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INTERGOVERNMENTAL  
RELATIONS

## ISSUE

### Aid to New York City

#### Administration Position

The President stated on November 26, 1975: As you know, I have been steadfastly opposed to any Federal help for New York City which would permit them to avoid responsibility for managing their own affairs. I will not allow the taxpayers of other States and cities to pay the price of New York's past political errors. It is important to all of us that the fiscal integrity of New York City be restored and that the personal security of eight million Americans in New York City be fully assured.

"...Only in the last month, after I made it clear that New York would have to solve its fundamental financial problems without the help of the Federal taxpayer, has there been a concerted effort to put the finances of the City and the State on a sound basis.

"...Because the private credit markets may remain closed to them, representatives of New York have informed my Administration that they have acted in good faith but that they still need to borrow money on a short-term basis for a period of time each of the next two years in order to provide essential services to the eight million Americans who live in the Nation's largest city.

"Therefore, I have decided to ask the Congress when it returns from recess for authority to provide a temporary line of credit to the State of New York to enable it to supply seasonal financing of essential services for the people of New York City. There will be stringent conditions.

Presidential Documents  
Vol. 11, No. 48, p. 1318

#### Administration Actions

President Ford suggested and signed a bill (PL 94-143) that allowed the federal government to loan New York up to \$2.3 billion a year through mid-1978 to cover the city's seasonal cash flow problems. The loans would have to be repaid with interest each year by the city.

For the year ending June 1976, New York City had paid back all monies borrowed for that period plus interest. New York City is presently in the process of drawing down monies for the year ending June 1977.

PJD  
8/4/76



ISSUE: General Revenue Sharing

Administration Position

The President stated on April 25, 1975: "There could be no more practical reaffirmation of the Federal compact which launched this country than to renew the program which has done so much to preserve and strengthen that compact -- General Revenue Sharing .... I am today transmitting to the Congress proposed legislation to extend and revise the State and Local Fiscal Assistance Act of 1972. The act, and the General Revenue Sharing program which it authorizes, expires on December 31, 1976. I strongly recommend that the Congress act to continue this highly successful and important new element of American Federalism well in advance of the expiration date, in order that State and local governments can make sound fiscal plans."

Presidential Documents  
Vol. 11, No. 17, p. 439

In the 1976 State of the Union Address the President said: "Last year I strongly recommended a five-year extension of the existing revenue sharing legislation which thus far has provided \$23.5 billion to help State and local units of Government solve problems at home. This program has been effective with decision-making transfers from the Federal Government to locally elected officials.

Congress must act this year or State and local units of Government will have to drop programs or raise local taxes."

Presidential Documents  
Vol. 12, No. 4, p. 50

Addressing the Congressional-City Conference on March 14, 1976, the President stated: "It is just too important to your cities. It is just too important to your States. It is just too important to America's future. The General Revenue Sharing bill must pass this year. You know that failure to renew this program would weaken the fiscal stability of your cities. You know that expiration of this program, or a reduction of the payments you now receive, would mean cut-backs in essential services, increased public and related private sector unemployment, or the imposition of more taxes. Maybe this is what some partisans want. But I don't."

Presidential Documents



ISSUE: General Revenue Sharing

Administration Position (cont'd.)

Upon signing the State and Local Fiscal Assistance Amendments of 1976 in Yonkers, New York, the President said: "Today marks a major milestone in our continuing effort to make Government work better for the American taxpayer....My strong support for revenue sharing stems from one very simple but very important fact. Revenue Sharing is a people's program that works very well for all our people -- 215 million of them throughout the length and breadth of this land."

Presidential Documents

## Administration Actions

An inter-agency Task Force was established to conduct an exhaustive review of the existing General Revenue Sharing program and to make recommendations to the President with respect to the program's renewal.

President Ford affirmed support for the General Revenue Sharing Program in the State of the Union Address on January 15, 1975.

President Ford sent a special message to the Congress on April 25, 1975, calling for early action on his proposed legislation to extend and revise the General Revenue Sharing program. The President's proposal calls for a five and three-quarter year extension of the program maintaining the basic features of the existing legislation while offering several significant improvements.

Treasury Department and Office of Revenue Sharing officials testified before the Revenue Sharing Subcommittee of the Senate Committee on Finance in support of the President's proposed legislation on April 16, 1975.

Treasury Department and Office of Revenue Sharing officials testified before the Intergovernmental Relations and Human Resources Subcommittee of the House Government Operations Committee in support of the President's proposed legislation on September 25, 1975.

Treasury Department and Office of Revenue Sharing officials testified before the Subcommittee on Civil and Constitutional Rights of the House Judiciary Committee in respect to Civil Rights Compliance efforts of the Office of Revenue Sharing on October 8, 1975.

The President met on November 6, 1975, with key Members of the House Government Operations Committee who have a major role in continuation of the General Revenue Sharing program. At this meeting, the President expressed his concerns and the need for timely Congressional action on renewal legislation.

Treasury Department and Office of Revenue Sharing officials testified before the House Select Committee on Aging concerning impact of General Revenue Sharing program on November 18, 1975.

Treasury Department and Office of Revenue Sharing officials testified before House Government Operations Subcommittee on Intergovernmental Relations on December 2, 1975, the final day of House hearings on legislation to renew the General Revenue Sharing program, providing additional information on the Administration's proposed legislation and urging favorable Congressional action at an early date.

President Ford, in his State of the Union Address on January 19, 1976, urged Congress to act this year to extend the General Revenue Sharing program "or state and local units of government will have to drop programs or raise local taxes."

Fiscal Year 1977 Budget proposed by the President provides for General Revenue Sharing outlays of \$6.6 billion.

On January 29, 1976, the President spoke to a group of mayors at the White House, expressing his concern about Congressional inaction on his bill to extend the General Revenue Sharing program and the need for State and local government officials to intensify their efforts on behalf of this legislation.

The President and Vice President held a White House press briefing on the General Revenue Sharing legislative situation on February 3, 1976. The President stressed the effectiveness and efficiency of the program and his concern over Congressional delay in acting on his proposed renewal legislation.

On February 7, 1976, the President conducted a budget briefing for elected officials in New Hampshire in which he stressed the impact of General Revenue Sharing on the State and its local jurisdictions. The President responded to many questions on the program and Congressional opposition to and inaction on his proposed renewal legislation.

On February 13, 1976, the President met with locally elected officials from Broward, Dade and Palm Beach counties, Florida, and discussed the importance of General Revenue Sharing. The President also spoke of his concerns about this program in a subsequent Florida visit on February 28-29, 1976.

President Ford, addressing the mid-winter meeting of the National Governors' Conference in Washington, D. C., on February 23, 1976, urged the Nation's governors to help him "move the mountain known as Capitol Hill" to get General Revenue Sharing renewal passed by the Congress.

On March 4, 1976, the President met with the Chairman and Ranking Minority Member of the House Government Operations Committee to urge the expeditious mark-up of General Revenue Sharing renewal legislation which has been pending in that Committee for eleven months.

The President advocated renewal of the General Revenue Sharing program in speeches and answered citizen questions about the program in Illinois on March 6, 11 and 12, 1976 and in North Carolina on March 13, 1976.

On March 14, 1976, the President addressed 2,000 mayors and city officials at the annual Congressional-City Conference in Washington, D. C. The President criticized the Congress for its failure to act on General Revenue Sharing renewal legislation and re-affirmed his commitment to secure an extension of this important program.

The President discussed his proposal to renew General Revenue Sharing and the current legislative situation with members of the National Newspaper Association on March 19, 1976. He urged the editors to help gain prompt Congressional approval "because otherwise, your communities will not be getting the money that they have gotten for five plus years and they will either have to cut back on services or increase taxes at the local level."

On March 27, 1976, the President discussed his position on General Revenue Sharing at a press conference in Wisconsin.

The President discussed General Revenue Sharing at a Business Management Briefing in Texas on April 9, 1976.

On May 3, the President briefed local elected officials for Indiana on the General Revenue Sharing program.

On Wednesday, May 5, the President discussed General Revenue Sharing renewal legislation with the Republican Congressional Leadership. At that time, he expressed his strong support of General Revenue Sharing and his hope for quick and favorable consideration of the Administration's proposal to revise and extend the program.

The President discussed the General Revenue Sharing program during his trip to Indiana and Georgia on April 23, 1976, and Louisiana on April 27, 1976. At that time, the President expressed his concern about Congress' delay in moving renewal legislation and the serious fiscal consequences for State and local governments if the Congress failed to extend the program.

At the request of the New Coalition, the President convened a meeting on June 3, 1976, of governors, mayors and other locally elected officials and the bi-partisan leadership of the House of Representatives to discuss the future of legislation to extend the General Revenue Sharing program. The President indicated his concern for both early enactment and the nature of a bill reported by the House Government Operations Committee. He urged both the State and local officials and the Congressmen to work for adoption of a bill more consistent with his earlier recommendations.

