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Memo to the Record:

Additional material on foreign aid can be found under the subject "Security Assistance and Arms Control Act" in Box 22 of the Leppert Files.

WHM, 4/10/84

See also

Turkey - Military Aid
Vietnam and Cambodia

} Boxes
26-27

THE WHITE HOUSE

WASHINGTON

August 16, 1974

RECOMMENDED TELEPHONE CALL

TO: Representative Thomas E. "Doc" Morgan (D-PA)

WHEN: Before 9:30 a.m., Tuesday, August 20, 1974

PURPOSE: To encourage Chairman Morgan to hold firm against expected attempts to drastically cut the Foreign Aid Authorization during full Committee mark-up scheduled for Tuesday morning.

VIA: William E. Timmons

RECOMMENDED BY: Max L. Friedersdorf *m. f.*

BACKGROUND:

1. Mark-up is in the critical stage on the Foreign Aid Authorization Bill.
2. "Doc" Morgan is not resisting sizable cuts, and Indo-China Reconstruction has already been reduced from \$939 million to \$573 million.
3. Awaiting action when the Committee reconvenes Tuesday are world-wide military assistance and military credit sales. The request on military assistance is \$985 million and attempts are anticipated to cut it to \$550 million. We requested \$555 million on military credit sales and there will be efforts to cut back to \$350 million.

TALKING POINTS:

1. "Doc," I am worried about the deep cuts being made in the Foreign Aid Authorization.
2. We are dedicated to reducing spending, but cuts in economic and military assistance in certain areas could lead to heavier commitments later on.
3. If Hanoi mis-read a signal from the House, it could lead to tragic consequences.
4. I hope you will lend your support to holding any reductions to a minimum.

THE WHITE HOUSE

WASHINGTON

August 20, 1974

MEMORANDUM FOR THE PRESIDENT

THROUGH: BILL TIMMONS
MAX FRIEDERSDORF *m. f.*

FROM: VERNON LOEN *VL*

SUBJECT: Foreign Aid Authorization Bill

Your call to Chairman Morgan was instrumental in lessening the House Foreign Affairs Committee's penchant to make drastic cuts.

In today's session they reduced military assistance from the recommended level of \$985 million to \$745 million (with \$100 million earmarked for Israel). We had anticipated a cut to \$550 million.

Your personal intervention also should prove helpful when they reach military credit sales, where we had feared a cut from the \$555 million requested to \$350 million.

The full committee mark-up resumes at 9:30 a. m. Wednesday and probably will continue into next week.

Per your request, Max contacted Rep. Pete duPont and he agreed to help hold cuts to a minimum.



MAY 15, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TEXT OF LETTERS FROM THE PRESIDENT TO THE
SPEAKER OF THE HOUSE OF REPRESENTATIVES
AND THE PRESIDENT OF THE SENATE

May 15, 1975

Dear Mr. Speaker: (Dear Mr. President:)

I am transmitting today a bill to authorize Foreign Assistance programs for fiscal years 1976 and 1977 and for the transition period July 1, 1976 through September 30, 1976.

This proposal reflects both current realities and continuing uncertainties.

One reality is that we live in an interdependent world -- a world in which the actions or inactions of any one great nation can affect the interests of all. By its actions, this nation will play its proper role in influencing the course of world events to make a better world for all. Foreign assistance is an essential element in the U.S. commitment to this objective.

A second reality, however, is that the recent events in Indochina have had a profound impact on the assumptions underlying the assistance requirements in my 1976 Budget, transmitted in February. There has not been sufficient time to fully assess the implications of these changes on foreign assistance requirements. What is abundantly clear, however, is the urgent need to assist those people who have been forced to flee from Indochina. I have already requested legislation to permit us to meet this need and I urge speedy congressional action.

A third reality is the continuing tension in the Middle East -- an area which has been wracked by war and even now knows only an uneasy peace. The United States has made every effort to assist in finding a solution to the problems in this part of the world and is now undertaking a thorough reassessment of every aspect of our relations with the countries of the Middle East.

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These current realities are also the source of continuing uncertainties about the 1976 foreign assistance program.

In order to permit the fullest possible consideration of foreign aid requirements by the Congress, the legislation I am transmitting today contains specific funding proposals for development assistance and related programs. However, because of the uncertainties caused by changing events, this request does not include specific amounts for grant military assistance, foreign military credit sales and some economic supporting assistance programs at this time. For these accounts, I am requesting an authorization for such sums as may be necessary and will return to the Congress with specific funding proposals as soon as possible.

The review of our policies in the Middle East, which I initiated last month, will not be completed until later this summer. I have, therefore, also omitted specific requests for assistance to the four major Middle Eastern aid recipients until this review is completed.

With this bill, the Congress is now in a position to begin consideration of those elements of our foreign aid programs on which I have made firm recommendations. The other specifics will be transmitted as soon as our reviews permit. I urge that the Congress consider and enact this legislation.

Sincerely,

GERALD R. FORD

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A BILL

To amend the Foreign Assistance Act of 1961, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Assistance Act of 1975".

DEVELOPMENT ASSISTANCE

SECTION 2. (a) Chapter 1 of part 1 of the Foreign Assistance Act of 1961 is amended as follows:

(1) In section 103(a), relating to food and nutrition, immediately after "1975," insert "\$534,500,000 for the fiscal year 1976, and \$635,000,000 for the fiscal year 1977,".

(2) In section 104, relating to population planning and health, immediately after "1975," insert "\$180,500,000 for the fiscal year 1976, and \$210,000,000 for the fiscal year 1977,".

(3) In section 105, relating to education and human resources development, immediately after "1975," insert "\$71,000,000 for the fiscal year 1976, and \$85,000,000 for the fiscal year 1977,".

(4) In section 106, relating to selected development accounts, immediately after "1975," insert "and \$45,300,000 for the fiscal year 1976, and \$40,000,000 for the fiscal year 1977".

(5) In section 107, relating to selected countries and organizations, immediately after "1975," insert "and \$32,000,000 for the fiscal year 1976, and \$40,000,000 for the fiscal year 1977".

(b) Section 209(c) of the Foreign Assistance Act of 1961 is repealed.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

SEC. 3. Section 214 of the Foreign Assistance Act of 1961, relating to American schools and hospitals abroad, is amended as follows:

(1) In subsection (c), immediately after "\$19,000,000," insert "and for the fiscal year 1976, \$9,800,000 and for the fiscal year 1977, \$9,800,000".

(2) In subsection (d), immediately after "\$6,500,000," insert "and for the fiscal year 1976, \$7,000,000 and for the fiscal year 1977, \$7,000,000".

HOUSING GUARANTIES

SEC. 4. Title III of Chapter 2 of part I of the Foreign Assistance Act of 1961 is amended as follows:

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(1) In section 221, relating to worldwide housing guaranties, strike out "\$355,000,000" and insert in lieu thereof "\$505,000,000".

(2) In section 222(c), relating to housing projects in Latin American countries, strike out "\$550,000,000" and insert in lieu thereof "\$650,000,000".

(3) In section 223(1), relating to general provisions, strike out "June 30, 1976" and insert in lieu thereof "September 30, 1978".

INTERNATIONAL AGRICULTURAL RESEARCH

SEC. 5. Chapter 2 of part I of the Foreign Assistance Act of 1961 is further amended by adding at the end thereof of the following new titles:

"TITLE XII - INTERNATIONAL AGRICULTURAL RESEARCH

SEC. 296. General Authority. -- (a) The Congress recognizes that in a world of growing population with growing expectations, increased food production and improved distribution, storage and marketing in the developing countries is necessary not only to prevent hunger but to lay the economic base for growth. Current levels of nutrition and food supply are not now adequate; just to maintain them will require that current production be doubled by the end of the century. Moreover, in an interdependent world economy, the increased availability of food, of higher nutritional quality, in any sector of the world, can benefit all. The greatest potential for increasing world supplies is in the developing countries in which the gap between food demand and food supply is greatest, and current average yields are low.

"(b) The Congress further recognizes that sustained agricultural research is necessary if the quantity, quality, and availability of food are to be increased, in both developed and developing countries. Key roles in this effort are played by international agricultural centers, universities and research institutions, in the United States and elsewhere, through their agricultural research work and in the dissemination of increased agricultural knowledge to the farmer.

"(c) It is the sense of the Congress that research bearing on agricultural production, distribution, storage and marketing in the developing countries conducted in a growing network of internationally oriented agricultural research institutions must be expended substantially and rapidly if the steadily growing demand for food is to be met. Such research should receive continued, increased, and where possible, longer-range support from national, international, and private sources. In adopting this title, Congress expresses the commitment of the United States to the expansion of such research in order to hasten and encourage the long-term planning and institutional growth needed to secure the most beneficial research results.

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"SEC. 297. Authorization. -- To carry out the intent of Congress as expressed in section 296, the President is authorized to use any of the funds made available under section 103 of the Act to provide assistance on such terms and conditions as he may determine in support of programs of food research for the benefit of developing countries and areas. Such funds may be made available without regard to the provisions of section 110(b) and 211(d) of this Act."

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 6. (a) Section 302 of the Foreign Assistance Act of 1961 is amended as follows:

(1) In subsection (a), immediately after "\$165,000,000" insert "and for the fiscal year 1976, \$189,500,000 and for the fiscal year 1977, \$214,900,000."

(2) In subsection (b)(2), immediately after "\$14,500,000" insert "and for use beginning in the fiscal year 1976, \$27,000,000."

"(b) In section 54 of the Foreign Assistance Act of 1974, strike out 'part III' and insert in lieu thereof 'part I'."

CONTINGENCY FUND

SEC. 7. Chapter 5 of part I of the Foreign Assistance Act of 1961 is amended as follows:

(1) In the chapter heading, strike out "Disaster Relief" and insert in lieu thereof "Contingency Fund."

(2) Section 451(a) is amended to read as follows:

"(a) In addition to amounts otherwise available for such purposes, there are authorized to be appropriated to the President from time to time such amounts as may be necessary to provide availabilities for obligations to provide assistance authorized by this part for any emergency purpose, in accordance with the provisions applicable to the furnishing of such assistance: Provided, however, That availabilities of funds which have not been previously obligated shall at no time exceed \$10,000,000. Amounts appropriated hereunder shall remain available until expended."

INTERNATIONAL NARCOTICS CONTROL

SEC. 8. Section 482 of the Foreign Assistance Act of 1961 is amended by inserting "and \$42,500,000 for the fiscal year 1976 and \$42,500,000 for the fiscal year 1977" immediately after "1975."

INTERNATIONAL DISASTER ASSISTANCE

SEC. 9. Part I of the Foreign Assistance Act of 1961 is further amended as follows:

(1) Chapter 9 of Part I is retitled "Chapter 9 - International Disaster Assistance."

(2) Section 491 is renumbered "Section 495."

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(3) Immediately after the heading "Chapter 9 - International Disaster Assistance" insert the following new sections:

"Section 491 - International Disaster Assistance.

(a) The Congress, recognizing that prompt United States assistance to alleviate human suffering caused by natural and man-made disasters abroad is an important expression of the humanitarian concern and tradition of the American people, affirms the willingness of the United States to provide assistance for the humanitarian relief and rehabilitation of peoples and countries affected by such disasters. Such humanitarian assistance both symbolizes the concern of the United States for the welfare of people in need throughout the world, and also constitutes an important element in the foreign relations of the United States in its efforts to contribute to a stable international peace.

"(b) Notwithstanding any other provision of this or any other Act, the President is authorized to furnish assistance to any foreign country or international organization on such terms and conditions as he may determine, for disaster relief and rehabilitation, including assistance relating to disaster preparedness, and to the prediction of an contingency planning for natural disasters abroad.

"Section 492. Authorization. (a) In addition to amounts otherwise available for such purposes, there is authorized to be appropriated to the President from time to time such amounts as may be necessary to provide availabilities for obligations for disaster relief and rehabilitation assistance authorized by this section: Provided, however, that availabilities of funds which have not been previously obligated shall at no time exceed \$20,000,000. Amounts appropriated hereunder shall remain available until expended.

"(b) The President shall submit quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and to the Speaker of the House of Representatives on the programming and obligation of funds authorized by this section."

(4) Section 639 is repealed.

(5) Sections 639A and 639B are renumbered sections 493 and 494, respectively, and inserted after section 492.

(6) Section 452 is renumbered section 495A and inserted after section 495.

MILITARY ASSISTANCE

SEC. 10. Chapter 2 of part II of the Foreign Assistance Act of 1961 is amended as follows:

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(1) Section 504(a), relating to authorization, is amended by striking out "\$600,000,000 for the fiscal year 1975" and inserting in lieu thereof "such amounts as may be necessary for the fiscal year 1976 and for the fiscal year 1977;"

(2) Section 506(a), relating to special authority, is amended by striking out "the fiscal year 1975" in each place it appears and inserting in lieu thereof "the fiscal year 1976" in each such place.

