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THE PRESIDENT HAS SEEN...

THE WHITE HOUSE

WASHINGTON

JAN 14 1975



MEMORANDUM FOR THE PRESIDENT

FROM: ROY L. ASH

SUBJECT: Additional 1975 Foreign Aid Needs for South Vietnam and Cambodia

In response to Dr. Kissinger's request, the Departments of State and Defense have submitted their proposals for additional funds for Indochina and amendments to the recently enacted Foreign Assistance Act of 1974. This memorandum seeks your decisions on those proposals so that necessary legislation and budget supplementals can be prepared and transmitted to the Congress as soon as possible. An early decision is also needed so that the 1976 Budget can reflect your decisions.

South Vietnam

Defense recommends a \$300 million supplemental for 1975 military assistance for South Vietnam. State is silent on the amount of military assistance, but opposes, with the concurrence of AID, any request for additional economic assistance at this time on the grounds that chances of success are slim and that such a request might detract from the effort of seeking additional military assistance funds. State believes a request for increased military assistance to South Vietnam should be submitted by the end of January while DOD counsels awaiting more concrete evidence of the need for additional assistance.

	\$ millions			
	1974	1975	1975	1976
	<u>Actual</u>	<u>Budget</u>	<u>Est.</u>	<u>Budget</u>
Military Assistance	1018	1450	700	1293
Proposed Supplemental	-	-	300	-
Total	1018	1450	1000	1293

DECLASSIFIED
EO 13526, 13527

MR 91-16, #28 MSC Un. 8/20/92

By KSH NARA, Date 9/25/92

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Ambassador Martin has proposed an increased request of \$700 million for military assistance and \$100 million for economic assistance. Of the \$700 million military assistance \$400 million would have to be authorized before being appropriated. The \$100 million in economic aid would also require prior authorization. Ambassador Martin argues that the larger program is necessary in order to prove the validity of the original budget requests.

Analysis. A \$300 million increase has the advantage of being within the \$1000 million already authorized and is assured of support from Senator Stennis. This amount would maintain ground ammunition stocks above the stockage objective at year's end even allowing for a 30% increase in consumption during the dry season. Should the North Vietnamese attack with the same intensity as during the 1972 offensive, no more funds would be required to defeat the attack, but some additional funding would be needed to bring ground ammunition stocks back up to the stockage objective afterwards. If no massive offensive develops, no funds beyond \$1000 million will be needed, and Defense does not believe more can be justified at this time.

I recommend that you approve a \$300 million military assistance supplemental for South Vietnam for immediate submission to the Congress. NSC concurs.

Decision:

Approve \$300 million military assistance supplemental

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Cambodia

The Cambodia military assistance situation is as follows:

- The Foreign Assistance Act has limited Cambodia to only \$200 million of the \$600 million total MAP authorization. Under the Continuing Resolution, that amount has already been obligated.



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- . Ammunition in country or in the pipeline will meet consumption requirements for only 30-45 days.
- . Drawdown of \$75 million in defense stocks authorized by Presidential Determination will cover estimated requirements for an additional 50-60 days.

The Defense Department estimates that, unless funding beyond the \$275 million now available is obtained, ammunition deliveries will have to cease in late February, and the Khmer Armed Forces will be out of ammunition at current consumption rates by late March or early April. Accordingly, Defense recommends that relief be obtained by early March at the latest.

Defense estimates total 1975 requirements to range from \$488 to \$606 million, of which \$450 to \$572 million require budget authority.

The several options recommended by Defense, State and NSC are presented in the table below along with the 1974 actual level, 1975 budget request, and current Foreign Assistance Act authorization.



\$ millions

	1974 Actual	1975					
		Budget Request	Congr Auth	Option A-1	Option A-2	Option B	Option C
MAP funds authorized	162	390	200	200	200	200	200
MAP budget amendment	-	-	-	-	175	222	297
Drawdown authorized	250	-	75	75	75	75	75
Additional drawdown	-	-	-	175	-	-	-
<u>Total^{1/}</u>	<u>412</u>	<u>390</u>	<u>275</u>	<u>450</u>	<u>450</u>	<u>497</u>	<u>572</u>
Worldwide MAP Total	695	985	675	850	850	897	972

^{1/} Excludes certain items that count toward Cambodia ceiling but do not require expenditure of additional appropriated funds or drawdown authority.

Option A. This option reflects the \$450 million total military assistance level recommended by State and corresponds to the "austere" level Defense believes necessary to fund ammunition consumption for the remainder of this fiscal year at the same rates as during the 1974 dry season.