On June 10, 1976, the House of Representatives finally passed a bill to revise and extend the General Revenue Sharing program. The House, in passing the bill (H. R. 13367), deleted many features unacceptable to the Administration. The President, in a statement on that day, noted that: "I am extremely pleased that the House of Representatives has finally passed a bill to extend the General Revenue Sharing program. While the bill which passed the House does not contain many of my proposals for renewal of this critical domestic program, it does preserve the revenue sharing concept and incorporates certain changes I have proposed. I am hopeful that the Senate will proceed to consider this legislation quickly and will examine my recommendations to improve the program. The re-enactment of this legislation is urgently necessary in order to avoid serious economic and fiscal problems for many states and units of local governments".

Representatives of the Treasury Department testified at a Senate Finance Committee hearing on August 25, 1976, to review the House-passed bill to extend the General Revenue Sharing program. Treasury officials urged the Committee to amend this bill to include provisions requested by the President to strengthen and improve the program and delete those sections of the House bill which would place unnecessary "strings" and other unduly burdensome requirements on State and local governments.

On September 14, 1976 the Senate overwhelmingly adopted legislation to extend the General Revenue Sharing program which closely follows the President's legislative recommendations for renewal of this important domestic program. The President noted, however, that continuation of this program remains one of the major unfinished items of business on the Congressional agenda. In a statement after the Senate's action, the President urged "the Democratic leadership in the House to take responsible and responsive action to convene an immediate conference on this bill. They have

sought to portray themselves as friends of our Nation's cities. However, their record on this legislation stands in marked contrast to their rhetoric. In delaying action on this bill for over one year, they have jeopardized the fiscal and economic stability of our cities...I hope the Congress will demonstrate its commitment by moving swiftly and favorably in getting responsible legislation to my desk for signature before they adjourn. To do less would only serve to aggravate the fiscal problems of State and local governments and undermine economic recovery."

On September 30, 1976, the Congress adopted and sent to the President legislation to revise and extend the General Revenue Sharing program. The bill extends the program for 3 3/4 years, will provide over \$25 billion to State and local governments, and strengthen and improve administration of the current program. In a statement after Congress acted, the President stated,

"General Revenue Sharing has proven to be a triumph of the conviction that state, county, city and local government can be far more responsive and flexible in serving citizens than distant bureaucracies and special interest programs.

"Revenue sharing has only one special interest: the return of tax dollars to local authorities so they can best determine how to solve community problems with community solutions.

"Without the passage of this program county executives would have been faced with cutting essential services or raising property taxes. States which use the majority of their funds for education would have been confronted with the possibility of severe reductions in school aid and cities would have had their already tight fiscal condition further burdened."

On October 13, 1976, the President signed the bill to extend the General Revenue Sharing program. At a signing ceremony in Yonkers, New York, attended by State and local government officials from throughout the country, the President stated: "Today marks a major milestone in our continuing effort to make Government work better for the American taxpayer....My strong support for revenue sharing stems from one very simple but very important fact. Revenue sharing is a people's program that works very well for all our people -- 215 million of them throughout the length and breadth of this land."

FOREIGN AFFAIRS

ISSUE:      Africa

Administration Position:

President Ford summarized his policy regarding self-determination in Southern Africa in Tyler, Texas on April 28:

"Let me summarize the objectives of our program in Africa. Number one, we strongly believe today, as we have over the 200 year period of our history, in self-determination by people of a country. That is how we got our freedom -- self-determination.

"Number two, our policy would guarantee minority rights for any individuals in any of those countries in Africa.

"Number three, our policy is one of keeping major powers out of Africa and major powers dominating any one country in Africa.

"We don't want to dominate the economy, the political system in any one of those countries, and we don't want any other nation to do it, including the Soviet Union....

"We are not going to supply any arms to any insurgents. We don't think that is the way for the United States to project itself as a country that wants to help solve some of those controversial problems there. Under no circumstances are we going to provide arms to any of the insurgents. We simply believe in self-determination, guarantee of minority rights and the nondomination of any country by an outside force."

Presidential Documents  
Vol. 12, No. 18, p. 723

The situation in Africa requires a clear Administration position on the questions of majority rule in Rhodesia, independence for Namibia, and racial equality in South Africa.

The United States policy toward South Africa has remained fundamentally unchanged for over a decade. We maintain relations with the Government of South Africa and conduct a dialogue with all elements of that society,

but we have made clear the inherent opposition of the American people to the South African Government's internal policies. We maintain an arms embargo policy on South Africa, we neither encourage nor discourage American investment there, but we do not extend ExImBank loan facilities for economic transactions in South Africa. We have repeatedly appealed to the Government of South Africa to bring about a peaceful end to institutionalized inequality in that country.

Administration Actions:

On behalf of President Ford, Secretary of State Kissinger made a major address on April 27 at Lusaka, Zambia, pledging United States commitment and cooperation to the tasks of racial justice and economic development in southern Africa.

The Secretary listed a ten-point United States policy for a rapid, negotiated settlement in Rhodesia, leading to majority rule with minority rights. Of particular importance were: his pledge to urge the Congress this year to repeal the Byrd Amendment, which authorizes Rhodesian chrome imports to the United States despite UN sanctions; an offer of economic assistance to Mozambique, whose closure of its border with Rhodesia to enforce sanctions has imposed economic hardships; a commitment to help any other countries neighboring Rhodesia that decide to enforce sanctions by closing their frontiers; and a call for international support to the people of Rhodesia as they make the peaceful transition to a majority government.

On Namibia the Secretary reiterated United States support for an independent Namibia and the United States view that South Africa's occupation of Namibia is illegal. He urged the South African Government to announce a definite timetable acceptable to the world community for achievement of self-determination. In July, Secretary Kissinger met with South African Prime Minister Vorster to establish a dialogue in furtherance of these goals.

The efforts are evidence of a continuing U.S. commitment to majority rule in Rhodesia. Since the early days of his Administration the President has supported the repeal of the Byrd Amendment, which permits the importation of Rhodesian strategic minerals, particularly chrome, despite a United Nations economic embargo against Rhodesia which was supported by the United States. Most recently, April 6, 1976, the United States joined, as co-sponsor, in the unanimous decision of the Security Council to broaden the scope of the UN economic sanctions.

NSC  
8/4/76

ISSUE: Southern Africa

Administration Position:

President Ford summed up the reaction to Rhodesian Prime Minister Ian Smith's September 24, 1976 acceptance of black majority rule in Rhodesia in two years on that same day:

"I am very pleased to hear of the announcement today by Ian Smith of Rhodesia. On behalf of the Rhodesian authorities, he has accepted proposals that can head off an escalating conflict and should produce negotiations which can bring southern Africa closer to peace.

"The United States is proud to have made a contribution. But, we have not done so alone. The principles of the settlement set forth are based on the plan outlined by British Prime Minister Callaghan on March 22. I wish to pay tribute to the Prime Minister and to the United Kingdom, with whom we have closely cooperated. Farsighted and indispensable contributions were also made by various African Presidents. I would like as well to acknowledge the constructive role played by Prime Minister Vorster of South Africa.

"The road is now open for an African solution to an African problem -- free of outside intervention, violence and bitterness. This has been the objective of the United States and the purpose of the skillful and energetic diplomacy that we have pursued. We call on other nations to support, not impede, the African search for a peaceful settlement.

"The United States is prepared to continue to help. We will not prescribe for the peoples of Africa what only they can bring about. But, we will be available to lend our full support to the efforts of the British, the Rhodesians of both races, and the African States concerned.

"It is my earnest hope that the several parties will now move swiftly to establish the conditions for independence in which all of its people can live together in harmony. Today we have seen an act of realism that is the first step toward that goal. With good will on all sides, that vision can become a reality.

"A threat to world peace has been eased. We can take satisfaction in the role that we have played. I extend my best wishes to the people of Rhodesia and of all Africa. I call on all nations to help them shape a future of peace, prosperity and human dignity."

Three days earlier, in receiving Liberian President William R. Tolbert, Jr. at the White House on September 21, President Ford said:

"You have arrived here at a time when Americans are seeking to assist Africans to achieve peaceful solutions to extremely difficult problems. I have sent our Secretary of State to Africa in full knowledge of the complexity of the problems and of the limitations of our role. Any realistic and enduring settlement must be made in Africa. We can only offer our assistance in encouraging the parties to negotiate to prevent increased violence and bloodshed.

"Mr. President, as a distinguished African statesman, you are fully aware of the danger and the challenge that faces all men and women of good will in the southern portion of your continent."