(3) Section 514, relating to the stockpiling of defense articles for foreign countries, is amended to read as follows:

"SEC. 514. Stockpiling of Defense Articles for Foreign Countries. -- No defense article in the inventory of the Department of Defense which is set aside, reserved, or in any way earmarked or intended for future use by any foreign country may be made available to or for use by any foreign country unless such transfer is authorized under this Act or the Foreign Military Sales Act, or any subsequent corresponding legislation, and such transfer is charged against funds authorized under such legislation or against the limitations specified in such legislation, as appropriate, for the fiscal period in which such defense article is transferred."

SECURITY SUPPORTING ASSISTANCE

SEC. 11. Section 532 of the Foreign Assistance Act of 1961 is amended by inserting immediately after "\$660,000,000" a comma and "for the fiscal year 1976 and for the fiscal year 1977, such amounts as may be necessary."

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 12. (a) Part II of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new chapter:

"CHAPTER 5 -- INTERNATIONAL MILITARY EDUCATION AND TRAINING

"SEC. 542. General Authority. -- The President is authorized to provide education and training for military and related civilian personnel of foreign countries on such terms and conditions as he shall determine, including --

(1) attendance at military educational and training facilities in the United States (other than the Service Academies) and abroad;

(2) attendance in special courses of instruction at schools and institutions of learning or research in the United States or abroad; and

(3) observation and orientation visits to military facilities and related activities in the United States and abroad.

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"SEC. 543. Authorization. -- There are authorized to be appropriated to the President to carry out the purposes of this chapter such amounts as may be necessary for the fiscal year 1976 and for the fiscal year 1977.

"SEC. 544. Purposes. -- Education and training activities conducted under this chapter shall be designed:

(1) to encourage effective and mutually beneficial relationships and increased understanding between the United States and foreign countries, in furtherance of the goals of international peace and security; and

(2) to improve the ability of participating foreign countries to utilize their resources, including defense articles and defense services obtained by them from the United States, with maximum effectiveness, thereby contributing to greater self reliance by such countries."

(b) The Foreign Assistance Act of 1961 is amended as follows:

(1) Section 502B(d), relating to human rights, is amended by inserting "or chapter 5 (international military education and training)" immediately after "(supporting assistance)".

(2) Section 504(a)(1), relating to authorization, is amended by striking out "(other than (1) training in the United States, or (2) for Western Hemisphere countries, training in the United States or in the Canal Zone)".

(3) Section 510, relating to restrictions on training foreign military students, is repealed.

(4) Section 622, relating to coordination with foreign policy, is amended as follows:

(A) In subsection (b) immediately after the phrase "(including civic action)" insert the words "and military education and training".

(B) Subsection (c) is amended to read as follows:

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of economic assistance, military assistance and military education and training programs, including but not limited to determining whether there shall be a military assistance (including civic action) or a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby."

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(5) Section 623, relating to the Secretary of Defense, is amended as follows:

(A) In subsection (a)(4), immediately after the word "military", insert the words "and related civilian".

(B) In subsection (a)(6), immediately after the word "assistance", insert a comma and the words "education and training".

(6) Section 632, relating to allocation and reimbursement among agencies, is amended as follows:

(A) by inserting in subsections (a) and (e) immediately after the word "articles", wherever it appears, a comma and the words "military education and training"; and

(B) by striking out in subsection (b) the words "and defense articles" and inserting in lieu thereof a comma and the words "defense articles, or military education and training".

(7) Section 636, relating to provisions on uses of funds, is amended as follows:

(A) In subsection (g)(1), immediately after the word "articles", insert a comma and the words "military education and training".

(B) In subsection (g)(2) and in subsection (g)(3), strike out the word "personnel" and insert in lieu thereof the words "and related civilian personnel".

(8) Section 644, relating to definitions, is amended as follows:

(A) Subsection (f) is amended to read as follows:

"(f) 'Defense service' includes any service, test, inspection, repair, publication, or technical or other assistance or defense information used for the purposes of furnishing military assistance, but shall not include military educational and training activities under chapter 5 of Part II."

(B) There is added at the end thereof the following new subsection:

"(n) 'Military education and training' includes formal or informal instruction of foreign students in the United States or overseas by officers or employees of the United States, contract technicians, contractors (including instruction at civilian institutions), or by correspondence courses, technical, educational, or information publications and media of all kinds, training aids, orientation, and military advice to foreign military units and forces."

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(c) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken or entered into under authority of any provision of law amended or repealed by this section shall continue in full force and effect until modified by appropriate authority.

(d) Funds made available pursuant to other provisions of law for foreign military educational and training activities shall remain available for obligation and expenditure for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

OPERATING EXPENSES

SEC. 13. Part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"Sec. 665. Operating Expenses. There is hereby authorized to be appropriated to the President for the fiscal year 1976 \$205,200,000, and for the fiscal year 1977 such amounts as may be necessary for operating expenses of the agency primarily responsible for administering part I. These amounts may be increased by transfer of other funds made available under this Act, but the total amount available to carry out this section shall not be increased by more than 10 per centum of the amount initially made available."

REIMBURSABLE DEVELOPMENT PROGRAMS

SEC. 14. Section 661 of the Foreign Assistance Act of 1961 is amended by striking out "in each of the fiscal years 1975 and 1976" and inserting in lieu thereof "in the fiscal year 1975, \$2,000,000 in the fiscal year 1976, and \$2,000,000 in the fiscal year 1977,".

INDOCHINA ASSISTANCE

SEC. 15. Part V of the Foreign Assistance Act of 1961 and sections 34, 35, 36, 37, 38, 39 and 40 of the Foreign Assistance Act of 1974 are repealed. All determinations, authorizations, regulations, orders, contracts, agreements and other actions issued, undertaken or entered into under authority of any provision of law repealed by this section shall continue in full force and effect until modified, revoked or superseded by appropriate authority.

MIDDLE EAST SPECIAL REQUIREMENTS FUND

SEC. 16. Section 903(a) of the Foreign Assistance Act of 1961 is amended by inserting a comma and "for the fiscal year 1976 and for the fiscal year 1977, such amounts as may be necessary" immediately following "\$100,000,000".

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FOREIGN MILITARY SALES

SEC. 17. The Foreign Military Sales Act is amended as follows:

(1) In section 31(a), relating to authorization, strike out "\$405,000,000 for the fiscal year 1975" and insert in lieu thereof "such amounts as may be necessary for the fiscal year 1976 and for the fiscal year 1977".

(2) Section 33, relating to regional ceilings, is repealed.

TRANSITION PROVISIONS

SEC. 18. (a) There are authorized to be appropriated for the period July 1, 1976, through September 30, 1976, such sums as may be necessary to conduct programs and activities for which funding was authorized for fiscal year 1976 by this Act in accordance with the authorities applicable to such programs and activities for such fiscal year.

(b) Effective October 1, 1976 --

(1) Subsection 506(a) of the Foreign Assistance Act of 1961 relating to special authority, is amended to read as follows:

"The President may, if he determines it to be in the security interests of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, in addition to military assistance otherwise authorized to be furnished under this chapter, only in such amounts as are provided in appropriations acts for military assistance. The value of such orders under this section in any fiscal year shall not exceed \$150,000,000.";

(2) Subsection 506(b) of the Foreign Assistance Act of 1961, is repealed, and appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for orders issued prior to October 1, 1976, under subsection 506(a) of that Act are hereby authorized; and

(3) Subsection 632(d) of the Foreign Assistance Act of 1961, is amended by striking out the words "Except as otherwise provided in section 506,".

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SECTION-BY-SECTION ANALYSIS OF THE
PROPOSED FOREIGN ASSISTANCE ACT OF 1975

I. INTRODUCTION

The proposed Foreign Assistance Act of 1975 (hereinafter referred to as "the Bill") is an amendment to the Foreign Assistance Act of 1961, as amended (hereinafter referred to as "the Act"). The Bill also amends the Foreign Military Sales Act, as amended (hereinafter referred to as "the FMSA"). The major purpose of the Bill is to provide authorization for appropriations for activities under the Act and the FMSA for fiscal year 1976. In accordance with section 607 of the Congressional Budget Act of 1974, authorizations for fiscal year 1977 are also included.

The fiscal year 1976 authorization levels requested for programs under part I of the Act are those set forth in the President's budget. Specific levels are not included for programs under part II of the Act or the FMSA because of ongoing reassessments within the Executive Branch with respect to the Middle East and Indochina. Information regarding the requested levels for these programs will be submitted as soon as possible. The principal substantive amendments in part I of the Act are the creation of a new International Disaster Assistance chapter, and a new International Agricultural Research program; and in part II of the Act a new International Military Education and Training chapter is established.

II. PROVISIONS OF THE BILL

Section 2(a). Development Assistance Authorizations.

This subsection, consisting of five paragraphs, provides development assistance authorizations which will permit the Executive Branch to conduct the overall bilateral development assistance programs at budget request levels. The specific authorizations provided are as follows:

(1) This paragraph amends section 103(a) of the Act, which authorizes funds to alleviate starvation, hunger and malnutrition and to provide basic services to poor people by increasing their capacity for self-help by extending the existing authorization through fiscal year 1976 at a level of \$534,500,000 and through fiscal year 1977 at a level of \$635,000,000. The overall development assistance program reflects a continuation of the policy to increase emphasis on the food and nutrition sector which was initiated during fiscal year 1974 and has gained further impetus in the aftermath of the World Food Conference.

(2) This paragraph amends section 104 of the Act, which authorizes funds to reduce population growth, to increase family planning, and to prevent and combat disease by extending the existing authorization through fiscal year 1976 at a level of \$180,500,000 and through

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fiscal year 1977 at a level of \$210,000,000.

(3) This paragraph amends section 105 of the Act which authorizes funds to reduce illiteracy, to extend basic education and to increase manpower training in skills related to development by extending the existing authorization through fiscal year 1976 at a level of \$71,000,000 and through fiscal year 1977 at a level of \$85,000,000.

(4) This paragraph amends section 106 of the Act which authorizes funds to help solve economic and social development problems in fields such as transportation, power, industry, urban development and export development by extending the existing authorization through fiscal year 1976 at a level of \$45,300,000 and through fiscal year 1977 at a level of \$40,000,000.

(5) This paragraph amends section 107 of the Act which authorizes funds to support the general economies of recipient countries or for development programs conducted by private or international organizations by extending the existing authorization through fiscal year 1976 at a level of \$32,000,000 and through fiscal year 1977 at a level of \$40,000,000.

Section 2(b). Repeal of Section 209(c).

This subsection repeals section 209(c), which was added by the Foreign Assistance Act of 1971. Section 209(c) states that the President should reduce bilateral loans under the Act, with the objective that the total amount of such loans not exceed \$100,000,000 not later than June 30, 1975. Amendments to the Act since 1971 and those proposed to the development assistance chapter establish authorization levels that project a loan program in excess of \$100,000,000, as of June 30, 1975.

Section 3. American Schools and Hospitals Abroad.

This section, consisting of two paragraphs, amends section 214 of the Act, which authorizes assistance to institutions located outside the United States that are sponsored or founded by U.S. citizens. The eligible institutions are schools and libraries, and hospital centers that conduct medical education and research programs. The amounts authorized will permit the Executive Branch to conduct this program at budget request levels.

(1) This paragraph amends section 214(c) by extending the dollar authorizations through fiscal years 1976 and 1977 at annual levels of \$9,800,000.

(2) This paragraph amends section 214(d) by extending the foreign currency authorizations through fiscal years 1976 and 1977 at annual levels of \$7,000,000.

Section 4. Housing Guarantees.

This section, consisting of three paragraphs, amends title III of chapter 2 of part I of the Act as follows:

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(1) This paragraph amends section 221 to increase worldwide housing investment guaranty ceiling from \$355,000,000 to \$505,000,000 through fiscal year 1978.

(2) This paragraph amends section 222(c) to increase the Latin America housing investment guaranty ceiling from \$550,000,000 to \$650,000,000 through fiscal year 1978.

(3) This paragraph amends section 223(i) to extend the duration of the housing investment guaranty program through the end of fiscal year 1978.

Section 5. International Agricultural Research.

This section creates a new title XII in chapter 2 of part I of the Act, the purpose of which is to authorize and fund an expanded and sustained international agricultural research program to meet the food needs of the world and to lay an economic base for growth.

New section 296 recognizes the need for increased food production, distribution, storage and marketing in the developing countries, both to prevent hunger and for growth, and the interdependence of the world food economy. It recognizes the great potential for increased production in developing countries.

Particularly, it emphasizes the need for sustained agricultural research and its dissemination by international agricultural centers, universities and research institutions in the United States and elsewhere.

It states the sense of Congress that agricultural research bearing on developing country food production, distribution, storage and marketing, in the network of internationally-oriented research institutions, must be substantially and rapidly expanded, on a continued and longer-range basis. It expresses the commitment of the U.S. to the expansion of such research, in order to promote the necessary long-term planning and institutional growth.