The \$450 million level could be met by two means: (a) Under Option A-1, an amendment to the Foreign Assistance Act would be sought to increase the currently authorized worldwide drawdown authority of \$150 million by \$100 million and to eliminate the \$75 limitation on Cambodia. The entire resulting \$250 million drawdown would be used for Cambodia. (b) Alternatively, under Option A-2, an additional \$175 million in regular MAP funds would be sought. This would require an amendment to the Foreign Assistance Act, eliminating or raising the ceilings on aid to Cambodia and increasing the total MAP appropriation ceiling by \$175 million. A budget amendment for that amount would be sought.

State prefers Option A-1 while Defense prefers A-2. Option A-1 has the advantage of not requiring appropriations action and, if successful, additional ammunition could be provided earlier than under Option A-2. However, Option A-1 could be criticized as backdoor financing, especially since the drawdown authority is designed to meet unforeseen emergencies. We believe the choice may depend on the preferences of friendly senators and representatives whose sponsorship will be critical.

Option B. This option providing a total of \$497 million would require an additional MAP authorization of \$222 million and a budget amendment of that amount.

Option C. This option providing a total of \$572 million would require an additional MAP authorization of \$297 million and a budget amendment of that amount.

Analysis. Option A corresponds closely, if inflation is considered, with 1974 levels and is based on 1974 dry season ammunition consumption experience. Moreover,



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improved fire discipline by the Khmer forces should make the same level of ammunition supply go somewhat farther this year. Option A is a defensible request that represents the minimum level considered prudent by Defense.

Option B at an increased cost of \$47 million over Option A is a lower risk option. It would permit a 10% increase (\$26 million) in ammunition expenditure over the 1974 dry season rate supported by Option A. This additional 10% is only about half that recommended by Ambassador Dean based on ammunition expenditures in the current fighting. Option B would also provide \$21 million for replacement of limited and very critical equipment lost in combat, to include artillery pieces, M113 armored personnel carriers, landing craft (LCM), patrol craft (PBR) necessary for the Mekong supply route, and helicopter gunships to escort Mekong convoys. Because the higher level of Option B could not be provided by increased drawdown authority alone (\$222 million would be required), it would be necessary to seek an increased MAP authorization and appropriation.

Option C would permit ammunition to be consumed at the highest rate ever achieved in any one month during the 1974 dry season during each of the last six months of fiscal year 1975. This would represent a 24% increase over actual 1974 consumption for the January-July period, and would permit limited replacement of equipment attrition and allow increased funding of operating and maintenance costs. Option C could prove necessary at some future date if ammunition expenditures remain at peak levels and interdiction of the Mekong requires a resort to expensive air delivery of ammunition. However, it would be difficult at this time to make the case for a 24% increase over 1974 ammunition consumption levels.

Recommendation. I recommend that you approve Option A with the choice between seeking additional drawdown authority (Option A-1) and seeking additional MAP authorization and appropriations (Option A-2) to be determined on the basis of congressional consultations to be conducted by State as soon as possible this week. State concurs.



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Defense supports Option A as a minimum but would prefer Option B.

NSC ^{strongly} recommends Option B.



Decision:

Option A (\$450 million total program)

Option B (\$497 million total program)

Option C (\$572 million total program)

ACF.

Cambodia ceilings. Under all military assistance options it will be necessary to seek relief from the Cambodia ceilings in order to permit full utilization of an estimated \$34 million in excess defense items and permit inclusion of certain overhead costs that must be counted within the military assistance ceiling (\$200 million) and the overall country ceiling (\$377 million) even though they do not require expenditure of additional appropriated funds or drawdown authority. Relief from the \$177 million combined ceiling on economic and P.L. 480 assistance will also be necessary. An \$88 million minimum requirement for economic assistance leaves only \$89 million for P.L. 480 commodities, compared to the \$139 million required.

Recommendation. I recommend that you approve inclusion of a request to remove the Cambodia ceilings in the legislative package for South Vietnam and Cambodia. State and NSC concur.

Decision:

Approve request to remove Cambodia ceilings

ACF

Chile and Turkey

The Department of State recommends also that legislative relief be sought from the prohibition on military assistance to Chile and the suspension of assistance to Turkey after February 5, 1975, in conjunction with proposing amendments to the Foreign Assistance Act to permit increased assistance to Cambodia. While this has no budget implications, to