The Administration position on southern African questions has been made very clear. We pushed hard to support the UK Prime Minister's proposal of last March for black majority rule of an independent Rhodesia (Zimbabwe) within two years, together with the maintenance of rights for the minority. Following Secretary Kissinger's second trip to southern Africa in September, we have encouraged British action to convene a conference of the parties to the Rhodesian dispute. We have expressed support for the South African Government's announcement of last summer that Namibia would become independent by the end of 1978, and have been working to bring the appropriate parties together to prepare for that independence.

We continue to make clear our opposition to South Africa's system of legalized inequality of the races and have expressed our determination to continue to use our influence to bring about peaceful change, equality of opportunity, basic human rights and just internal arrangements in South Africa within a reasonable and finite period of time. In the meantime, we maintain an arms embargo toward South Africa. We neither encourage nor discourage American private investment there, but we do not extend ExIm Bank loan facilities for economic transactions in South Africa. We do encourage American business to increase equality of opportunity for all South Africans.

### Administration Actions

At the President's direction, Secretary Kissinger made an extended trip to seven African countries in April/May. He met with Prime Minister Vorster of South Africa in Germany in June and again in Zurich in September. These trips were followed by a twelve-day trip to southern Africa in mid-September, including stops in Tanzania, Zambia, Zaire, Kenya and the Republic of South Africa. During these stops he met with Presidents Nyerere, Kaunda, Mobutu and Kenyatta of the black African countries, and with Prime Minister Vorster and Prime Minister Ian Smith, of South Africa and Rhodesia respectively, in Pretoria.

As a result of Secretary Kissinger's initiatives on this trip, Ian Smith announced a program, worked out by the U.S. and the U.K., and agreed to in principle by the black Presidents and Prime Minister Vorster involving: majority rule within two years; organization of an interim government to function until majority rule is implemented; when the interim government is established, sanctions to be lifted and guerrilla warfare to cease; and sustained economic support to be made available by the international community to provide assurance to all Rhodesians about the economic future of the country.

Subsequently, the front-line Presidents, meeting in Lusaka on September 26, called on the U.K. to convene a representative meeting at once to discuss the structure and functions of the transitional government, to establish it and to discuss the modalities for convening a full constitutional conference and establish the basis on which peace and normalcy can be restored. The State Department welcomed the African Presidents' statement and is consulting with the U.K. concerning the proposed meeting. State's comment ends: "The road to a negotiated solution is now open."

Shortly thereafter, on October 11, the U.K. announced it was convening the conference in Geneva and inviting Ian Smith and representatives of three key black Rhodesian movements; Joshua Nkomo of ZAPU; Bishop Abel Muzorewa of ANC; and Robert Mugabe of ZANU/ZIPA. The Geneva conference is scheduled to convene on October 21 but the formal opening will not be until October 28. The front-line Presidents, meeting again after the U.K. announcement, have asked that an invitation also go to Reverend Ndabaningi Sithole of ZANU.

While a number of extreme statements have been made in recent weeks and there are many critical issues still to be ironed out, including the composition and structure of the transition government, there appears to be agreement on the ultimate objectives: to establish the

transitional government, pave the way for a constitutional conference and move toward independence under majority rule within two years.

No progress has yet been announced in Namibia, although Secretary Kissinger discussed the issues in great detail with Prime Minister Vorster and the black African front-line leaders. Further progress is expected in October.

The Secretary of State also reiterated to Prime Minister Vorster our continuing concern over South Africa's internal racial policies.

NSC  
10/18/76

ISSUE: Angola

Administration Position:

The United States efforts during the Angolan conflict were to stabilize the military situation and to promote a quick and peaceful settlement. We opposed outside intervention and supported a government of national unity permitting the solution of the Angolan problem by the Angolans themselves.

On January 5, 1976, in remarks to the American Farm Bureau Federation in St. Louis, Missouri, the President, in addressing specifically the question of Soviet intervention said:

"The Soviet Union must realize that the Soviet attempt to take unilateral advantage of the Angolan problem is inconsistent with the basic principles of U.S.-Soviet relations. If it continues, damage to our broader relations will be unavoidable."

Presidential Documents  
Vol. 12, No. 2, p. 25

Since the President made that statement, the Soviet/Cuban-backed forces have gained an almost completely dominant position in Angola, recognition by most African states, by the Organization of African Unity, and by many other nations as well.

This development has raised the question of U.S. recognition of the MPLA. During his recent trip to Africa Secretary of State Kissinger, at a dinner in his honor in Monrovia, Liberia, had the following to say in regard to this question:

"In the case of Angola, the United States accepted all three Angolan nationalists groups as legitimate African liberation movements. We regret that they were unable to resolve their differences peacefully and without outside military intervention. We could work with the MPLA (Popular Movement for the Liberation of Angola) in Angola in the same spirit as with FRELIMO in Mozambique. What concerns us is the presence in Angola of large foreign forces from outside the continent. This is bound to raise questions about that Government's acceptance of nonalignment and the principle of African self-determination. What can be the purpose of 15,000 troops of an external expeditionary force now that all other foreign forces have withdrawn from Angola? How can a government be considered African if it has stationed on its soil a large force from Cuba?"

"The United States has no interest in seeing Angola remain a focus of contention. We have no quarrel with that country. We can deal with it in a cooperative spirit. We are willing in principle to open discussions with the Angolan authorities with a view toward normalizing our relations and seeking means of cooperating -- including on economic development. We wish Angola well as a unified and independent state. But before we can go far down that road we want to know Angola's intention with respect to the presence of foreign forces on its soil."

One issue with regard to United States policy in the Angolan situation was the action by Congress cutting off funds for United States support there. The Administration takes the position that by that action Congress put the United States on record of refusing the request for help of an African people who sought no more than to decide for themselves their own political future free of outside intervention. In an interview with Richard Whitcomb of WCKT-TV in the Oval Office March 1, the President made the following statement:

"I get many, many reports from all over the country and all over the world that many, many nations felt that the United States didn't face up to the real dangers from letting Cuba and the Soviet Union move in and in effect have the major impact in Angola.

"Our problem is that other nations perceive us as indecisive. I try to be decisive and the Secretary of State tried to be decisive but, unfortunately, the Congress wouldn't join with us in permitting the United States to undertake what could have been successful.

"So at the present time this very rich country, Angola, with many natural resources, is dominated by 12,000 Cubans and by the Soviet Union. That is not healthy, I think, in the world political system in which we operate.

"I can only assure you . . . that any subsequent action such as what is taken in Angola will be met by the same kind of a challenge that we tried to use in the case of Angola. It

is very important for our adversaries as well as our friends around the world to know that the United States is strong, will meet its commitments, and I am terribly disappointed when the Congress fails us."

Administration Actions:

The President and members of his Administration have made repeated public statements of the United States position on the Angolan question and Soviet/Cuban intervention there and elsewhere in southern Africa. They have engaged in intense diplomatic communications with foreign leaders in Africa, Europe and elsewhere in an effort to encourage peaceful solutions to the southern African problems without foreign intervention and without superpower rivalry. Secretary of State Kissinger's recent trip to Africa, at the request of the President, had as a prime objective to find ways to promote our policies and to offer to the Africans an alternative to Soviet intervention.

NSC  
5/21/76

Administration Position

Since World War II, we have had unusually close relations with Australia and New Zealand. The 1951 ANZUS Alliance is the formal symbol of this rapport. We have major defense related and NASA installations in Australia that have global significance. Although not so critically important as our facilities in Australia, we maintain two important defense installations in New Zealand: the Navy's advance support base for Antarctica at Christchurch and an Air Force satellite tracking station at Timaru (Mount John). We enjoy extraordinary military and intelligence cooperation with both countries. We are natural allies on many nonpolitical issues such as improved access to European and Japanese markets for agriculture exports.

Administration Actions

Visit by Prime Minister Fraser: At the invitation of President Ford, Prime Minister Malcolm Fraser made an official visit to Washington July 27, 28, and 29. In a joint statement issued July 28, the Prime Minister and the President agreed that the visit reemphasized and strengthened the cordiality of the relationships between the Australian and American people and reinforced the close ties between the two governments.

In the joint statement the President and the Prime Minister also agreed on the political and strategic importance of the Indian Ocean and expressed hope that all parties concerned would exercise restraint in this area. Australia supported the U. S. efforts to upgrade the facilities at Diego Garcia. Both leaders agreed that a more open international trading system was in the interest of both developed and developing nations, and stressed the need for increasing momentum in the Multilateral Trade Negotiations now being held in Geneva. The President and the Prime Minister considered that their discussions had shown a close similarity of views on a wide range of important international and bilateral matters.

Australia-New Zealand Nuclear Powered Warship Visits: The new Australian Government under Prime Minister Fraser and the New Zealand Government under Prime Minister Muldoon have both supported the resumption of U. S. nuclear powered warship (NPW) visits to Australian and New Zealand ports as a necessary element in our ANZUS defense partnership.