Section 297 authorizes the use of any funds authorized to be available for food and nutrition assistance under section 103 of the Act to support programs of agricultural research benefitting developing countries. Funds used under this authority would not be subject to the limitation on research activities in section 211(d) of the Act. The agricultural research program would not be subject to the three-year restriction on project funding contained in section 110(b) of the Act, since in many cases a long-term commitment will be essential to the achievement of research goals. The section indicates that funds should be made available on a long-term basis where to do so would help sustain and build such efforts, or encourage support by others. It is contemplated that in administering the program, AID will use fully its existing authorities, such as section 635(h), permitting commitments of assistance for not more than five years, subject to any future action of the Congress. Where there may be a present need to obligate funds on a long-term basis, e.g., for up to five years, for research costs, it is contemplated that this may be done.

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Section 6. International Organization and Programs.

This section, consisting of two paragraphs, amends section 302 of the Act as follows:

(1) This paragraph extends the authorization for International Organizations and Programs under section 302(a) through fiscal year 1976 at a level of \$189,500,000 and through fiscal year 1977 at a level of \$214,900,000. This authorization will enable the Executive Branch to make its voluntary contributions to international organizations whose programs are focused on the developing world at budget request levels.

(2) This paragraph extends the authorization for the Indus Basin Development grants under section 302(b) at a level of \$27,000,000 to enable the Executive Branch to make voluntary contributions to the Indus Basin Development Fund at the budget request level for fiscal year 1976 and to make an additional contribution of \$4,500,000 in the interim quarter or in fiscal year 1977.

Section 7. Contingency Fund.

This section, consisting of two paragraphs, amends chapter 5 of part I of the Act as follows:

(1) This paragraph changes the chapter heading from "Disaster Relief" to "Contingency Fund." This change will avoid confusion with chapter 9 of the Act as added by section 9 of the Bill.

(2) This paragraph amends section 451(a) of the Act, which authorizes the President to provide assistance authorized by part I for any emergency purpose. This amendment would create a permanent authorization for this purpose. Appropriations, however, would be limited by proviso that at no time could availabilities of funds which had not previously been obligated exceed \$10,000,000. It is the intent of this section to make available sufficient funds to meet emergency requirements other than those arising from disasters. By making the authorization a permanent one, the Executive Branch will have to seek appropriations (but not new authorizing legislation) to replenish the Contingency Fund as it is drawn down.

Quarterly reporting requirements and the prohibition on gifts of existing law would be retained. This authorization is less than the President's budget request of \$30,000,000 but is consistent with it. The President's budget request was finalized prior to the division of the Contingency Fund into the existing Contingency Fund and a separate Famine and Disaster Assistance Fund.

Section 8. International Narcotics Control.

This section amends section 482 of the Act, which authorizes appropriations for assistance to control the illicit production and trafficking in dangerous drugs. The amendment extends the authorization through fiscal

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year 1976 at a level of \$42,500,000 and through fiscal year 1977 at the same level. This authorization will enable the Executive Branch to conduct its international narcotics control program at budget request levels.

Section 9. International Disaster Assistance.

This section consists of six paragraphs which consolidate existing disaster assistance authorities into a single chapter in the Act and authorize funds for disaster assistance purposes.

(1) This paragraph retitles chapter 9 of part I to read "International Disaster Assistance."

(2) This paragraph relocates within the chapter the existing authority for assistance to refugees in Bangladesh.

(3) This paragraph adds sections 491 and 492 to the Act, containing new authority for International Disaster Assistance.

Section 491(a) is a statement of policy that reiterates the humanitarian and political importance which the United States attaches to efforts aimed at alleviating human suffering caused by natural and man-made disasters abroad.

Section 491(b) authorizes the President to furnish assistance to any foreign country or international organization for disaster relief and rehabilitation, which assistance is defined to include assistance relating to disaster preparedness and to the prediction of and contingency planning for natural disasters. The subsection also provides that such assistance may be furnished without regard to the restrictions and prohibitions contained in other provisions of law.

Section 492(a) is a permanent authorization for appropriations to provide assistance authorized by section 491. The appropriations are limited by a proviso that imposes a ceiling of \$20,000,000 on availabilities of funds which have not been obligated previously. It is the intent of this section to permit AID to have sufficient funds available at all times to meet the relief and rehabilitation needs that may arise from disasters which cannot be foreseen. By making the authorization a permanent one, the Executive Branch will have to seek appropriations (but not new authorizing legislation) to replenish the fund as it is drawn down. This new funding mechanism should assure that the U.S. Government will always have funds available to respond to disasters abroad.

Section 492(b) retains the quarterly reports on uses of funds required by present law in the context of section 639. This request is consistent with the President's budget request of \$30 million for the Contingency Fund. As indicated previously, the budget request was prepared prior to the enactment of the famine and disaster authority of section 639.

(4) This paragraph repeals section 639, which is replaced by sections 491 and 492.

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(5) This paragraph renumbers sections 639A and 639B, which deal with assistance to the drought-stricken nations of Africa, and places them in the new International Disaster Assistance chapter.

(6) This paragraph renumbers section 452, which deals with assistance to Pakistan and Nicaragua and places it within the new International Disaster Assistance chapter.

Section 10. Military Assistance.

This section, consisting of three paragraphs, amends chapter 2 of part II of the Act, which contains authority for military assistance.

(1) This paragraph amends section 504(a) to authorize appropriations for fiscal years 1976 and 1977 of such amounts as may be necessary for military assistance.

(2) This paragraph extends for fiscal year 1976 the President's special authority under section 506(a) of the Act to draw down Department of Defense stocks and services to meet unforeseen emergency needs for military assistance.

(3) This paragraph amends section 514 of the Act by prohibiting the transfer to or for the use of any foreign country, whether by grant or sale or otherwise, of defense articles in the stocks of the Department of Defense which are set aside, reserved, or in any way earmarked or intended for future use by any foreign country, unless: (1) the transfer is authorized by and subject to all the restrictions of the Act or the FMSA, and (2) the transfer is charged against MAP funds, section 506 drawdown limitations, FMS credit funds, FMS credit and guaranty program ceiling, or other appropriate statutory limitations in effect at the time transferred.

Under the funding restrictions of section 514, as it now reads, the war reserve and the contingency requirements of our own armed forces and of our allies would have to be separately computed, financed by different appropriations, and would seemingly have to be earmarked for separate uses. Under an amended section 514, our armed forces would have full title and control of all such stocks and could utilize any part of such stocks for our own requirements, should circumstances so require, even though acquired in whole or in part based on possible use by allies. Unless so amended, further MAP materiel grants might have to be limited to new procurement, with the delays this often entails, or by removing the equipment from the very hands of our own active armed forces.

Section 11. Security Supporting Assistance.

This section amends section 532 of the Act which authorizes assistance to friendly countries and organizations to support or promote economic or political stability. The amendment authorizes the appropriation

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of such amounts as may be necessary for these purposes for fiscal years 1976 and 1977.

Section 12(a). International Military Education and Training.

This subsection adds to part II of the Act a new chapter 5, establishing a program of international military education and training. Under this new chapter, the education and training of foreign military and related personnel will be conducted in a program separate and distinct from the military assistance. Military assistance, as authorized by chapter 2 of part II of the Act will henceforth be concentrated on materiel assistance. The new chapter consists of three sections, as described below:

General Authority. Section 542 authorizes the President to provide military education on such terms and conditions as he shall determine and describes the kind of activities that can be engaged in under this chapter. These activities include attendance by foreign military personnel and related civilians at U.S. and foreign military facilities for education or training purposes. This includes international military educational facilities such as those under NATO auspices. Also permitted is attendance by such foreign personnel at pertinent courses of instruction at non-military public and private educational and research institutions. In addition, observation and orientation visits by foreign military and related civilian personnel would be provided under this chapter.

Authorization. Section 543 authorizes the appropriation of funds to the President to carry out the purposes of the chapter.

Purposes. Section 544 describes the purposes of the new chapter as encouraging mutually beneficial relationships and increased understanding, while improving the ability of participating foreign countries to manage their resources and thereby to increase their self-reliance. These specific purposes distinguish the new education and training chapter from the more general military assistance program.

Section 12(b). Conforming Amendments to the Foreign Assistance Act.

This subsection amends the Act to eliminate all references to training from chapter 2 of part II, which deals with military assistance, because military education and training programs will no longer be conducted as military assistance. Thus, statutory provisions applicable to "military assistance" would not be applicable to military education and training programs under chapter 5. The subsection also amends part III of the Act, containing general, administrative, and miscellaneous provisions, to clarify the application of those provisions to the new chapter on international military education and training. The specific amendments made by this subsection are:

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(1) This provision adds international military education to the definition of security assistance contained in section 502B(d) of the Act, concerning human rights.

(2) This provision deletes the exclusion of "training only" countries from the thirty-one country limitation on the number of countries that can receive military assistance contained in section 504(a) of the Act.

(3) This provision repeals the restriction on the number of foreign military students to be trained in the United States. According to section 510 of the Act, this number cannot exceed in any fiscal year the number of civilians brought to the United States in the previous fiscal year under the Mutual Educational and Cultural Exchange Act of 1961.

(4) This provision makes clear that the roles of the Chief of the United States Diplomatic Mission and of the Secretary of State with respect to international military education and training will be the same as they are for military materiel assistance programs. This is achieved by inserting a reference to military assistance in subsections (b) and (c) of section 622 of the Act.

(5) This provision extends the supervisory responsibilities of the Secretary of Defense under section 623(a) (4) of the Act to military-related civilian personnel, consistent with the scope of the new chapter on international military education and training. It also makes the supervisory responsibility of the Secretary of Defense over Department of Defense functions relating to military assistance expressly applicable to military education and training as well.

(6) This provision makes the provisions of section 632 of the Act, concerning reimbursement among agencies, expressly applicable to military education and training in the same manner as that section applies to military materiel assistance.

(7) This provision amends section 636(g) of the Act to ensure that part II funds are available for administrative, extraordinary and operating expenses incurred in furnishing military education and training. It also makes part II funds available for reimbursement of certain expenses incurred in connection with training and orientation visits of military-related civilian personnel, consistent with the scope of the new chapter on international military education and training.

(8) This provision modifies the definition of defense service in section 644(f) of the Act so as to exclude references to training. By this change, the authority to furnish training as military assistance under chapter 2 of part II of the Act will be terminated. In addition, the definition of training is made a separate subsection, subsection 644(n), which will apply to the new chapter on international military education and training. The changes made by this provision are not intended to affect the sale of training as a defense service under the FMSA.

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Section 12(c). Preservation of Existing Actions.

This technical subsection makes clear that the amendments to the Act affected by this section will not call into question the continuing validity of actions taken under authority of any provision amended or repealed by this section, such as regulations and contracts.

Section 12(d). Interim Funding.

This technical subsection authorizes funds heretofore made available for activities which will be funded in the future under the new international military education and training chapter to be obligated and expended either in accordance with the originally applicable authority or under the new authority.

Section 13. Operating Expenses

This section creates a new category of funding designed to cover all AID operating, administrative and personnel expenses. An authorization is provided for fiscal year 1976 at a level of \$205,200,000 and for fiscal year 1977 at whatever level may be necessary. Because the Agency cannot project with absolute precision the travel requirements and operating costs connected with new programs, some funding flexibility is required. This is provided by the authority to augment the new account by no more than 10% with other funds made available under the Foreign Assistance Act.

Section 14. Reimbursable Development Programs.

This section amends section 661 of the Act, to authorize the use of up to \$2,000,000 rather than \$1,000,000 in funds made available under part I to facilitate access to raw materials and stimulate reimbursable aid programs, and to extend the authority through fiscal year 1977.

Section 15. Indochina Assistance.

This section repeals part V of the Act, which authorized funds for the relief and reconstruction of South Vietnam, Cambodia and Laos, and also repeals sections 34 through 40 of the Foreign Assistance Act of 1974, which set forth certain policies and principles regarding aid to Indochina and authorized funds for Indochina during fiscal year 1975 subject to certain allocations and restrictions. These separate and detailed provisions are no longer necessary. The validity of actions taken under the authorities repealed by this section are preserved by a standard saving clause.

Section 16. Middle East Special Requirements Fund.

This section authorizes the appropriation of such amounts as may be necessary for the Middle East Special Requirements Fund for fiscal years 1976 and 1977.

Section 17. Foreign Military Sales Act Amendments.

This section, consisting of two paragraphs, amends the FMSA as follows:

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(1) This paragraph amends section 31 of the FMSA to authorize such amounts as may be necessary to carry out a program in fiscal years 1976 and 1977. An aggregate ceiling on credits and the principal amount of guaranteed loans for these fiscal years is not included, pending the completion of the pending reassessment within the Executive Branch.

(2) This paragraph repeals section 33 of the FMSA, which imposes an aggregate annual ceiling of \$40,000,000 on military assistance, credits and guarantees to African countries. Section 33 has not limited arms purchases by African countries, but has inhibited the United States' ability to be responsive to reasonable requests for credit in connection with such purchases. In the absence of this limitation, arms sales to African countries would continue to be governed by the criteria which are generally applicable under the FMSA, including considerations of foreign policy, arms proliferation, degree of weapons sophistication, and human rights implications.

