henry and asked him to join us. He came in and Ehrlichman hit him pretty hard with the problem. Kissinger pretty much blew up, said he will not delegate such an important matter as a budget. And Ehrlichman said, well if you can't delegate it, then we're going to have to go around you and get it done. And he said, he would not permit them to go around him as long as he was here. At that point Henry could take no more, got up and walked out of the meeting. And that was the end of that. He did, however, sit in part of the budget meeting a little later in the morning. I walked in late, and at the time I came in, the President was giving quite a powerful lecture on the point that Kennedy, Kissinger has to really cut the Defense budget, but in the right ways. He leveled some violent blasts at officer's clubs, Air Force excesses, and so forth...

DECLASSIFIED - E.O. 13526, Sect. 3.4: by MS, NARA, June 12, 2013
Audio Cassette 11, Side B, Withdrawn Item Number 5 [AC-11 (B), Sel 5]
Duration: 2 seconds

...said we should drop NORAD and the bombers...



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

National Archives and Records Administration, Online Public Access Catalog Identifier: 7787364

...and all that because they are useless and anachronistic. He told Henry to take thirty days and really shake the trees. Said that DPRC is just a brokering group and won't do any good. Henry said the problem is not the DPRC, it's that Laird ignores the DPRC. He says we have to get down to telling them exactly what to cut and where, rather than just letting them slice it three ways amongst the services. In other words, we have to have the President define the missions and tell them what to cut, rather than cutting everything by a certain percentage. So Kissinger wants a basic NSC meeting the first week in August, and he wants to do it, do this at the NSC meeting. Budget ceilings won't do it. They decided, therefore, the President has to determine the defense needs at the highest level. We got into the problem of base closings, said those should be done after November of '72. Henry made the point that they'll never give up a command voluntarily.

In talking about intelligence, the President said, never has a country spent more for less. No, it's not on intelligence. Just on a general basis, the President said never has a country spent more for less defense than does America. Then he got to intelligence, said we've got to take the same approach there. The CIA tells me nothing I don't read three days earlier in the *New York Times*. Intelligence is a sacred cow. We've done nothing since we've been here about it. The CIA isn't worth a damn. We have to get out the symbolism; so a 25 percent cut across-the-board, get rid of the disloyal types. He told Henry to take a full month to do it; that it couldn't be done by Shultz or Weinberger; it must be in terms of strategy, not in terms of budget. Then he told Weinberger to commit the, cut the AEC 25 percent in personnel, let the scientists go back to MIT and steal documents.

Kissinger committed for an NSC meeting in mid-August, on the basis that they've got to hear this from the President. The President then turned to Connally and enlisted his help on all this, too. He then defined intelligence as how to spend \$5 billion and learn nothing.



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

National Archives and Records Administration, Online Public Access Catalog Identifier: 7787364

As they got into the budget presentation, they made the point that the budget is now 72 percent uncontrollable and 70 percent of the controllable portion is in Defense. The President ordered them to move general revenue sharing and family assistance out of the uncontrollables, also the environment; also all of the social programs, he implies he's going to cut them. Then he says he wants a story that we're cutting 10 percent of the government personnel; that people will understand. So cut all civilian agencies 10 percent, Defense 5 percent, in such a way that we can announce it. Wants an example set at the White House. As Cap Weinberger was jotting all these down on a pad, he said in an aside to me, "This is the pleasantest morning I've had in years." I made a note that I couldn't see why we didn't do what we feel is right on the budget; include everything as a controllable, even if it does require legislation to change it; and put it in our budget on that basis; then let the Congress scream, and let them fail to pass the legislation and take the blame for the deficit; so we are in the position of asking for a balanced budget and eliminating our bad, the bad programs which they screw up. I don't see why we ignore the legislative possibilities.

The President was exploring the possibility of cutting or eliminating the federal pay increases that are programmed, and suggested announcing a wage-price freeze in January, along with the elimination of federal pay increases. He told Connally to think in these terms. Connally made the argument that we should keep the uniformity rules down, so that we don't have to change everything nationwide every time you make a necessary adjustment in one area.

He ended up saying the base budget for '73 should be \$250 billion. They should get down to that without cutting family assistance, revenue sharing or the 10 percent personnel. Said to put Defense at 75 and civilian at 175. Connally urged that we exercise our restraint in the areas of no



H. R. Haldeman Diaries Collection, January 18, 1969 – April 30, 1973

National Archives and Records Administration, Online Public Access Catalog Identifier: 7787364

economic vitality and encourage the areas of possible future vitality. The President, in referring to the 25 percent cut in intelligence, said it won't save a lot of money, but it will do a hell of a lot for my morale. That was the general thrust of that session. And it shook them up quite a good deal.

End of Budget insert.