The Australian and New Zealand Governments based their decisions in part upon resolution of questions involving liability in the event of accidents by visiting NPWs. The Administration basically met this condition with

the Executive Order of June 1, 1976 on "Compensation for damages involving nuclear reactors of U. S. warships." In this Executive Order, the President, by virtue of authority vested in him by the joint resolution approved December 6, 1974 (Public Law 93-513), provided that the U. S. would settle claims resulting from NPW reactor incidents on the basis of absolute liability.

NSC  
8/9/76

ISSUE: The Byrd Amendment-Rhodesian Chrome

Administration Position:

In an interview by Oregon statewide radio in Portland on May 22, the President said:

"Ever since I have been President, this Administration's policy has been for the repeal of the Byrd amendment, ever since I took the oath of office. And we worked with the Congress a couple of months ago to get the House of Representatives to repeal the Byrd amendment. Unfortunately, it lost by about 25 or 30 votes.

"I am on record, Secretary Kissinger is on record, for the repeal of the Byrd amendment. The Congress just hasn't acted."

The Administration fully supports repeal of the Byrd Amendment which permits the importation of Rhodesian strategic materials, particularly chrome, despite a United Nations economic embargo against Rhodesia which was supported by the United States. Only repeal of the Byrd Amendment will return U. S. law to conformity with our international legal obligations.

The Administration believes that repeal of the Byrd Amendment will not adversely affect U. S. access to adequate supplies of chrome or U. S. national security by increasing dependence on Soviet sources. Since the Byrd Amendment lifted the U. S. embargo on imports from Rhodesia, that country has supplied the following percentages of total U. S. imports of chrome ores of all types and the more critical metallurgical grade chromite:

Percentage of Total U. S. Imports of Chromite Supplied by Rhodesia

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
All Grades	8 1/2%	4 1/2%	5 1/2%	11%
Metallurgical Grade	10%	11%	13%	18%

Other principal suppliers of the metallurgical grade chromite are the Soviet Union, Turkey, and South Africa as well as the Philippines, India and Iran.

-2-

While the Soviet Union is our major supplier of metallurgical grade chrome, it is important to note that U. S. dependence on the Soviet Union during the two years prior to enactment of the Byrd Amendment (1970 and 1971) was of the same order of magnitude as after the U. S. embargo was lifted.

Percentage of Total U. S. Imports of Metallurgical Grade Chromite  
Supplied by the Soviet Union

<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
58.2	41.1	58.3	52.1	50.5	51.5

Moreover, while the U. S. has no domestic reserves of metallurgical grade chrome ores, it presently holds in the strategic and critical materials stockpile about 2 million tons of this material which represents some 3-4 years of our consumption and 6-8 years of our imports from the Soviet Union.

Finally, ferrochrome, which is processed from chrome ores by many different countries including the United States, is presently imported from West Germany, Japan, South Africa, Norway, Sweden, and other countries in addition to Rhodesia. The apparent increasing percentages of imports from Rhodesia of this substance in recent years do not reflect greater U. S. dependence in the real sense, but rather more and more processing by Rhodesia of its raw chrome, and less by the U. S. and other more developed countries.

Administration Action:

Since the early days of his Administration, the President has supported congressional repeal of the Byrd Amendment which would return U. S. law to conformity with United Nations economic sanctions against Rhodesia which the U. S. supported, and give credence to U. S. policy in support of majority rule in that country. Cabinet officers and other members of the Administration have made repeated statements both publicly and privately in conversations with Members of Congress in support of such repeal. Recently, April 6, 1976, the United States joined, as a cosponsor, in the unanimous decision of the Security Council to broaden the scope of the UN economic sanctions. Most recently, Secretary of State Kissinger in his address at Lusaka stated:

"... The United States will take steps to fulfill completely its obligation under international law to mandatory economic sanctions against Rhodesia. We will urge Congress this year to repeal the Byrd Amendment, which authorizes Rhodesian chrome imports to the United States, an act inconsistent with

United Nations sanctions. In parallel with this effort, we will approach other industrial nations to ensure the strictest and broadest international compliance with sanctions."

NSC  
7/8/76

ISSUE: Chile  
Administration Position

The Administration deplores violations of human rights wherever they occur. Most recently the firmness of our commitment on this issue was expressed by Secretary Kissinger in a major address before the OAS General Assembly in Santiago. We believe the best means of protecting human rights lies in strengthening international organizations charged with oversight of performance in that area. The Administration does not believe that mandatory restrictions against the provisions of assistance to Chile is an effective means for promoting the observance of human rights. We have made our views on the human rights question known to the Government of Chile and continue to do so. Both Secretaries Simon and Kissinger on recent trips to Chile have conveyed the depth of our continuing interest in this issue to President Pinochet and other Government officials.

Administration Actions

The Administration has supported visits to Chile by such bodies as the OAS Human Rights Commission (IAHRC) and the UN Working Group on Human Rights, and has actively supported the work of the International Committee of the Red Cross and the UN High Commission on Refugees in Chile. The United States voted in favor of resolutions in international organizations, most recently in the OAS, which call on the Chilean Government to improve its practices with respect to human rights. The U.S. has also called for a strengthening of the mandate of the IAHRC to enable it to report regularly on the status of human rights throughout the Hemisphere.

The Administration has continued to provide economic assistance to the people of Chile through the provision of PL 480 assistance, and CCC (Commodity Credit Corporation) credits for the purchase of grains; other people-to-people programs such as the Peace Corps are also continuing. The Administration has also approved a Housing Investment Guarantee loan of \$55 million for Chile.

Secretaries Simon and Kissinger have met with Chilean officials to discuss the seriousness of our concern with the human rights problem and to stress that Chile's performance will inevitably affect the tone of our overall relations. The Chilean Government has released several hundred prisoners into exile in recent months. It has committed itself to continue the U.S. parole program and other similar programs and to move toward establishing procedures by which an element of the UN may come to Chile to review the human rights situation. It has expressed the intention soon to implement safeguards for human rights protection, steps we hope will soon be fully implemented.

ISSUE: China-Taiwan

In the Shanghai Joint Communiqué of February 27, 1972 it was stated that:

"The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves."

Presidential Documents

Vol. 8, No. 9, p. 475

At the swearing-in of Thomas S. Gates, Jr., as Chief of the U.S. Liaison Office, the People's Republic of China, on April 14, 1976, the President said:

"The process of normalizing relations with the People's Republic of China, in which Ambassador Gates will play a very vital role, is now well underway. Our two countries have differences which neither side attempts to hide, but we also share many, many important interests which provide the foundation for a durable and growing relationship.

"Through the constructive dialogue between our countries, now in its fifth year, we are now able to strengthen opportunities for cooperation and parallel action on many global issues. We share a common concern that the world remain free from domination by military force or intimidation and that all nations have the opportunity to develop along their own unique plans.

"At the same time, both sides understand the importance of continuing the process of normalization through joint efforts based on the Shanghai Communiqué. I stressed in my speech in Honolulu last December, just after returning from Peking, the determination of my Administration to complete the normalization process.

"This will serve the interest of our two peoples and contribute to the cause of a more stable world order ...

"... Our pursuit of a constructive and mutually beneficial relationship with the People's Republic remains a very cardinal element in our efforts to adjust to this more complex world ..."

Presidential Documents

Vol. 12, No. 16

Secretary of State Henry A. Kissinger stated at the 30th Session of the United Nations General Assembly on September 22, 1975: "There is no relationship to which the United States assigns greater significance than its new ties with the People's Republic of China. We believe that the well-being and progress of a quarter of humanity is an important element in global stability . . ."

In his July 22, 1976 speech in Seattle, the Secretary said that the United States and China: "... must deal with each other on the basis of equality and mutual benefit -- and a continuing recognition that our evolving relationship is important for global stability and progress."

Regarding America's relations with the Republic of China on Taiwan, the Administration remains concerned for the well-being and security of the people of Taiwan. It looks forward to maintaining active social and economic ties with the island, and will sustain its present ties and obligations to the government of the Republic of China in a way consistent with its overall objective of completing the process of normalizing relations with the People's Republic of China.

With regard to Taiwan, the President said on March 12, 1976 in Chicago:

"The relations at the present time with the Chinese Nationalist Government on Taiwan are good. We have a defense treaty with the Chinese Nationalist Government. They have had an amazing rebound in their economy and they are no longer dependent upon us for economic or military assistance. The relationship, we hope, can continue to be a beneficial one and I hope as we move toward normalization with the People's Republic that we can maintain a proper relationship with the Chinese Nationalist Government. It is difficult to write a prescription here in Chicago but I think it is possible and I think it is in our national interest."

Presidential Documents  
Vol. 12, No. 12, p. 400

#### Administration Actions

President Ford visited Peking on December 1-5, 1975 for a wide-ranging exchange of views and to demonstrate our mutual desire to sustain the relationship.

In the Shanghai Communique, it was stated that as tensions in Asia were reduced, the U.S. would reduce its forces on Taiwan.