Section 18. Transition Amendments.

This section responds to requirements created by the enactment of the Congressional Budget Act of 1974 (P.L. 93-344). Title V of that Act changes the commencement of the fiscal year from July 1 to October 1 beginning with FY 1977. The transition period, July 1, 1976, through September 30, 1976, is legally neither a fiscal year nor any fraction of a fiscal year. The section authorizes the appropriation of such sums as may be necessary to carry out the programs and activities, for which other provisions of this Act authorize funding for fiscal year 1976, during this transition period. The section also makes clear that the authorities that will be available to conduct these programs and activities during fiscal year 1976 will also be available during the interim months, including a limited grant program of overseas excess defense articles.

Section 401 of the Congressional Budget Act of 1974 provides that proposed legislation to authorize new spending authority shall not be in order after the adjournment of the first session of the 94th Congress for consideration by either House of Congress, unless such proposed legislation also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. Consequently, subsection (b) of this section modifies the President's special drawdown authority under section 506 of the Act, effective with fiscal year 1977, to authorize military assistance appropriations to be made from time to time for purposes of reimbursing the military departments for assistance they provide, in addition to that otherwise authorized, when and if the President determines it to be in the

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security interests of the United States. This authority is not to be used routinely to supplement MAP funds, but is necessary to meet unforeseen, emergency requirements for military assistance which might arise in the course of any fiscal year.

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REVISED SECTIONS 10, 11, 12,
15, 16, 17 AND 18 OF PRESIDENT'S
LEGISLATIVE PROPOSAL OF MAY 15, 1975

1 MILITARY ASSISTANCE

2 SEC. 10. Chapter 2 of part II of the
3 Foreign Assistance Act of 1961 is amended as
4 follows:

5 (1) Section 504(a), relating to authoriza-
6 tion, is amended by striking out "\$600,000,000
7 for the fiscal year 1975" and inserting in lieu
8 thereof "\$394,500,000 for the fiscal year 1976
9 and such amounts as may be necessary for the
10 fiscal year 1977".

11 (2) Section 506(a), relating to special
12 authority, is amended --

13 (A) by striking out "the fiscal year 1975"
14 in each place it appears and inserting in lieu
15 thereof in the first sentence "the fiscal years
16 1976 and 1977" and in the second sentence "each
17 of the fiscal years 1976 and 1977"; and

18 (B) by adding at the end thereof "The
19 authority of this section shall be effective for
20 any fiscal year only to such extent as is pro-
21 vided in an appropriation act."

1 (3) Section 514, relating to the stock-
2 piling of defense articles for foreign countries,
3 is amended to read as follows:

4 "SEC. 514. STOCKPILING OF DEFENSE ARTICLES
5 FOR FOREIGN COUNTRIES. -- No defense article in
6 the inventory of the Department of Defense which
7 is set aside, reserved, or in any way earmarked
8 or intended for future use by any foreign country
9 may be made available to or for use by any foreign
10 country unless such transfer is authorized under
11 this Act or the Foreign Military Sales Act, or any
12 subsequent corresponding legislation, and such
13 transfer is charged against funds authorized under
14 such legislation or against the limitations speci-
15 fied in such legislation, as appropriate, for the
16 fiscal period in which such defense article is
17 transferred."

18 SECURITY SUPPORTING ASSISTANCE

19 SEC. 11. Section 532 of the Foreign Assis-
20 tance Act of 1961 is amended by striking out "for
21 the fiscal year 1975 not to exceed \$660,000,000"
22 and inserting in lieu thereof "for the fiscal
23 year 1976 \$1,858,300,000, and for the fiscal year
24 1977 such amounts as may be necessary".

25 INTERNATIONAL MILITARY EDUCATION AND TRAINING

1 training activities conducted under this chapter
2 shall be designed --

3 (1) to encourage effective and mutually
4 beneficial relationships and increased under-
5 standing between the United States and foreign
6 countries, in furtherance of the goals of inter-
7 national peace and security; and

8 (2) to improve the ability of participating
9 foreign countries to utilize their resources,
10 including defense articles and defense services
11 obtained by them from the United States, with
12 maximum effectiveness, thereby contributing to
13 greater self-reliance by such countries."

14 (b) The Foreign Assistance Act of 1961 is
15 amended as follows:

16 (1) Section 502B(d), relating to human
17 rights, is amended by inserting "or chapter 5
18 (international military education and training)"
19 immediately after "(security supporting assis-
20 tance)".

21 (2) Section 504(a)(1), relating to authoriza-
22 tion, is amended by striking out "(other than (1)
23 training in the United States, or (2) for Western
24 Hemisphere countries, training in the United
25 States or in the Canal Zone)".

1 (3) Section 510, relating to restrictions on
2 training foreign military students, is repealed.

3 (4) Section 622, relating to coordination with
4 foreign policy, is amended as follows:

5 (A) In subsection (b) immediately after the
6 phrase "(including civic action)" insert the words
7 "and military education and training".

8 (B) Subsection (c) is amended to read as
9 follows:

10 "(c) Under the direction of the President, the
11 Secretary of State shall be responsible for the
12 continuous supervision and general direction of
13 economic assistance, military assistance and mili-
14 tary education and training programs, including but
15 not limited to determining whether there shall be a
16 military assistance (including civic action) or a
17 military education and training program for a
18 country and the value thereof, to the end that such
19 programs are effectively integrated both at home
20 and abroad and the foreign policy of the United
21 States is best served thereby."

22 (5) Section 623, relating to the Secretary of
23 Defense, is amended as follows:

24 (A) In subsection (a)(4), immediately after
25 the word "military", insert the words "and related

1 civilian".

2 (B) In subsection (a)(6), immediately after
3 the word "assistance", insert a comma and the
4 words "education and training".

5 (6) Section 632, relating to allocation and
6 reimbursement among agencies, is amended --

7 (A) by inserting in subsections (a) and (e)
8 immediately after the word "articles", wherever
9 it appears, a comma and the words "military educa-
10 tion and training"; and

11 (B) by striking out in subsection (b) the
12 words "and defense articles" and inserting in
13 lieu thereof a comma and the words "defense
14 articles, or military education and training".

15 (7) Section 636, relating to provisions
16 on uses of funds, is amended as follows:

17 (A) In subsection (g)(1), immediately after
18 the word "articles", insert a comma and the
19 words "military education and training."

20 (B) In subsection (g)(2) and in subsection
21 (g)(3), strike out the word "personnel" and insert
22 in lieu thereof the words "and related civilian
23 personnel".

24 (8) Section 644, relating to definitions, is
25 amended as follows:

1 (A) Subsection (f) is amended to read as
2 follows:

3 "(f) 'Defense service' includes any service,
4 test, inspection, repair, publication, or technical
5 or other assistance or defense information used for
6 the purposes of furnishing military assistance, but
7 shall not include military educational and training
8 activities under chapter 5 of part II."

9 (B) There is added at the end thereof the
10 following new subsection:

11 "(n) 'Military education and training' in-
12 cludes formal or informal instruction of foreign
13 students in the United States or overseas by offi-
14 cers or employees of the United States, contract
15 technicians, contractors (including instruction at
16 civilian institutions), or by correspondence
17 courses, technical, educational, or information
18 publications and media of all kinds, training aids,
19 orientation, and military advice to foreign mili-
20 tary units and forces."

21 (c) Except as may be expressly provided to
22 the contrary in this Act, all determinations,
23 authorizations, regulations, orders, contracts,
24 agreements, and other actions issued, undertaken
25 or entered into under authority of any provision

1 of law amended or repealed by this section shall
2 continue in full force and effect until modified,
3 revoked or superseded by appropriate authority.

4 (d) Funds made available pursuant to other
5 provisions of law for foreign military educational
6 and training activities shall remain available for
7 obligation and expenditure for their original pur-
8 poses in accordance with the provisions of law
9 originally applicable to those purposes.

10 INDOCHINA ASSISTANCE

11 SEC. 15. (a) Part V of the Foreign Assistance
12 Act of 1961 and sections 34, 35, 36, 37, 38, 39 and
13 40 of the Foreign Assistance Act of 1974 are repealed.
14 All determinations, authorizations, regulations,
15 orders, contracts, agreements and other actions
16 issued, undertaken or entered into under authority
17 of any provision of law repealed by this section
18 shall continue in full force and effect until
19 modified, revoked or superseded by appropriate
20 authority.

21 (b) the President is authorized to adopt as a
22 contract of the United States Government, and assume
23 any liabilities arising thereunder (in whole or in
24 part) any contract, which had been funded or approved
25 for funding by the Agency for International

1 Development prior to June 30, 1975, for financing
2 with funds made available under the Foreign Assis-
3 tance Act of 1961 or the Foreign Assistance Act
4 of 1974, between the former Governments of Vietnam
5 or Cambodia (including any of their agencies) or
6 the Government of Laos (or any of its agencies) and
7 any person and to apply with respect to any such
8 contract the authorities of the Foreign Assistance
9 Act of 1961.

10 (c) Funds made available for the purposes of
11 part V of the Foreign Assistance Act of 1961 and
12 of section 36 of the Foreign Assistance Act of
13 1974 (including amounts certified pursuant to sec-
14 tion 1311 of the Supplemental Appropriation Act,
15 1955 (31 U.S.C. 200), as having been obligated
16 against appropriations heretofore made) are author-
17 ized to remain available until expended to meet
18 necessary expenses arising from the actions author-
19 ized by subsection (b) of this section and from the
20 termination of assistance programs authorized by
21 such part and such section 36, which expenses may
22 include but need not be limited to the settlement
23 of claims and associated personnel costs.

24 MIDDLE EAST SPECIAL REQUIREMENTS FUND

25 SEC. 16. Section 903 of the Foreign Assistance

1 Act of 1961 is amended as follows:

2 (1) in subsection (a), strike out "for the
3 fiscal year 1975 not to exceed \$100,000,000" and
4 insert in lieu thereof "for the fiscal year 1976
5 not to exceed \$50,000,000, and for the fiscal
6 year 1977 such amounts as may be necessary".

7 (2) Strike out subsection (c) and insert
8 in lieu thereof:

9 "(c) Funds appropriated under subsection (a)
10 shall be available to assist the Governments of
11 Egypt and Israel in carrying out activities under
12 the Agreement of October 10, 1975 and to pay the
13 costs of implementing the United States Proposal
14 for the Early Warning System in Sinai. Such funds
15 may be obligated without regard to the provisions
16 of subsection (b) of this section, to the extent
17 that the proposed obligation has been justified
18 to the Congress prior to the enactment of this
19 subsection."

20 FOREIGN MILITARY SALES

21 SEC. 17. The Foreign Military Sales Act is
22 amended as follows:

23 (1) In section 31(a), relating to authoriza-
24 tion, strike out "\$405,000,000 for the fiscal
25 year 1975" and insert in lieu thereof "\$840,000,000

1 for the fiscal year 1976 and such amounts as may
2 be necessary for the fiscal year 1977".

3 (2) Section 31(b), relating to aggregate
4 ceiling, is amended to read as follows:

5 "(b) The aggregate total of credits, or
6 participations in credits, extended pursuant to
7 this Act and of the principal amount of loans
8 guaranteed pursuant to section 24(a) shall not
9 exceed \$2,374,700,000 for the fiscal year 1976."

10 (3) At the end of section 31, add the follow-
11 ing new subsection:

12 "(c) Funds made available for the fiscal year
13 1976 under subsection (a) of this section may be
14 obligated to finance the procurement of defense
15 articles and defense services by Israel without
16 regard to the limitations contained in section 23
17 of this Act. The President is authorized to re-
18 lieve Israel from up to one-third of its contrac-
19 tual liability to repay the United States Government
20 with respect to defense articles and defense services
21 so financed."

22 (4) Section 33, relating to regional ceilings,
23 is repealed.

24 TRANSITION PROVISIONS

25 SEC. 18. There are authorized to be

1 appropriated for the period July 1, 1976 through
2 September 30, 1976, such sums as may be necessary
3 to conduct programs and activities for which fund-
4 ing was authorized for fiscal year 1976 by this
5 Act in accordance with the authorities applicable
6 to such programs and activities for such fiscal
7 year.

SECTION-BY-SECTION ANALYSIS
OF REVISIONS TO
PRESIDENT'S LEGISLATIVE PROPOSAL OF MAY 15, 1975

I. INTRODUCTION

The draft legislation transmitted to Congress on May 15 (hereinafter referred to as "the Bill") was accompanied by a section-by-section analysis of its provisions. The provisions of the Bill consisted primarily of amendments to the Foreign Assistance Act of 1961, as amended (hereinafter referred to as "the Act"), and the Foreign Military Sales Act (hereinafter referred to as "the FMSA"). Most of the changes made in the current revisions of sections 10, 11, 12, 15, 16, 17 and 18 of the Bill involve the substitution of specific amounts for authorizations of "such amounts as may be necessary" for security assistance programs. However, a few substantive revisions are also included. The changes to the Bill are described below.

II. PROVISIONS OF THE BILL

Section 10. Military Assistance.

This section, consisting of three paragraphs, amends chapter 2 of part II of the Act, which contains authority for military assistance.

(1) This paragraph amends section 504(a) to authorize appropriations for military assistance of \$394,500,000 for fiscal year 1976 and such amounts as may be necessary for fiscal year 1977. These authorizations do not include military education and training, which is provided for in a new chapter established by section 12 of the Bill.

(2) This paragraph extends for fiscal years 1976 and 1977 the President's special authority under section 506 (a) of the Act to draw down Department of Defense stocks and defense services to meet unforeseen emergency needs for military assistance. Section 401 of the Congressional Budget Act of 1974 provides that proposed legislation to authorize new spending authority shall not be in order after the adjournment of the first session of the 94th Congress, unless such proposed legislation also provides that such new spending authority is to be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts. Consequently, section 506(a) of the Act is also amended to make its provisions effective for any fiscal year only to the extent so provided in appropriations Acts. The Executive Branch will propose that the paragraph in the fiscal year 1976 Foreign Assistance and Related

Programs Appropriation Act which appropriates funds for military assistance contain a proviso confirming that the authority of section 506(a) of the Act, "is effective for the fiscal year 1976 only to the extent of \$150,000,000." Any use of such authority will continue to require a Presidential determination that it is in the security interests of the United States. This authority is not to be used routinely to supplement MAP funds, but is necessary to meet unforeseen, emergency requirements for military assistance which might arise in the course of the specified fiscal year.

(3) This paragraph, which amends the funding restrictions contained in section 514 of the Act, is unchanged from the Bill transmitted on May 15.

Section 11. Security Supporting Assistance.

This section amends section 532 of the Act, which authorizes assistance to friendly countries and organizations to support or promote economic or political stability. The amendment authorizes the appropriation for these purposes of \$1,858,300,000 for fiscal year 1976 and such amounts as may be necessary for fiscal year 1977.

Section 12. International Military Education and Training.

This section, which adds a new chapter 5 to part II of the Act and makes conforming amendments, is unchanged from the Bill transmitted on May 15, except with respect to the amount of authorization. As revised, section 543 of the Act authorizes the appropriation of \$30,000,000 for fiscal year 1976 and such amounts as may be necessary for fiscal year 1977 to carry out the purposes of the new chapter.

Section 15. Indochina Assistance.

Subsection (a) of this section, which repeals part V of the Act and sections 34 through 40 of the Foreign Assistance Act of 1974 relating to Indochina assistance, is unchanged from the Bill transmitted on May 15. The current revision adds subsections (b) and (c) to this section.

Subsection (b) authorizes, but does not require, the President to adopt and assume the liabilities of the South Vietnamese, Cambodian or Laotian Governments under any contract of such government which was financed or approved for financing by the Agency for International Development before the end of fiscal year 1975. This will permit the Agency for International Development to provide compensation to contractors who have rendered

performance or incurred costs in carrying out AID projects financed under the Act or the Foreign Assistance Act of 1974, but have not been paid because of the termination of assistance programs in Indochina.

Subsection (c) authorizes funds appropriated for economic assistance in Indochina to remain available for purposes of subsection (b) and meeting other costs arising from the termination of the programs for which the funds were appropriated. This subsection does not authorize the appropriation of any additional funds for these purposes.

Section 16. Middle East Special Requirements Fund.

This section, consisting of two paragraphs, amends section 903 of the Act as follows:

(1) This paragraph authorizes the appropriation for the Middle East Special Requirements Fund of \$50,000,000 and such amounts as may be necessary for fiscal year 1977.

(2) This paragraph repeals section 903(c) of the Act, which earmarked \$6,000,000 of the Special Requirements Fund as a contribution to the United Nations Relief and Works Agency in fiscal year 1975. This provision of law has been fully executed and is no longer necessary. In its place, this paragraph specifically

authorizes use of the Special Requirements Fund for assistance to Egypt and Israel in carrying out activities under the Sinai Agreement, and makes the Fund available for paying the costs of implementing the United States Proposal for the Early Warning System in Sinai. Normally, intended uses of the Special Requirements Fund cannot be identified with sufficient particularity to enable detailed justification in the authorization and appropriation process. In lieu of such justification, section 903(b) requires proposed obligations from the Fund to be reported to Congress in advance, and permits Congress to disapprove proposed obligations by concurrent resolution. In the case of the Sinai Agreement and related U.S. Proposal, Executive Branch plans have been developed to a degree that will permit justification of the proposed obligations prior to the enactment of authorizing legislation and appropriations. Accordingly, the new section 903(c) exempts obligations which have been so justified from the duplicative justification procedures of section 903(b).

Section 17. Foreign Military Sales.

This section, consisting of three paragraphs, amends the Foreign Military Sales Act as follows:

(1) This paragraph amends section 31(a) of the Foreign Military Sales Act to authorize the appropriation of \$840,000,000 for fiscal year 1976 and such amounts as may be necessary for fiscal year 1977 to carry out a program of credits and guaranties.

(2) This paragraph amends section 31(b) of the Foreign Military Sales Act to establish an aggregate ceiling of \$2,374,700,000 on credits and the principal amount of guaranteed loans for fiscal year 1976.

(3) This paragraph amends section 31 of the Foreign Military Sales Act by adding a new subsection (c) which authorizes favorable terms and conditions with respect to credits for Israel. The new section 31(c) exempts fiscal year 1976 credits for Israel from the limitations on interest rates and duration contained in section 23 of the Foreign Military Sales Act and authorizes the President to relieve Israel from up to one-third of its liability to repay the United States with respect to such credits.

(4) This paragraph repeals section 33 of the Foreign Military Sales Act, the annual ceiling on military assistance, credits and guaranties to African countries. This paragraph is unchanged from the Bill transmitted on May 15.

Section 18. Transition Amendments.

This section responds to requirements created by the enactment of the Congressional Budget Act of 1974 (P.L. 93-344), which changes the commencement of the fiscal year from July 1 to October 1 beginning with fiscal year 1977. This section authorizes the appropriation of such sums as may be necessary to carry out during the transition period, July 1, 1976 through September 30, 1976, the programs and activities for which other provisions of the Bill authorize funding for fiscal year 1976. Under the Congressional Budget Act the transition period is neither a fiscal year nor a fraction of a fiscal year.

This section is unchanged from section 18(a) of the Bill transmitted on May 15. The May 15 proposal had included a section 18(b) modifying the President's special authority under section 506 of the Act in light of the requirements of section 401 of the Congressional Budget Act. This subsection has been deleted in the current revision because the necessary modification has been included in section 10(2) of the revised Bill.

Attendees for LIG Meeting

11:30 a.m., Thursday, August 21, Roosevelt Room

Phil DuSault, OMB
Dick Bell, Assistant Secretary of Agriculture
Arthur Meade, Agriculture
Tom Enders, Assistant Secretary of State
Bob Service, State
Alex Schnee, State
Dr. Wayne Sharp, CIEP
Jim Murphy, CIEP
Frank Maresca, Treasury
Ellen Frost, Treasury
William Rhoads, Assistant Administrator of AID
Phil Birnbaum, Assistant Administrator of AID
Denis Neill, Assistant Administrator of AID
Leo Schaeffer, Agriculture Congressional Relations
Tom Kay, Department of Agriculture
Tom Loeffler
Les Janka
Bob Hormats
Malcolm Butler
Cathie Bennett
Kay Bitterman, AID

MEMORANDUM

NATIONAL SECURITY COUNCIL

August 25, 1975

CONFIDENTIAL

MEMORANDUM FOR THE RECORD

FROM: CATHIE BENNETT

SUBJECT: Highlights of LIG Meeting on Foreign Economic Assistance, Thursday, August 21, 1975

A LIG meeting was held on August 21 to determine the Administration's strategy towards comprehensive legislation to amend PL-480 and its relationship, if any, to the limited PL-480 amendments contained in the foreign assistance bill. (List of attendees attached)

BACKGROUND

The economic aid portion of the Foreign Assistance Authorization Bill for FY 1976-77 has been reported from the House International Relations Committee (HR-9005) and can be expected to be considered in the House Rules Committee during the second week of September. A companion bill has not yet been introduced in the Senate.

This year, the House International Relations Committee included some amendments to the PL-480 program in the Foreign Assistance legislation. This was largely due to the belief of some Committee members that PL-480 has been used as a foreign policy instrument in the past and therefore could be subject to HIRC committee amendment, and that the program could be an effective means to provide humanitarian assistance to drought and starvation stricken nations. Traditionally, however, PL-480 has come under the jurisdiction of the Agricultural Committees who view it as a domestically oriented farm group program.

At the same time, there is considerable support in the Congress for a major reform of the PL-480 program. Senator Humphrey introduced such legislation (S. 1654) last spring which is now being revised and

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E.O. 12958 Sec. 3.6

MR 94-20, #30; NISL Ltr 7/25/96

By Ut NARA, Date 3/6/97



will be considered in the Senate Agricultural Committee. Congressman Zablocki has introduced the companion bill in the House which has been referred to the House Committees on International Relations and Agriculture. In all, there are approximately 20 bills in the Congress which would effect a major reform of the PL-480 program.

The concern in respect to the foreign economic assistance bill is that, since it does contain certain amendments to the PL-480 program, some will attempt to link or attach the more comprehensive PL-480 amendments to the bill in the Senate. If this occurs, the Senate Agriculture Committee can be expected to assert jurisdiction. AID fears this would delay their authorization bill and set the stage for all kinds of extraneous amendments to their bill.

SUMMARY OF LIG DISCUSSION

I. Foreign Economic Assistance Bill (HR 9005)

At the LIG meeting, the views of the agencies represented were requested on the foreign assistance bill as reported in the House. There was unanimous agreement that although the Administration could live with the bill if ultimately necessary, there were three provisions which the Administration should oppose. OMB and Agriculture were the most vociferous in their opposition. The objectionable features are:

A. The provision in Title II of HR 9005 that no less than 70% of the commodities distributed under the program go to MSA's (most-severely-affected nations as designated by the United Nations).

B. The provision in Title II that no less than 1.5 million tons of agricultural commodities be distributed under the Title according to the 70-30 formulation.

C. The provision for a discretionary grant-back program, i. e., it provides for the use of PL-480 commodities on a grant basis as an incentive for self-help by poor countries in agricultural and rural development and nutrition.

Specific Comments:

A. The 70-30 Formulation:

Treasury, Agriculture, CIEP, OMB -- The 70% allotment to MSA's is too high; it severely limits the flexibility of the Administration in making distributions under the PL-480 program.

AID, NSC, State -- While we oppose the 70-30 formulation, there is considerable support for such a mandated distribution in the Congress. We, therefore, should be realistic and recognize that we will probably be unable to modify it. Further, any effort to alter the provision will require significant concessions by the Administration in other areas. Finally, the originally proposed language was even more limiting and it was only with considerable effort we were able to obtain modifications which provided additional administrative flexibility.

State -- The difficulty with such a mandated distribution as contained in Title II is that there are instances when Title I rather than Title II is the more appropriate vehicle for providing humanitarian assistance. This option is limited by the 70-30 formulation. Nevertheless, the fact the MSA list can be expected to expand will help us meet the 70% requirement.

B. 1.5 Million Ton Minimum

State, OMB with others concurring -- The 1.5 million ton minimum is too high, exceeds the budget allotment for Title II, and inhibits the program's flexibility. It would take 50 million tons away from Title I where we want it and incorporates it in Title II.

C. Grant Back Provision

Treasury, Agriculture, CIEP, OMB, State -- It will result in the US getting involved in the domestic policies of LDC's. Although it will make financing easier for the host country, it does mean that AID is placed in the position of exercising budgetary functions in the host country. It may be unwise to permit US involvement in this capacity. It will also make it difficult to resist pressures from LDC's to go the grant route. For example, if we exercise the grant back provision in one country, it will be hard to tell the next one that we cannot do the same for it. Finally, the program will be difficult to monitor. It will require additional personnel overseas at a time when we are trying to reduce these numbers.

OMB -- The expressed logic of the provision is that we need to provide LDC's with some additional incentive to develop agricultural plans. We are already making considerable concessions in providing multi-year contracts, etc. and it seems unnecessary to offer them any more.

NSC/AID -- If we oppose this provision too vigorously, we will be faced with a mandatory program. Many were pushing for mandatory language in this bill. Accepting the program on a discretionary basis now will permit us to counter those demanding a mandatory program later by saying we are investigating and experimenting with the idea and should therefore not be hamstrung with a mandatory program.

NSC -- The discretionary aspect of this provision makes it defensible, whereas a mandatory program which vigorous opposition at this time might invite would be totally unacceptable as it would result in an irrational, inefficient use of our economic resources.

II. The Humphrey Bill to Amend the PL-480 Program (S. 1654)

All representatives at the LIG meeting were vigorously opposed to the substance of this legislation and to any linkage or attachment of its provisions to the foreign economic assistance bill.