The United States continued a steady withdrawal of its military forces on Taiwan as a result of the end of the Vietnam conflict and the changed circumstances in the Pacific area. The U.S. has reduced its current force level on Taiwan to approximately 2,300 from a total of over 10,000 in 1972.

U.S. and People's Republic of China government-facilitated cultural and scientific exchanges will continue in 1976 at approximately the same level as last year.

On April 1 the Senate confirmed President Ford's nomination of Thomas S. Gates, Jr. as the new Chief of our Liaison Office in Peking. The President held a swearing-in ceremony for Mr. Gates on April 14 confirming him in the rank of Ambassador. In remarks prepared for the ceremony, the President reaffirmed the commitment of his Administration to complete the normalization of U.S. -PRC relations on the basis of the Shanghai Communique, and emphasized that our relationship with Peking remains a cardinal element of American foreign policy.

ISSUE: China/Normalization of U. S. -PRC Relations

Administration Position

The Shanghai Communique of February 28, 1972 stated that:

"The two sides expressed the hope that the gains achieved during this visit would open up new prospects for the relations between the two countries. They believe that the normalization of relations between the two countries is not only in the interest of the Chinese and American peoples but also contributes to the relaxation of tension in Asia and the world."

Following a paragraph in the Communique in which the Chinese side reaffirmed its position that "the Taiwan question is the crucial question obstructing the normalization of relations between China and the United States," the U. S. side declared:

"The United States acknowledges that all Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States Government does not challenge that position. It reaffirms its interest in a peaceful settlement of the Taiwan question by the Chinese themselves. With this prospect in mind, it affirms the ultimate objective of the withdrawal of all U. S. forces and military installations from Taiwan. In the meantime, it will progressively reduce its forces and military installations on Taiwan as the tension in the area diminishes."

Presidential Documents

Vol. 8, No. 9

In his farewell banquet toast in Peking on December 4, 1975, President Ford stated:

"In our talks, I reaffirmed that the United States is committed to complete the normalization of relations with the People's Republic of China on the basis of the Shanghai Communique."

Presidential Documents

Volume 11, No. 50

On April 14, 1976, at the swearing-in ceremony for Ambassador Thomas Gates as Chief of the U. S. Liaison Office in Peking, President Ford stated:

"The process of normalizing relations with the People's Republic of China... is now well under way. Our two countries have differences which neither side attempts to hide, but we also share many, many important interests which provide the foundation for a durable and growing relationship.

"Through the constructive dialogue between our two countries, now in its fifth year, we are now able to strengthen opportunities for cooperation and parallel action on many global issues. We share a common concern that the world remain free from domination by military force or intimidation and that all nations have the opportunity to develop along their own unique plans.

"At the same time, both sides understand the importance of continuing the process of normalization through joint efforts based on the Shanghai Communique. I stressed in my speech in Honolulu last December, just after returning from Peking, the determination of my administration to complete the normalization process. This will serve the interest of our two peoples and contribute to the cause of a more stable world order."

Presidential Documents  
Volume 12, No. 16

Speaking of the basis for the policy of normalization of relations with the People's Republic of China, Secretary of State Kissinger has stated:

"Our shared concern that the world remain free from domination by military force or blackmail -- "hegemony" as we have described it in our various communiques -- provided the strategic foundation for a new relationship. This mutual interest continues and is the basis for durable and growing ties.

"Both sides derive benefits from constructive relations -- improved prospects for maintaining a global equilibrium, reduced dangers of conflict in Asia, mutually beneficial trade and cultural exchanges, and expanded possibilities for cooperative or parallel action on specific global issues.... On some international issues there is substantial compatibility in our perspective and, where our interests diverge, we are diminishing the risks of miscalculation.

"It is important to recognize that China's perception of the United States as a strong and resolute force in international events is an important factor in shaping our relations. We will keep Chinese views in mind in framing our approach to important international questions. But, equally, if so subtle and complex a relationship is to prosper, the People's Republic of China must take our concerns and problems into account as well. We must deal with each other on the basis of equality and mutual benefit -- and a continuing recognition that our evolving relationship is important for global stability and progress."

Speech in Seattle, Washington  
July 22, 1976

As regards a timetable and details of completing the normalization process, Secretary Kissinger stated in a December 4, 1975 news conference, that we have affirmed our commitment to normalizing relations but:

"...there is no agreed calendar...we will work out the modalities over time."

Presidential Documents  
Volume 11, No. 50

President Ford told an interviewer in September 1976:

"We will keep the same steady progress we've been making. I'm not going to pick any date as to just when these normalizations would take place."

U. S. News and World Report  
September 13, 1976

Regarding America's relations with the Republic of China on Taiwan, the Administration remains concerned for the well-being and security of the people of Taiwan and will continue to act responsibly on matters affecting Taiwan.

The President said on March 12, 1976 in Chicago:

"The relations at the present time with the Chinese Nationalist Government on Taiwan are good. We have a defense treaty with the Chinese Nationalist Government. They have had an amazing

rebound in their economy and they are no longer dependent upon us for economic or military assistance. The relationship, we hope, can continue to be a beneficial one and I hope as we move toward normalization with the People's Republic that we can maintain a proper relationship with the Chinese Nationalist Government. It is difficult to write a prescription here in Chicago but I think it is possible and I think it is in our national interest."

Presidential Documents  
Volume 12, No. 12

On October 6, 1976 the President said:

"Our relationship with the People's Republic of China is based upon the Shanghai Communique of 1972. That communique calls for the normalization of relations between the United States and the People's Republic. It doesn't set a time schedule. It doesn't make a determination as to how that relationship should be achieved in relationship to our current diplomatic recognition and obligations to the Taiwanese Government.

"The Shanghai Communique does say that the differences between the People's Republic on the one hand and Taiwan on the other shall be settled by peaceful means.

"The net result is this Administration - - and during my time as the President for the next four years -- we will continue to move for normalization of relations in the traditional sense, and we will insist that the disputes between Taiwan and the People's Republic be settled peacefully, as was agreed in the Shanghai Communique of 1972.

"The Ford Administration will not let down, will not eliminate or forget our obligation to the people of Taiwan. We feel that there must be a continued obligation to the people, the some 19 or 20 million people in Taiwan, and as we move during the next four years, those will be the policies of this Administration."

President Ford  
Ford-Carter Debate  
October 6, 1976

Administration Actions

President Ford visited Peking December 1-5, 1975 for a wide-ranging exchange of views as well as to demonstrate our mutual desire to sustain the relationship and work toward normalization of relations.

Consistent with our statement in the Shanghai Communique, the United States has reduced its military forces in Taiwan as a result of the end of the Vietnam conflict and the changed circumstances in the Pacific area. The U.S. has reduced its current force level on Taiwan to approximately 2,300 from a total of over 10,000 in 1972.

Ten to fifteen cultural and scientific delegations travel between the United States and the People's Republic of China each year under government facilitation as agreed in the 1972 Shanghai Communique.

NSC  
10/18/76

ISSUE: China -- Republican Party Platform Plank

The China policy plank approved by the Republican National Convention reads as follows:

"A development of significance for the future of Asia and for the world came to fruition in 1972 as our communications were restored with the People's Republic of China. This event has allowed us to initiate a dialogue with the leaders of a quarter of the earth's population and trade channels with the People's Republic have been opened, leading to benefits for each side.

"Our friendly relations with one great power should not be construed as a challenge to any other nation, large or small. The United States Government, while engaged in a normalization of relations with the People's Republic of China, will continue to support the freedom and independence of our friend and ally, the Republic of China, and its 16 million people. The United States will fulfill and keep its commitments, such as the Mutual Defense Treaty with the Republic of China."

The China policy plank approved by the Democratic National Convention reads as follows:

"The recent improvement in relations with China, which has received bipartisan support, is a welcome recognition that there are few areas in which our vital interests clash with those of China. Our relations with China should continue to develop on peaceful lines, including early movement toward normalizing diplomatic relations in the context of a peaceful resolution of the future of Taiwan."

Administration Position

On April 14, 1976, on the occasion of the swearing in of Thomas Gates as Chief of the U. S. Liaison Office in Peking, President Ford said that both the United States and the PRC:

". . . understand the importance of continuing the process of normalization through joint efforts based on the Shanghai Communique. I stressed in my speech in Honolulu last December, just after returning from Peking, the determination of my administration to complete the normalization process. This will serve the interest of our two peoples and contribute to the cause of a more stable world order."

Presidential Documents  
Vol. 12, No. 16

As regards America's relations with the Republic of China on Taiwan, the Administration remains concerned for the well-being and security

of the people of Taiwan and will continue to act responsibly on matters affecting Taiwan. In the Shanghai Communique, the U. S. reaffirmed its interest "in a peaceful settlement of the Taiwan question by the Chinese themselves."