SUMMARY OF LIG CONCLUSIONS

The consensus was that the Administration should:

-- Continue to oppose the three objectionable provisions of the foreign economic assistance bill outlined above;

-- Consider the possibility of getting a member of the Senate Agriculture Committee to indicate his committee's disapproval of any PL-480 amendments in a bill which has only SFRC consideration, and attempt in this way to get the objectionable features deleted;

-- Avoid any linkage or deals between the foreign economic assistance bill and Humphrey's comprehensive PL-480 legislation (S. 1654) and maintain the foreign aid bill strictly on the SFRC track;

-- Maintain legislation to amend the PL-480 program on a strictly Agriculture Committee track; and thereby attempt to defer any action on them;

-- Persuade Senator Humphrey to introduce the foreign assistance bill in the Senate as reported in the House; however fully brief him in advance of the Administration's objections.

FACT SHEET

H: R. 9005

This is what is being used on the Hill to support H.R. 9005. It downplays our concerns and objectives & is designed to inform.

The International Development and Food Assistance Act of 1975 is the first foreign aid bill since the Marshall Plan, 25 years ago, to separate economic aid from military and security assistance. This a foreign aid bill designed for developmental and humanitarian purposes.

<u>Authorization</u>	<u>FY 1976</u>	<u>FY 1977</u>
Food production and nutrition	\$628.8	760.0
Population planning and health	248.1	280.6
Education and human resource development	89.2	101.8
Technical assistance, energy, research reconstruction, selected problems	99.55	104.55
American schools and hospitals	25.0	25.0
American schools and hospitals local currency	7.0	7.0
International disaster assistance	25.0	25.0
International organizations and programs	194.5	219.9
Indus Basin grants	27.0	-
Indus Basin Loans	10.0	-
	<hr/>	<hr/>
TOTAL	1,354.15	1,523.85

The International Development and Food Assistance Act of 1975 establishes a new International Disaster Assistance program:

Establishes a specific disaster policy

- affirms thewillingness of the United States to provide aid to people and countries struck by disasters ;
- authorizes a quick delivery system to provide emergency aid ;
- authorizes aid to cover planning purposes and disaster preparedness ;
- requires programs to reach those most in need.



Establishes authority for President to appoint a Special Coordinator for International Disaster Assistance:

- to promote maximum effectiveness and coordination in U.S. responses to foreign disasters;
- to formulate and update contingency plans for disaster relief.

H. R. 9005 establishes new Public Law 480 policy on the overseas aspects of food aid:

- Gives priority consideration to countries most seriously affected by food shortages and inability to meet immediate food needs ("MSAs").
- Endorses the World Food Conference aid target and urges a significant U. S. contribution.
- Improves self-help program by permitting the local currency use for agricultural programs aimed at the rural poor to be considered payment of Title I loans.
- Limits the amount of food aid commodities allocated to non-MSA countries to 30% of the Title I program.
- Establishes a minimum 1.5 million ton Title II program with a 1 million ton earmark for American private and voluntary organizations and the World Food Program.
- Limits Title II grants to foreign governments, where resales are involved, to agreements under which the foreign currencies are used for agricultural production, rural development and nutrition.
- Requires annual reports to the Congress and a semi-annual global assessment of food production and needs.
- Authorizes President to seek international agreement for a system of national food reserves to meet food shortages and to insure against unexpected shortfalls.

H. R. 9005 Food and Nutrition Policy

- Directs funds to be used primarily for projects in agricultural, rural development, and nutrition specifically designed to increase the productivity and income of the rural poor.

- Requires the foreign currency proceeds from PL-480 commodity sales to carry out agricultural and rural development projects which benefit the poor, whenever practicable.
- Authorizes the appropriation of loan repayments to the U.S. by the LDCs for new agricultural development projects, nutrition projects, and projects carried out by U. S. land grant colleges.
- Provides \$200 million derived from repayment on aid loans as the annual U.S. contribution to the \$1.25 billion International Agricultural Development Fund.

H. R. 9005 Agricultural Research Policy

- Emphasis on the special needs of small farmers in determining research priorities.
- Focus on Interrelationships among technology, institutions, factors affecting small-farmers.
- Extensive field testing to adapt research to local conditions.

Famine Prevention and Freedom for Hunger (Title XII)

- Expands the participation of land grant and other eligible universities in agricultural institutional development and research as a part of the U. S. agricultural aid program.
- Establishes a land grant and other university Board for International Agricultural Development.
- Authorizes research grants without regard to prior \$10 million ceiling on assistance to U.S. institutions.
- Exempts agriculture research grants and other Title XII programs from the three-year limitation on disbursements.

H. R. 9005 Population Planning and Health Policy

- Directs that funds be used primarily for programs directly helping the poor, such as low cost integrated health and population planning delivery systems, preventive health programs, population planning which includes education in family planning coordinated with programs to reduce infant mortality and to improve nutrition for women and children.

H.R. 9005 Education and Human Resources Development Policy

- Aims programs at improving nonformal and formal education of practical use to the rural and urban poor.
- Emphasis programs in management in government and private organizations which help the poor to participate in development.

H. R. 9005 Technical Assistance and Related Programs Policy

- Includes an estimated \$14.65 million in FY 1976 and \$16.1 million in FY 1977 for ocean freight costs of shipments by private and voluntary organizations (PVOs).
- Authorizes technical assistance, particularly through PVOs and international development organizations.
- Encourages new programs to help developing countries increase or conserve energy resources.
- Authorizes research and evaluation of development process.
- Covers reconstruction following international disasters.
- Permits the use of funds for special development problems of very poorest LDCs especially in Africa.
- Authorizes development programs to benefit the urban poor.
- Permits use of up to \$20 million for an intermediate technology development suited to labor-intensive methods, small farms and small businesses.
- Earmarks \$20 million for development and use of cooperatives.

H.R. 9005 Housing Guaranty Policy

- Extends program authority to September 30, 1978;
- Requires that 90 percent of guaranties be for housing suitable for families with incomes below the median.
- Ties the Housing Guaranties to development aid program.
- Limit the amount of new guaranties for any country in any fiscal year to \$5 million.

[Oct. 1975?]

THE SIZE OF FY 1976 PROGRAM

Q: The FY 1976 Security Assistance request is nearly double the FY 1975 request. During a period of domestic economic hardship, how can you justify such an increase?

A: Our foreign aid program is designed to provide assistance to friendly countries in their efforts to develop their economies and maintain their security. As such it is a vital adjunct to these countries' development programs and is an important element of our efforts to strengthen our relationships with them. In the case of the Food for Peace (PL-480) program, our assistance often represents the critical element in preventing widespread malnutrition and starvation. In many cases our assistance relates directly to U. S. security interests and overseas force deployments. In view of the many mutual benefits which accrue from these funds, it represents a minimal and extremely worthwhile investment.

For 1976 seventy percent of the Security Assistance Program -- and almost all of the increase over FY 1975 -- is concentrated in the Middle East. Other areas of the world have been maintained at roughly the same levels, in spite of the impact of inflation worldwide.

ISRAEL

Q: In FY 1975, Security Assistance for Israel was only \$300 million; this year it will be \$2.3 billion. How can you justify an increase of this magnitude?

A: Comparisons on the basis of absolute fiscal years are very misleading, since much of the equipment delivered to Israel in FY 1975 was actually funded during or after the October "1973" war, that is, during FY 1974. A more accurate comparison should be based on the average levels of security assistance support provided Israel since the October War. The major component of the FY '76 request is \$1.5 billion in FMS credits; this compares with \$2.5 billion provided Israel in FMS credits since the October War (\$300 million in FY 1975 and \$2.2 billion in FY 1974). Against the total of \$2.5 billion the figure of \$1.5 for the current fiscal year represents normal continuation of existing programs, with minor corrections to accommodate such things as increased costs due to inflation.

MIDDLE EAST AID REQUESTS

Q: You plan to ask the Congress for more than \$3 billion in assistance, both economic and military, for the Middle East, including Egypt and Israel. How can you expect the American taxpayer to finance this when the US economy is still weak?

A: I want to make it clear that aid for Israel reflects our long-standing commitment to its security and survival. Our aid requests for certain Arab states, including Egypt, reflect our interest in their plans to improve their economic situation and their efforts to promote peace and stability in the area. Thus our Middle East aid package is an integral part of our effort to assist peace and moderation in the Middle East. I think most Americans will agree that the price is not too great to pay, since the outbreak of war could have the gravest political and economic consequences for all of us.

MAP PHASEOUT

Q: Congress seems ready to call a halt to grant military assistance. Yet the Administration request includes a sizeable MAP component. How do you explain this?

A: The long-term trend of grant military assistance has been clearly downward for some time, as the emphasis in our security assistance programs shifts to the foreign military sales credit program. There are specific instances, however, where in my view a certain amount of grant aid is clearly warranted because of the economic situation of a recipient or a clear and present security need.

BUDGET IMPACT OF AID REQUESTS

Q: How can you justify the huge outlays for aid to Israel and other countries in view of the President's action in cutting domestic programs to the bone?

A: Our foreign aid budget has declined over the years also. It is now at a minimum level which serves important, and specific, foreign policy needs. We have gone over this budget very carefully and believe that every specific part of it is justified and necessary.

Q: How can the United States provide assistance to developing countries when you refuse to provide aid to New York City?

A: We are not dealing with an either/or proposition; the two are completely different issues. I have made very clear my views with respect to the issue of New York City. With respect to foreign assistance, we provide such help not as a favor to another country but because we have an important relationship with that country to which aid contributes. Our relations with any given country and the means chosen to strengthen them reflect important U. S. interests in each case. It is erroneous to assert an analogy between these interests and unrelated internal issues. Thus, we should not see the question as a choice between New York and a foreign country, but rather whether the aid we are providing serves our interests.

HUMAN RIGHTS

Q: Do you think the U.S. Government should be supporting dictatorships around the world and giving them military and economic aid which enables them to survive and to continue to oppress their people?

A: Our economic aid is meant to promote economic development. Our military aid is given to enable countries to withstand aggression and to preserve their independence from outside domination, or to enable countries with which we are allied to fulfill their common defense obligations.

We would of course prefer to see democracies everywhere. However, if we had relations only with countries like our own, we would have no political relations with most of the rest of the world. We will work for human rights in international forums and wherever our influence can have an effect. Meanwhile, our assistance relationships with friendly countries are meant to serve the needs of our diplomacy, international security, and peace.

INDONESIA

Q: The Congressional Presentation indicates an increase of over \$7 million in grant to \$19.4 million and \$22 million in FMS credits to \$23.1 million for Indonesia. Why is the U.S. considering such an assistance program to an OPEC country with huge oil reserves?

A: Despite her oil revenues, Indonesia remains one of the poorest nations in the world, with a per capita annual income of less than \$200. While Indonesia is making new oil discoveries, these are occurring at a rate only slightly ahead of the rate of decline of old oil fields. Indonesia's current oil production is something less than 1.3 million barrels a day, a tiny portion of total OPEC production of 25 million barrels per day. Moreover, Indonesia's population of about 130 million results in a per capita income from oil production of only six cents per day.

The United States has important interests in Indonesia because of its friendship with us, its strategic location, its resources, and its potential for leadership in Southeast Asia and the developing world. Clearly it is in our interest to assist the Indonesians in achieving the stability necessary to deal with their critical economic and security problems.

ZAIRE

On if-asked basis only -

Q: Why the big increase in military aid for Zaire?

A: We are proposing a \$19 million FMS credit to help Zaire modernize its forces and meet its legitimate defense needs. Our aid will help meet Zaire's needs as recommended by an American Military Technical Advisory Team after careful study and consultation in Zaire.

Q: Are you sure this equipment will not go to Angola?

A: The equipment financed with this credit is for the Zairian military, and the normal prohibition against transferring any items to a third country without USG approval will apply.

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UNTIL 1:30 P.M., E.S.T.
THURSDAY, OCTOBER 30, 1975

October 30, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I sent to the Congress on May 15 draft legislation to authorize foreign assistance programs for fiscal years 1976 and 1977, and for the transition period July 1, 1976, through September 30, 1976. At that time, because of uncertainties caused by changing events, particularly in the Middle East and Indochina, I was unable to propose specific amounts for security assistance programs. I said I would return to the Congress with specific proposals for these programs as soon as possible.

The review of security assistance programs now has been completed and my revisions to the draft legislation are being transmitted today. My initial legislative proposal was printed in the House of Representatives as House Document No. 94-158 and was introduced in the Senate as S. 1816. The revisions transmitted with this message will supersede sections 10, 11, 12, 15, 16, 17 and 18 of that proposal.

The world is different and far more complex than the world we knew in the 1950's. So are the problems confronting it. However, the United States Government still has a primary responsibility to take the lead in creating conditions which will insure justice, international cooperation and enduring peace. The program of security assistance I am transmitting today will contribute significantly toward meeting this responsibility.

Peace in the Middle East

Nothing so underscores how essential the American peacekeeping role is than our current efforts in the Middle East. Since the October 1973 War, our Middle East policy has been based on the following three principles.

- First, a firm resolution to work for a just and lasting settlement of the Arab-Israeli conflict taking into account the legitimate interests of all states and peoples in the area, including the Palestinians.
- Second, a commitment to the improvement of our relations with all the states of the Middle East on a bilateral basis, maintaining our support for Israel's security while strengthening our relations with the Arab countries.
- Third, continued dedication to avoiding great power confrontation in the Middle East.

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The October 1973 War was the fourth, and most devastating, round of hostilities between Arab and Israeli forces. Moreover, the impact of this last collision between opposing forces was not confined to the Middle East. The spectre of armed confrontation between the United States and the Soviet Union hung over the crisis. Disruption of the economies of Western Europe, Japan and other nations was an important by-product of the conflict. In addition, the likelihood existed that the period immediately after October 1973 would merely represent a pause between the fourth and fifth rounds of conflict.

The quest for peace in the area was of the highest priority. Our most immediate objective was to encourage the disengagement of the contending military forces. Disengagement was accomplished in 1974. This year, we dedicated ourselves to the goal of withdrawal in the Sinai -- and an agreement was negotiated as a result of the efforts of Secretary of State Kissinger. We believe that the step-by-step approach to negotiations offers the best prospects for establishing an enduring peace in the region. We expect to proceed on an incremental basis to the next stage of negotiation within the near future.

I believe the hope for a lasting solution to the Arab-Israeli dispute is stronger today than at any time in the previous quarter century. A new era also is opening in our relations with Arabs and Israelis. This security assistance program will give substance to these new relationships and help preserve the momentum toward peace.

My proposals have three basic purposes:

- First, to provide Israel with the assistance needed to maintain security and to persevere in the negotiating process.
- Second, to give tangible expression to our new and fruitful relations with the Arab nations most directly involved and to encourage those which are seriously prepared to work for peace.
- Third, to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

The Security Assistance Program I am transmitting to Congress is heavily weighted with requirements to sustain the peace in the Middle East. Fully 70 percent of the program for fiscal year 1976 is to be concentrated in this region.

It proposes:

- For Israel, \$740 million in security supporting assistance and \$1,500 million in military credits. Israel's ability to defend herself and to relieve some of the burdens of her defense reduces the prospect of new conflict in the Middle East.
- For Egypt, \$750 million in supporting assistance. Egypt has made the bold decision to move from confrontation to negotiation as a means of resolving the Arab-Israeli dispute. Its leaders also must cope with serious economic problems whose resolution the United States is in a position to assist.

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- For Jordan, \$100 million in military assistance grants, \$78 million in security supporting assistance, and \$75 million in military credit sales. This assistance will strengthen Jordan's ability to hold to the course of moderation it has consistently followed.
- For Syria, \$90 million in security supporting assistance. This assistance will enable our development cooperation with Syria to go forward, furthering our efforts to re-establish more normal bilateral relations.
- In addition, I am recommending a Special Requirements Fund this fiscal year of \$50 million. The fund is to be used to reinforce the peace process in the area and, in particular, to defray the costs of stationing American civilian technicians in the Sinai area.

All of this aid will contribute to the confidence that Middle Eastern nations must have in the United States if we are to maintain our momentum toward peace.

East Asia

The collapse of friendly governments in Indochina has necessitated a thorough review of the situation and of our policies and objectives throughout East Asia. The program I am proposing therefore recognizes the new realities as well as our enduring responsibilities as a leading participant in the affairs of the Asia Pacific region. For the first time, military sales credits exceed grants in our proposals for security assistance to Asian countries. These proposals include Foreign Military Sales credits in the amount of \$80 million for the Republic of China, \$126 million for Korea, and \$37 million for Thailand, with smaller but no less significant amounts for Indonesia, Malaysia, and the Philippines. Grant assistance programs include \$19 million for Indonesia, \$74 million for Korea, \$20 million for the Philippines, and \$28 million for Thailand. This funding pattern reflects the improved economic circumstances of several of our allies, their decreasing dependence on grant aid, and a greater ability to pay for defense purchases on a deferred basis.

Europe

The program that I am proposing for Europe is focussed primarily on two countries with whom the United States shares extraordinary mutual defense interests: Greece and Turkey. For Greece, I am proposing more than \$50 million in MAP and \$110 million in FMS credits. Over the same period, Turkey would receive \$75 million in MAP and \$130 million in FMS credits. These amounts take into consideration urgent needs for defense articles and services on the part of these two important NATO allies. Implementation of the respective programs would allow the United States to resume its traditional cooperative role following the unfortunate disruptions occasioned by the Cyprus crisis. In this traditional role, the United States can work more effectively to alleviate regional tensions and rectify recent misunderstandings which have had an adverse impact on the interests of all our European allies.

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Africa and Latin America

In these two geographic areas where there were widespread special development problems, I am proposing security assistance programs with emphasis on training as a common denominator. While the training programs are not individually costly, the fact that they are distributed among many countries should contribute to the strengthening of our regional relations well beyond the military sector. The only significant MAP proposal in either area involves a \$12 million program for Ethiopia, where we have been committed to an armed forces modernization program of reasonable dimensions. No other grant aid funds are envisioned elsewhere in Africa. MAP proposals throughout Latin America are confined to small sums, mainly for vehicles, communications equipment and spare parts. FMS credits for Latin America are proposed in amounts commensurate with the relative sizes of the recipients' armed forces, their repayment ability and overall development needs. In Africa, the only significant FMS credit proposals are \$10 million for Ethiopia and \$19 million for Zaire.

Security Supporting Assistance

Aside from the special programs for the Middle East states which I have described previously, my proposals for security supporting assistance include \$35 million for Cyprus, including \$10 million for the United Nations Forces there, \$55 million for Portugal, \$65 million for Greece, and \$23 million for Zaire. Other small programs and administrative expenses will total \$33 million. In all instances, these programs reflect enlightened self-interest for the United States and a carefully documented need.

Conclusion

While the extraordinary recent developments in Indochina and the Middle East have necessitated a re-examination of our policies and changes in the focus of our security assistance programs, there can be no doubt that bilateral and multilateral cooperation in the defense sector remains a vital and necessary component of American foreign policy. The proposals that I am now able to make after this reappraisal are addressed specifically to a new global situation and to the extraordinary challenges and opportunities confronting us in the international sphere. Just as it would be a grievous mistake to base our current and future security assistance programs on the precepts of the past, it would be an even greater error to ignore our enduring responsibilities as a major world power by failing to exploit these opportunities. After twenty-five years of seemingly irreconcilable differences, two parties to the Middle East dispute at last have taken a decisive stride toward settling their differences, in joint reliance on our good offices and continuing support. In the strategic Eastern Mediterranean, two of our long-standing NATO allies look to us for a tangible sign of renewed support and traditional friendship. In East Asia, friends and allies are anxiously awaiting evidence that the United States intends to maintain its stabilizing role in Pacific affairs.

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Development Assistance

I am also pleased to note the progress made by the Congress on H.R. 9005, the International Development and Food Assistance Act of 1975, which authorizes funds for our development and disaster assistance programs. Although we have minor differences with the Congress on the formulation of this legislation, I expect these to be resolved in the legislative process. The 244-155 vote in the House clearly indicates that the Congress and the Executive Branch jointly endorse the current reorientation of our bilateral development assistance program focusing on basic human problems in the poor countries.

We must reaffirm our humanitarian commitment to some 800 million people in the Third and Fourth World, who live in poverty, facing the daily reality of hunger and malnutrition without access to adequate health and education services and with limited productive employment. Improving the quality of life for one-third of mankind living in conditions of despair has become a universal political demand, a technical possibility, and a moral imperative.

Our foreign assistance programs, both development and security, are essential for achieving world peace and for supporting an expanding international economy which benefits all nations. Our national security and economic well-being in a world more interdependent than ever before in the history of mankind warrant the fullest support of the American people and the Congress for our foreign assistance programs.

In regard to the impact of these proposals on overall federal budget levels, I fully recognize the proposed amounts are substantial. I should emphasize, however, that total fiscal year 1976 expenditures for all types of foreign aid including economic and military will still be roughly ten percent below the amounts originally contained in my January budget because of the withdrawal of the request for Indochina funding.

I am confident the Congress shares my desire to see the United States continue to manifest to all nations its determination to play a role in the search for a more secure international environment which is worthy of its greatness as a nation.

GERALD R. FORD

THE WHITE HOUSE,

October 30, 1975.

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EMBARGOED FOR RELEASE
UNTIL 1:30 P.M., E.S.T.
THURSDAY, OCTOBER 30, 1975

October 30, 1975

Office of the White House Press Secretary

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- Third, to encourage the peaceful development of the area, thereby reducing the incentives to violence and conflict.

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- In addition, I am recommending a Special Requirements Fund this fiscal year of \$50 million. The fund is to be used to reinforce the peace process in the area and, in particular, to defray the costs of stationing American civilian technicians in the Sinai area.

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The collapse of friendly governments in Indochina has necessitated a thorough review of the situation and of our policies and objectives throughout East Asia. The program I am proposing therefore recognizes the new realities as well as our enduring responsibilities as a leading participant in the affairs of the Asia Pacific region. For the first time, military sales credits exceed grants in our proposals for security assistance to Asian countries. These proposals include Foreign Military Sales credits in the amount of \$80 million for the Republic of China, \$126 million for Korea, and \$37 million for Thailand, with smaller but no less significant amounts for Indonesia, Malaysia, and the Philippines. Grant assistance programs include \$19 million for Indonesia, \$74 million for Korea, \$20 million for the Philippines, and \$28 million for Thailand. This funding pattern reflects the improved economic circumstances of several of our allies, their decreasing dependence on grant aid, and a greater ability to pay for defense purchases on a deferred basis.

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The program that I am proposing for Europe is focussed primarily on two countries with whom the United States shares extraordinary mutual defense interests: Greece and Turkey. For Greece, I am proposing more than \$50 million in MAP and \$110 million in FMS credits. Over the same period, Turkey would receive \$75 million in MAP and \$130 million in FMS credits. These amounts take into consideration urgent needs for defense articles and services on the part of these two important NATO allies. Implementation of the respective programs would allow the United States to resume its traditional cooperative role following the unfortunate disruptions occasioned by the Cyprus crisis. In this traditional role, the United States can work more effectively to alleviate regional tensions and rectify recent misunderstandings which have had an adverse impact on the interests of all our European allies.

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In these two geographic areas where there were widespread special development problems, I am proposing security assistance programs with emphasis on training as a common denominator. While the training programs are not individually costly, the fact that they are distributed among many countries should contribute to the strengthening of our regional relations well beyond the military sector. The only significant MAP proposal in either area involves a \$12 million program for Ethiopia, where we have been committed to an armed forces modernization program of reasonable dimensions. No other grant aid funds are envisioned elsewhere in Africa. MAP proposals throughout Latin America are confined to small sums, mainly for vehicles, communications equipment and spare parts. FMS credits for Latin America are proposed in amounts commensurate with the relative sizes of the recipients' armed forces, their repayment ability and overall development needs. In Africa, the only significant FMS credit proposals are \$10 million for Ethiopia and \$19 million for Zaire.

Security Supporting Assistance

Aside from the special programs for the Middle East states which I have described previously, my proposals for security supporting assistance include \$35 million for Cyprus, including \$10 million for the United Nations Forces there, \$55 million for Portugal, \$65 million for Greece, and \$23 million for Zaire. Other small programs and administrative expenses will total \$33 million. In all instances, these programs reflect enlightened self-interest for the United States and a carefully documented need.

Conclusion

While the extraordinary recent developments in Indochina and the Middle East have necessitated a re-examination of our policies and changes in the focus of our security assistance programs, there can be no doubt that bilateral and multilateral cooperation in the defense sector remains a vital and necessary component of American foreign policy. The proposals that I am now able to make after this reappraisal are addressed specifically to a new global situation and to the extraordinary challenges and opportunities confronting us in the international sphere. Just as it would be a grievous mistake to base our current and future security assistance programs on the precepts of the past, it would be an even greater error to ignore our enduring responsibilities as a major world power by failing to exploit these opportunities. After twenty-five years of seemingly irreconcilable differences, two parties to the Middle East dispute at last have taken a decisive stride toward settling their differences, in joint reliance on our good offices and continuing support. In the strategic Eastern Mediterranean, two of our long-standing NATO allies look to us for a tangible sign of renewed support and traditional friendship. In East Asia, friends and allies are anxiously awaiting evidence that the United States intends to maintain its stabilizing role in Pacific affairs.

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Development Assistance

I am also pleased to note the progress made by the Congress on H.R. 9005, the International Development and Food Assistance Act of 1975, which authorizes funds for our development and disaster assistance programs. Although we have minor differences with the Congress on the formulation of this legislation, I expect these to be resolved in the legislative process. The 244-155 vote in the House clearly indicates that the Congress and the Executive Branch jointly endorse the current reorientation of our bilateral development assistance program focusing on basic human problems in the poor countries.