ISSUE: China -- Reports of Secret Nuclear Reprocessing in Taiwan

In late August, a number of press reports asserted that the U. S. Government had intelligence demonstrating that the ROC is secretly reprocessing nuclear fuel into plutonium for use in weapons. Officials in Taiwan vigorously denied the stories. On September 22, 1976, Senator Symington's Senate Foreign Relations Sub-Committee on Arms Control, International Organizations and Security Agreements held hearings on this subject at which CIA, ACDA, and State testified.

Administration Position

Our strong opposition to the spread of reprocessing plants and to the proliferation of nuclear weapons has been made known to ROC officials on several occasions over the past few years. The ROC is fully aware that any activities which run counter to the U. S. policy would involve serious consequences.

The ROC is a party to the Non-proliferation Treaty and has repeatedly stated that it will live up to its commitments under that treaty. We expect it to do so.

The United States has known that for some years the ROC has been constructing a small reprocessing laboratory for research purposes. This laboratory has been declared to the IAEA and is covered by IAEA safeguards.

In September we reiterated to the ROC our determined opposition to any activities which would cast doubt on the ROC's commitment to non-proliferation. Subsequently, ROC Premier Chiang Ching-kuo publicly stated that the ROC does not plan to acquire a facility for reprocessing spent nuclear fuel and the ROC followed this up with a formal note to our government which declared that "the Government of the Republic of China has no intention whatsoever to develop nuclear weapons or a nuclear explosive device or to engage in any activities related to reprocessing purposes." This was orally supplemented by an assurance that the ROC government "would have nothing to do with reprocessing in any shape or form."

This is a very direct and unequivocal statement which we welcome. We will continue to follow every aspect of Taiwan's nuclear program with the utmost diligence, and continued maintenance of our non-proliferation objectives, including our objection to the development of national reprocessing or enrichment facilities, will be an essential aspect of our relationship with the ROC. We anticipate that on this basis we will be able to continue to cooperate with the ROC's plans to meet a growing portion of its electric power needs from nuclear reactors.

NSC  
9/28/76

ISSUE: CIA

Administration Position

President Ford stated on April 10, 1975:

"The Central Intelligence Agency has been of maximum importance to Presidents before me. The Central Intelligence Agency has been of maximum importance to me . . .

"I think it would be catastrophic for the Congress, or anyone else, to destroy the usefulness, by dismantling in effect, our intelligence systems upon which we rest so heavily . . .

"I will say to the leaders of the Congress, the House and the Senate, that I will work with them to devise procedures which will meet the needs of the Congress for review of intelligence agency activities and the needs of the Nation for an effective intelligence service."

Presidential Documents

Vol. 11, No. 15, p. 369

In regard to covert action, President Ford stated at a news conference on September 16, 1975:

"I wouldn't rule out necessary political activities by the United States if it involves our security."

Administration Actions

President Ford created the Commission on CIA Activities within the United States on January 4, 1975, to determine whether any domestic CIA activities exceeded the Agency's statutory authority and to make appropriate recommendations.

The Commission on CIA Activities within the United States (known as the Rockefeller Commission) submitted its report on June 6, 1975, including 30 recommendations designed to clarify areas of doubt concerning the CIA's authority, to strengthen its structure, and to guard against recurrences of improprieties.

The Commission on the Organization of the Government for the Conduct of Foreign Policy (known as the Murphy Commission), which was established in July 1972 to submit findings and recommendations in order to provide a more effective system for the formulation and implementation of the nation's foreign policy, submitted its report to the President on June 27, 1975. This report contains a chapter entitled "The Organization of Intelligence" which includes ten recommendations, some of which directly affect the CIA. Others apply to the Intelligence Community as a whole.

The President indicated in a news conference on September 16, 1975, that the recommendations of the Rockefeller and Murphy Commissions were currently under study by his staff and appropriate agencies. He said that from these and other sources he would make administrative changes in the CIA and propose legislative recommendations to the Congress on the Nation's intelligence-gathering apparatus.

The President is currently studying recommendations on the organization and management of the foreign intelligence community prepared for him by his staff with the assistance of concerned departments and agencies. The President's final decisions and recommendations concerning the Intelligence Community including such issues as budget control, protection of secrecy and prevention of abuses will be announced in the near future.

NSC  
1-9-76

ISSUE: Cuba

Administration Position:

The President stated on February 28, 1976:

"When you look at the fact that he (Castro) took the initiative to try and upset the problems in Puerto Rico, when he took aggressive action in Africa some 4,000 or 5,000 miles from Cuba where he sent 12,000 mercenary forces, I see nothing but an aggressive, anti-freedom movement and so, under Fidel Castro, unless there is a 180 degree turn, I can't imagine any change . . ."

Presidential Documents

Vol. 12, No. 10, p. 312

The President stated on July 29, 1976:

"My administration will continue a policy of friendship toward the people, and I underline the people, of Cuba. But, I add very emphatically, we will not accept intervention by the Fidel Castro regime in the affairs of other countries. We will not accept the counsel of those who would give in to Fidel Castro."

Presidential Documents

Vol. 12, No. 31, p. 1225

Recent Cuban intervention in the domestic affairs of other nations such as their attempt to interfere in the US relationship with Puerto Rico and their massive involvement in the Angola conflict, is unacceptable and precludes any improvement in relations between the United States and Cuba at this time.

Administration Action:

While we acceded to persistent Latin American demands within the Organization of American States that each government be free to determine and follow its own policy with respect to relations with Cuba, the administration nonetheless has maintained the US bilateral prohibition against trade with Cuba. The President and administration officials have made clear that no improvement in US relations with Cuba is possible as long as Cuba pursues such interventionist policies.

NSC 8/6/76

ISSUE:        Cyprus

Administration Position

On October 3, 1975, in signing into law S.2230, the bill partially restoring military assistance for Turkey, the President outlined U.S. policy toward Cyprus:

"... we will make a major effort to encourage resumption of the Cyprus negotiations and to facilitate progress by the parties involved -- Greece, Turkey and Cyprus -- toward a peaceful and equitable settlement of this dispute. In this connection, we will fulfill whatever role the parties themselves want us to play in achieving a settlement acceptable to all. In accordance with S.2230, I will submit to the Congress within 60 days of enactment a report on progress made in reaching a solution to the Cyprus problem. (The President has submitted five such reports to date.)

"... the Administration will intensify cooperation with appropriate international humanitarian agencies to find ways to alleviate the suffering of the many people displaced as a result of the 1974 hostilities. The plight of these unfortunate people makes progress towards solution of the Cyprus problem all the more important."

Presidential Documents  
Vol. 11, No. 40, p. 1112

The US has made a major effort to reconcile the conflict between Greece and Turkey and find a solution to the Cyprus crisis.

Unfortunately, the Turkish arms embargo passed by Congress in February 1975, severely disrupted and damaged our ability to remain even-handed. It blocked progress toward reconciliation. As a result, our early efforts at a diplomatic solution to the Cyprus problem met with little success and valuable time was lost.

This Administration believes that in order to restore momentum in the negotiations a set of principles along the following lines might help the parties to resume talks on substantive issues:

-- A settlement should preserve the independence, sovereignty and territorial integrity of Cyprus;

-- The present dividing lines on Cyprus must be adjusted to reduce the area currently controlled by the Turkish side;

-- The territorial arrangement should take into account the economic requirements and humanitarian concerns of the two Cypriot communities, including the plight of those who remain refugees;

-- A constitutional arrangement should provide conditions under which the two Cypriot communities can live in freedom and have a large vote in their own affairs; and

-- Security arrangements should be agreed that permit the withdrawal of foreign military forces other than those present under international agreement.

#### Administration Actions

The United States has pressed its views at the highest levels in Athens and Ankara and supported the efforts of United Nations Secretary General Waldheim to bring the sides together. The United States, through the UN High Commissioner for Refugees, has contributed some \$25 million in each of the past two years to help to alleviate these problems. The President recently signed authorization legislation for an additional \$17.5 million in 1977.

In the Aegean, the US has been actively urging Greece and Turkey to agree upon some pacific procedure for the resolution of their differences over sovereignty in the Aegean Islands and surrounding waters.

On August 25, the UN Security Council adopted a resolution co-sponsored by the United States, which asked Greece and Turkey:

-- To resume direct discussions toward resolving their differences;

-- To consider all appropriate forums, including the International Court, in which elements of the Aegean dispute might be settled.

The Greek and Turkish Foreign Ministers have met several times in New York to discuss the Aegean and more formal negotiations are now scheduled for November. The United States will remain active in urging both parties to settle the outstanding issues in the Aegean.

ISSUE: Defense

### Administration Position

On September 22, prior to signing the Defense Appropriations Bill for fiscal year 1977, President Ford stated:

"This legislation represents substantial progress toward meeting the essential national defense requirements that I recommended to the Congress in January. This bill helps to reverse a steady decline in the real resources devoted to national security, which had become a pattern.

"After eight years of decline, we are providing for real growth in defense spending.

"I believe this bill reflects a new awareness that this country can no longer shortchange our national defense efforts. I commend the Congress and its leadership for joining with the Administration in reversing this trend. I am convinced that this new pattern must and will be sustained in future years, and I am personally fully committed to it."

The President's defense program is designed to: maintain U. S. strength as the key element in preserving the worldwide military equilibrium, strengthen deterrence at all levels of conflict, reinforce our allies for our common defense, and underwrite our diplomatic initiatives.

### Administration Actions

The President's program for strategic forces includes plans to:

- Continue engineering development of the modern B-1 bomber.
- Proceed with the Trident strategic submarine.
- Develop options for future deployment of improved intercontinental ballistic missiles, and continue improvements in missile accuracy.

recent months. The United States strongly supports the aspirations for freedom and national independence of peoples everywhere -- including the peoples of Eastern Europe. The President is totally opposed to so-called spheres of influence by any power. He has manifested this policy in his visits to Eastern Europe and in his meetings with Eastern European leaders in the United States.

United States policy in no sense accepts Soviet "dominion" of Eastern Europe nor is it in any way designed to seek the consolidation of such "dominion." On the contrary, the United States seeks to be responsive to, and to encourage as responsibly as possible, the desires of East Europeans for greater autonomy, independence and more normal relations with the rest of the world.

#### Administration Actions

The Administration has capped a decade of improving relations with Romania with the negotiation of a trade agreement that will promote the continued development of mutually beneficial economic ties and thereby bring the structure of our economic relations into accord with the very satisfactory state of our political relations. These relations have been advanced further by President Ford's wide-ranging discussions with President Ceausescu in Washington and Bucharest.

President Ford's talks with Polish First Secretary Gierek in Washington in October 1974 and again in Warsaw in July 1975 have affirmed the desire we share for further improvements in relations between our two countries, and have provided for the further development of commercial, economic, cultural, scientific and technological cooperation.

The President's meetings with Yugoslav leaders have provided a welcome opportunity to assess continued progress in our bilateral relations, including the substantial growth of trade in recent years. We have reaffirmed our mutual intention to encourage cooperation, not only in bilateral matters but also for the preservation and consolidation of peace.

The President's meetings with ethnic leaders in the United States have provided welcome occasions for a discussion of U.S. policy toward Eastern Europe. The most recent meeting was at the White House on October 12, 1976.

NSC  
10/18/76

ISSUE:      Eastern Europe

Administration Position

The President said on April 2, 1976:

"It is the policy of the United States and it has been my policy ever since I entered public life to support the aspirations for freedom and national independence of the peoples of Eastern Europe, with whom we have such close ties of culture as well as blood, by every proper and by every peaceful means.

"My policy, America's policy, toward Eastern Europe is fully, clearly and formally documented. It is a creative and cooperative policy toward the nations of Eastern Europe. It is the policy that embraces our most important ideals as a nation.

"I have followed this policy in my visits to Eastern Europe and in my meetings with Eastern European leaders here as well as overseas. Our policy in no sense -- and I emphasize this -- in no sense accepts Soviet dominion of Eastern Europe. . . . Nor is it in any way designed to permit the consolidation of such dominion. On the contrary, the United States seeks to be responsive to and to encourage as responsibly as possible the desires of Eastern Europeans for greater autonomy, independence and more normal relations with the rest of the world.

" This is the policy that I will continue to pursue with patience, with firmness and with persistence -- a policy from which the United States will not waiver. "

Presidential Documents  
Vol. 12, No. 15, pp. 537-538

The United States interest in Eastern Europe is due not only to considerations of foreign policy but also to the fact that millions of Americans' ancestral homelands, relatives and friends are there. The President believes that efforts to settle political conflicts and improve relations with the countries of Eastern Europe contributes to their peaceful evolution toward more openness and to their efforts to define their own roles as sovereign nations in the affairs of Europe.

The President's policy toward Eastern Europe is fully, clearly, and formally documented. It is a policy of positive action and a policy embracing America's most important ideals. It is a policy the President has repeated in messages to Americans of Estonian, Lithuanian and Ukrainian ancestry in

recent months. The United States strongly supports the aspirations for freedom and national independence of peoples everywhere -- including the peoples of Eastern Europe. The President is totally opposed to so-called spheres of influence by any power. He has manifested this policy in his visits to Eastern Europe and in his meetings with Eastern European leaders in the United States.

United States policy in no sense accepts Soviet "dominion" of Eastern Europe nor is it in any way designed to seek the consolidation of such "dominion." On the contrary, the United States seeks to be responsive to, and to encourage as responsibly as possible, the desires of East Europeans for greater autonomy, independence and more normal relations with the rest of the world.

#### Administration Actions

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The President's meetings with ethnic leaders in the United States have provided welcome occasions for a discussion of U. S. policy toward Eastern Europe.

NSC

8/6/76



Administration Position:

On February 13 the President said:

"First, let me say I am very proud of the accomplishments of our American foreign policy. We are at peace. We are at peace because we are strong.

"I have submitted strong, affirmative Defense Department budgets to the Congress so we will stay strong.

"With that kind of military capability, we have been able to implement a policy of peace with strength in foreign policy. Since I became President 18 months ago, we have strengthened our alliance in Western Europe. It has never been better.

"Our relations with Japan, a very important ally in the Pacific, are excellent. We have been able to reaffirm our relations with our many other friends around the rest of the globe.

"We have made tremendous success in diffusing the volatile situation in the Middle East. We were able, because we were strong, to have the confidence of both Israel on the one hand and Egypt on the other. That is a tremendous stride forward under this Administration in foreign policy, and we will make other successful efforts in that area.

"We have maintained a growing relationship with the People's Republic of China. At the same time, we have been able to negotiate with strength with the Soviet Union. We are negotiating right now to put a cap on the nuclear arms race.

"If an agreement is reached, it will be an agreement beneficial to us, equally beneficial to the Soviet Union will be an agreement that will keep our powder dry and not put our finger on the nuclear trigger, and it will relax tensions between the two superpowers.

"That is the kind of a foreign policy that is in the best interest of the United States. I won't comment on any rhetoric concerning the policy that has been successful. I am proud of it. I think most Americans are proud of it, and they should know that it will continue, a policy of peace with strength under the next four years with the Ford Administration."

In Cleveland, Ohio on June 6, 1976, the President commented on the importance of America's role in the world:

"Our foreign policy today is based on man's respect for man on our understanding that we are indeed riders on the earth together and a constant effort to make reason the strongest force in the conduct of nations. This is why America has long sought to use its strength for peace. This is why America has always stood for freedom and justice, self-determination, the duty of the strong toward the weak, of the prosperous toward the poor.

"Americans have learned that we cannot police every remote corner of the earth, nor fill every empty bowl, but we can be an immense influence for good and for justice, for reason and for peace in this world in which we live. We have made some mistakes. We have learned from those mistakes rather than being disillusioned about them.

"We must now carry out our responsibilities with the wisdom and maturity that we have gained. I pointed out in my first State of the Union Message in January of 1975 the following: At no time in our history has the state of the nation depended more heavily on the state of the world and seldom, if ever, has the state of the world depended more heavily on the state of our nation."

Presidential Documents  
Vol. 12, No. 24, p. 1018

Administration Actions:

-- The President has submitted the two largest defense budgets in U. S. history to maintain U. S. strength and world peace.

-- He has repeatedly warned Cuba and the Soviet Union about further adventurism in Africa.

-- The U. S. has negotiated new Defense Cooperation Agreements with Turkey and Spain, and is negotiating a similar agreement with Greece.

-- The Administration has successfully negotiated an agreement with the Soviet Union on Peaceful Nuclear Explosives which provides for on-site inspection.

-- The President has met frequently with the leaders of NATO and Japan to maintain the strength of our key alliances and seek new cooperative relationships to strengthen the unity of the industrialized democracies.

ISSUE: European Unity

Administration Position

The President welcomes efforts toward European unity and vigorous European policies in the spirit of Atlantic partnership. Movement toward greater European unity can be completely consistent with greater US-European cooperation and the President fully supports a strong Europe working in friendship and harmony with the United States. This is the subject of very active attention in Europe. On January 7, 1976 Belgian Prime Minister Tindemans released a "wise-man" report on the prospects for European Unity and recommended specific steps to advance that objective.

We do not presume to dictate the nature or pace of European unification efforts, and we could not support movement toward greater European unity developing in a way that weakens Atlantic relations or that is based on antagonism toward the United States. However, there is no reason for this to be the case. Given the strength and extent of the interests we share, there is no incompatibility between European unity and Atlantic partnership.

Administration Actions

From the outset of his Administration, the President has attached the greatest importance to a productive and cooperative relationship with our friends and allies in Europe as well as with the existing and emerging institutions of the European Community.