We must reaffirm our humanitarian commitment to some 800 million people in the Third and Fourth World, who live in poverty, facing the daily reality of hunger and malnutrition without access to adequate health and education services and with limited productive employment. Improving the quality of life for one-third of mankind living in conditions of despair has become a universal political demand, a technical possibility, and a moral imperative.

Our foreign assistance programs, both development and security, are essential for achieving world peace and for supporting an expanding international economy which benefits all nations. Our national security and economic well-being in a world more interdependent than ever before in the history of mankind warrant the fullest support of the American people and the Congress for our foreign assistance programs.

In regard to the impact of these proposals on overall federal budget levels, I fully recognize the proposed amounts are substantial. I should emphasize, however, that total fiscal year 1976 expenditures for all types of foreign aid including economic and military will still be roughly ten percent below the amounts originally contained in my January budget because of the withdrawal of the request for Indochina funding.

I am confident the Congress shares my desire to see the United States continue to manifest to all nations its determination to play a role in the search for a more secure international environment which is worthy of its greatness as a nation.

GERALD R. FORD

THE WHITE HOUSE,

October 30, 1975.

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EMBARGOED FOR RELEASE
UNTIL 1:30 P.M., E.S.T.
THURSDAY, OCTOBER 30, 1975

October 30, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I sent to the Congress on May 15 draft legislation to authorize foreign assistance programs for fiscal years 1976 and 1977, and for the transition period July 1, 1976, through September 30, 1976. At that time, because of uncertainties caused by changing events, particularly in the Middle East and Indochina, I was unable to propose specific amounts for security assistance programs. I said I would return to the Congress with specific proposals for these programs as soon as possible.

The review of security assistance programs now has been completed and my revisions to the draft legislation are being transmitted today. My initial legislative proposal was printed in the House of Representatives as House Document No. 94-158 and was introduced in the Senate as S. 1816. The revisions transmitted with this message will supersede sections 10, 11, 12, 15, 16, 17 and 18 of that proposal.

The world is different and far more complex than the world we knew in the 1950's. So are the problems confronting it. However, the United States Government still has a primary responsibility to take the lead in creating conditions which will insure justice, international cooperation and enduring peace. The program of security assistance I am transmitting today will contribute significantly toward meeting this responsibility.

Peace in the Middle East

Nothing so underscores how essential the American peacekeeping role is than our current efforts in the Middle East. Since the October 1973 War, our Middle East policy has been based on the following three principles.

- First, a firm resolution to work for a just and lasting settlement of the Arab-Israeli conflict taking into account the legitimate interests of all states and peoples in the area, including the Palestinians.
- Second, a commitment to the improvement of our relations with all the states of the Middle East on a bilateral basis, maintaining our support for Israel's security while strengthening our relations with the Arab countries.
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GERALD R. FORD

THE WHITE HOUSE,

October 30, 1975.

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December 24, 1975

~~CONFIDENTIAL~~

TO: The Secretary
FROM: H - Robert J. McCloskey

Security Assistance

Now that the first session of the 94th Congress has mercifully closed, this memo takes stock of where we stand on the Security Assistance Bill in both Houses. Viewing the carnage thus far, I conclude that there are two main forces at work: a) one which uses the bill as a vehicle to effect fundamental revisions in U.S. foreign policy, and b) another uses the bill to create alterations in the Constitutional division of responsibility between the Executive and Legislature.

I. Setting

House. In the House, Doc Morgan has postponed completing markup until January when he will have returned from a trip to the Mid East, Greece and Turkey. At the same time, an ad hoc committee has developed calling most of the shots and burdening us with a variety of restrictive provisions (listed below). While the bill is still open to change when markup resumes, we face formidable opposition.

Senate. In the Senate action was completed by the (Humphrey) Subcommittee December 18. An attempt to rush it through the full SFRC before adjournment failed when Sparkman, at our request, postponed full committee markup until January. So, just as with the House, the bill is still open to revision, but our chances are not reassuring.

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E.O. 12356, Sec. 3.4.

MR 94-19, #31; Stake letter 6/14/94

By let, NARA, Date 6/23/94



II. Review of the Bills

Set forth below is a brief dissection of the most important provisions in both bills. There are three basic categories:

First, those amendments which purport to be "against sin" but which in fact are directed toward a fundamental reorientation of American foreign policy. They all have one theme: lessening U.S. involvement.

Second, those provisions primarily related to Executive/Legislative confrontation in the development and conduct of foreign policy.

Third, the funding cuts and the impairment the Administration's flexibility by specifying country allocations and defining activities in very narrow terms.

A. Policy Differences

a. Human Rights. Both versions hit us hard. In the HIRC version the Executive is called upon to provide a country-by-country report on human rights violations and makes those recipient countries accused of violations subject to a mandatory cutoff of security assistance. The Senate proposal is similar but adopts a complex reporting formula which avoids the need for conclusions by the Executive Branch as to which countries engage in a consistent pattern of gross violations. Both will permit Congress to cut off security assistance to any country by concurrent resolution. Given the current attitude in both committees on this issue, it is clear that some sort of human rights amendment will be adopted and, barring a new breakthrough with Fraser, Cranston and others, our chances of appreciably mitigating its worst features are not good.

b. Anti-discrimination. The Senate has adopted an amendment which would prohibit assistance to any country which discriminates on the basis of race, religion, national origin or sex. This is Senator Case's pet and I must conclude that some type of anti-discrimination amendment will probably be approved, though we may be able to soften the language. A Solarz Amendment, not yet adopted by the HIRC, is similar.

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c. Annual Ceilings on Arms Sales. The HIRC would place a \$9 billion annual ceiling on arms transfers of all types. The Senate does not impose a ceiling but rather extends restrictions which are now applicable to FMS and to commercial sales. While we have serious problems with both versions and are seeking to convince members of the bureaucratic problems they would entail, it seems clear that some sort of ceiling on arms sales will pass.

d. Korea. In the HIRC, a Fraser amendment calls upon the President to prepare a plan phasing out American military forces in Korea beginning in FY 1977. Our nosecount indicates we would lose this on an up or down vote. Our best hope seems to be a substitute Findley Amendment which would only call for a report on the prospects for a reduction of American forces. The SFRC thus far has no similar effort.

e. Brazil/Chile. In the Senate, the Subcommittee would cut off MAP and all FMS credit and guarantees for Chile, including pipeline, but would permit commercial sales and FMS cash sales. In the HIRC, Harrington has an amendment, not yet considered, which would prohibit FMS and commercial sales of defense articles to Brazil. In a companion amendment, the same restriction would be applicable to Chile except that deliveries of assistance previously obligated and agricultural commodities would also be prohibited.

f. Angola. When Congress returns, the House will have before it the Tunney Amendment as part of the Conference Report on DOD Appropriation. I will give you my thoughts on how we might proceed on that front in a separate memorandum. In the Security Assistance Bills, the Humphrey Subcommittee unanimously adopted the Clark/Case Amendment immediately cutting off all covert action in Angola until the President proposes, and Congress approves, a course of action. This version would permit a veto by either House. By contrast, the HIRC adopted a Fascell Admendment requiring a detailed report from the President but permitting him to proceed unless Congress should veto by Concurrent Resolution. A similar Harrington Amendment on assistance to Zaire has been dropped but may come to life again.

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B. Legislative Encroachment

a. Concurrent Resolution. This is a gut issue. The use of concurrent resolutions to effect a Congressional veto over existing legislation is a prominent and mischievous feature of both bills. In the past, the President chose to accept the few cases of such restrictions rather than veto desired legislation. the concurrent resolution device represents both a constitutional problem and a practical restriction on our ability to implement policy, as exemplified in the Jordan/HAWK case. We must face this issue head-on.

b. Ineligibility. Under the Senate version, Congress could independently find countries to be ineligible for military assistance because of misuse of US supplied articles or services. In addition the President could waiver such ineligibility subject to veto by concurrent resolution. There is no equivalent effort in the House thus far.

c. Third Country Transfers. The House version would require the President to provide Congress with a report prior to US approval of transfer by any foreign government of any US defense article regardless of its significance. Congress would have the right to disapprove unless the President certified an emergency exists. The Senate would expand the restriction even further by including commercial sales items but would apply only to significant transfer.

d. Restriction on the Sale of Defense Services. Under this Humphrey provision, the only services which the DOD could sell from its own resources would be some training, transportation and related services, repair and rehabilitation of articles from DOD stocks, technical data, and launching of communication satellites. As the HIRC has no similar provision thus far, we would hope to eliminate this limitation, or at least amend the language sufficiently to make it less objectionable.

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e. Additional Reporting. A HIRC amendment would call for an annual report estimating FMS cash/credit/guarantees and commercial sales for each of the next two fiscal years. While we could live with this requirement, we have informed the Committee that there will be a lot of guess-work in coming up with the figures. The Senate version requires an annual justification for the program, which presents similar problems of unreliability of projections, especially with regard to commercial sales.

f. Impact Statement. In the HIRC a Fasel amendment would require that an impact evaluation be added to a review of arms sales policy. Again, we can live with this amendment but feel that the proposed amendment would not appear to improve upon the existing procedures. There is no comparable provision in the Senate.

C. Funding

a. Cuts and Restrictions. Under pressure from Muskie and the Senate Budget Committee to cut \$400 million from security assistance, Humphrey's Subcommittee has gone beyond and proposed a total of \$411.9 million cuts. Included are \$191.6 million in MAP; \$180.3 million in supporting assistance; \$7 million in FMS; \$5 million in training; \$10 million in the Middle East Special Requirement Fund; \$5 million in the Contingency Fund, and \$12.5 million in International Narcotics. Muskie apparently is willing to make a showdown issue on this and no one will wish to challenge him.

Because the HIRC has not completed its markup its proposed cuts are incomplete as of this writing.

The following table shows the major cuts referred to above in the Senate version and the tentative cuts in the House version.

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\$ Millions

<u>Country</u>	<u>Administration Request</u>	<u>SFRC</u>	<u>HIRC</u>
<u>Military Assistance Program (MAP)</u>			
Greece	50	25	-0-
Indonesia	19.4	10	19.4
Jordan	100	50	70.
Korea	74	54	65.
Philippines	19.6	15	19.6
Thailand	28.3	15	25.
Turkey	75	25	-0-
Ethiopia	11.7	-0-	10
<u>Security Supporting Assistance</u>			
Egypt	750	725	
Israel	740	740	
Jordan	77.5	52.5	
Syria	90	35	
Portugal	50	35	
Greece	65	45	
Cyprus	25		In Development Assistance Bill
UNFICYP	9.6	9.6	
Zaire	22.75	12	
Malta	9.5	9.5	
Bahrain	.6	.6	
Operating Expenses	22.6	22.6	
<u>Military Training</u>	30	25	28.2
<u>Special Requirements Fund</u>	50.	40	50.
<u>Contingency Fund</u>	10.	5	5
<u>International Narcotics</u>	42.5	30	42.5

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b. MAP. Both versions call for MAP to be phased out by September 30, 1977. However, exceptions are possible with Congressional authorization on a case-by-case basis.

c. MAAG. The Senate would terminate MAAG on October 1, 1977 except by a country-by-country basis while the HIRC calls for MAAG personnel to be reduced to not more than three per country beginning September 30, 1977.

d. Greece/Turkey. The SFRC Subcommittee cut Grant Military Assistance to Turkey from \$75 to \$25 million and Greece from \$50 to \$25 million. Supporting Assistance for Greece was cut from \$65 to \$45 million. The HIRC has yet to name a figure. Morgan and other members of the HIRC will visit Greece and Turkey in early January. Their attitude on assistance will undoubtedly be colored by the impressions they gain during their visit.

III. Analysis

It seems fair to say that we saw many of these restrictions coming down the pike. Issues such as human rights, MAP phase-out and ceiling on arms transfers have been festering for years. The device of a Congressional veto by concurrent resolution has been used with increasing frequency during the past years to the point where it is now larded throughout both Senate and House bills. A general hostility toward military assistance became particularly pointed this year when Members began to insist that development assistance and security assistance would be separated into two bills. This left security assistance naked and unprotected from attacks by those philosophically opposed. Capping all of these factors was the emergence of the Budget Committee process which puts a ceiling on spending and will likely oblige a cut of at least \$400 million in the funding levels we have requested.

Where Do We Go From Here?

At this writing it is too early to predict what provisions we may be able to turn around in either the Senate or the House bill. It is clear that a major effort involving senior Administration officials will be required if we are to expect workable legislation



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to emerge. During the recess, we shall be developing within the Executive Branch and with our friends on the Hill a coordinated strategy for improving the pending bills, and assessing systematically the prospects for success on each significant issue.

The NSC is considering bringing the legislative status of these bills to the President's attention after the first of the year. I would like to discuss this matter with you upon your return in January.

Drafted by: H:SGoldberg/TDobbs/ezm/eg
x29036 x20568:12/24/75

Clearances:

PM - Mr. Stern

L - Mr. Michel

Distribution:

All Principals

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