Little more than an hour after the President took the oath of office on August 9, 1974 he asked the Ambassadors of the NATO nations to meet with him at the White House. In that meeting, he emphasized that he looked forward to working as closely as possible with the nations of Western Europe to ensure a strong and prosperous trans-Atlantic relationship.

Since that meeting, the President has devoted special importance to providing leadership for closer consultations and cooperation among the nations of the Atlantic community. He has met with the leaders of every member of the NATO Alliance -- including a number more than once -- and with the leaders of our other friends in Europe. These periodic meetings have helped bring about impressive achievements by the industrialized democracies in recent months, achievements that have demonstrated the capacity of the West to deal with common problems.

The President has welcomed meetings with successive Presidents of the European Council to review trans-Atlantic issues and to emphasize his support for US-European cooperation and for European unity as contributing to our mutual interests.

The President met with President Ortolí of the EC Commission in Brussels in May, 1975 and again in Washington in February, 1976 to continue high-level consultations on US-EC trade issues as well as a broad range of economic and political questions.

Wide-ranging consultations between senior American and EC officials have been regularized and encouraged since mid-1974. These periodic consultations are the outgrowth of shared recognition of the need and value of working together to meet common challenges in such areas as finance, energy and North-South issues and to exchange views on broad economic and political questions as well.

The President set forth his views of the importance of cooperation among the nations of the Atlantic community in his Address to the Congress on April 10, 1975:

"Our relations with Europe have never been stronger. There are no peoples with whom America's destiny has been more closely linked. There are no peoples whose friendship and cooperation are more needed for the future. For none of the members of the Atlantic community can be secure, none can prosper, none can advance unless we all do so together.

"More than ever, these times demand our close collaboration in order to maintain the sure anchor of our common security in this time of international riptides; to work together on the promising negotiations with our potential adversaries; to pool our energies to meet the great new economic challenge that faces us."

NSC  
9/2/76

Administration Position

On March 31 the President said:

"The Federal Government is already undertaking a number of firm actions to deal with this matter. Full-scale investigations to determine whether U.S. laws have been violated are currently underway in the Securities and Exchange Commission, the Internal Revenue Service, and elsewhere. In addition, I have directed my advisers in the areas of foreign policy and international trade to work with other governments abroad in seeking to develop a better set of guidelines for all corporations.

"To ensure that our approach to this issue is both comprehensive and properly coordinated, I am today establishing a Cabinet-level Task Force on Questionable Corporate Payments Abroad.

\* \* \*

"I have directed the Task Force to conduct a sweeping policy review of this matter and to recommend such additional policy steps as may be warranted. The views of the broadest base of interest groups and individuals are to be solicited as part of this effort. I have also asked that periodic progress reports be submitted to me during the course of the review, and that a final report be on my desk before the end of the current calendar year.

\* \* \*

"To the extent that the questionable payments abroad have arisen from corrupt practices on the part of American corporations, the United States bears a clear responsibility to the entire international community to bring them to a halt. . . ., however, it is essential that we also recognize the possibility that some of the questionable payments abroad may result from extortion by foreign interests. To the extent that such practices exist, I believe that the United States has an equal responsibility to our own businesses to protect them from strong-arm practices."

On June 14, following the first interim report of the Task Force, the President announced three initiatives (see below), saying:

"Our system of private enterprise, a system that has provided a higher standard of living and greater economic security than any system known to man, is under constant attack today because many citizens no longer trust big business. . . In order to renew and to restore public faith in

free enterprise, we must avoid or provide the public with concrete assurance that major corporations are clean and honest... The initiatives I am announcing today can be a big step in that direction."

Administration Actions:

-- On June 14, following the first interim report of the Task Force, the President announced that he would

- submit to Congress legislation which would require disclosure of payments made to influence foreign officials
- support the "Hills Bill", strengthening the requirement that corporations keep their stockholders informed about their foreign behavior
- ask our trading partners to work with us in reaching agreement on a new code to govern international corporate activities.

-- The U. S. suggested a U. N. resolution, adopted December 15, 1975, condemning corrupt corporate practices and calling on member governments to cooperate in eliminating them. Additionally, in March of this year, the U. S. proposed negotiation in the Economic and Social Council of the U. N. (ECOSOC) of an effective international agreement on corrupt practices. On August 5, ECOSOC acted on the U. S. initiative, creating a special group to examine the issue and elaborate proposals to deal with it.

-- The U. S. has negotiated in the Organization for Economic Cooperation and Development guidelines which include a provision, suggested by the U. S., which condemns the giving or receiving of bribes, and suggested an OAS resolution, adopted July 1975, condemning bribery and urging member states, insofar as necessary, to clarify their national laws with regard to such activities.

-- A number of Executive Branch departments as well as the SEC have been reviewing existing authorities to stem illegal payments by U. S. companies to foreign agents or officials. Investigations by federal agencies already involve many corporations. The IRS and SEC have recently announced that they will further intensify their investigative efforts.

NSC  
10/18/76

ISSUE: INTELLIGENCE

Administration Position

In his press conference on February 17, 1976, President Ford stated:

"To be effective, our foreign policy must be based upon a clear understanding of the international environment. To operate without adequate and timely intelligence information will cripple our security in a world that is hostile to our freedoms . . .

The overriding task now is to rebuild the confidence as well as the capability of our intelligence services so that we can live securely in peace and freedom."

Presidential Documents  
Vol. 12, No. 8, p. 228

In his February 18, 1976, message to Congress President Ford stated:

"In carrying out my constitutional responsibilities to manage and conduct foreign policy and provide for the nation's defense, I believe it essential to have the best possible intelligence about the capabilities, intentions and activities of governments and other entities and individuals abroad. To this end, the foreign intelligence agencies of the United States play a vital role in collecting and analyzing information related to the national defense and foreign policy."

Presidential Documents  
Vol. 12, No. 8, p. 243

In his March 23, 1976 letter to the Speaker of the House of Representatives and the President of the Senate, President Ford said:

"The enactment of this bill (The Foreign Intelligence Surveillance Act of 1976, S. 3197) will . . . provide major assurance to the public that electronic surveillance for foreign intelligence purposes can and will occur only when reasonably justified in circumstances demonstrating an overriding national interest and that they will be conducted according to standards and procedures that protect against the possibilities of abuse."

White House Press Release  
March 23, 1976

In his September 24, 1976 televised debate with Governor Carter, President Ford said.

"You are familiar, of course, with the fact that I am the first President in 30 years who has reorganized the intelligence agencies in the Federal Government: the CIA, The Defense Intelligence Agency, the National Security Agency and the others.

We've done that by executive order. And I think we've tightened it up; we've straightened out their problems that developed over the last few years.

It doesn't seem to me that it's needed or necessary to have legislation in this particular regard. I have recommended to the Congress, however-I'm sure you're familiar with this-legislation that would make it very proper, and in the right way, that the Attorney General could go in and get the right for wiretapping under security cases."

#### Administration Actions

President Ford created the Commission on CIA Activities within the United States on January 4, 1975, to determine whether any domestic CIA activities exceeded the Agency's statutory authority and to make appropriate recommendations.

The Commission on CIA Activities within the United States submitted its report on June 6, 1975, including 30 recommendations designed to clarify areas of doubt concerning the CIA's authority, to strengthen its structure, and to guard against recurrences of improprieties.

The Commission on the Organization of the Government for the Conduct of Foreign Policy, which was established in July 1972 to submit findings and recommendations in order to provide a more effective system for the formulation and implementation of the nation's foreign policy, submitted its report to the President on June 27, 1975. This report contains a chapter entitled "The Organization of Intelligence" which includes ten recommendations, some of which directly affect the CIA. Others apply to the Intelligence Community as a whole.

After careful consideration of the recommendations of these two Commissions, the advice of a high-level interagency group and the proposals of his top advisors, President Ford issued an Omnibus Executive Order (E.O. 11905) on February 18, 1976, which establishes policy guidelines and restrictions for the foreign intelligence agencies and a new command structure and oversight mechanism for the Intelligence Community so that the President will continue to be ultimately accountable for U.S. intelligence activities.

On February 18, 1976, President Ford also proposed new legislation to protect intelligence sources and methods from disclosure and endorsed legislation to prohibit assassinations of foreign leaders. Then on March 23, 1976, President Ford forwarded for Congressional consideration a legislative proposal which would authorize applications for a court order approving the use of electronic surveillance for the purpose of obtaining necessary foreign intelligence information. The Congress has failed to enact new legislation on any of these measures.

10/5/76

ISSUE: International Control of Narcotics

Administration Position:

In a message to Congress of April 27, 1976, the President called attention to the staggering cost of drug abuse in the United States and pledged an increased effort directed against international trafficking in illicit drugs. Most illicit narcotics entering the United States today either originate in or transit the Caribbean/Latin American areas. Mexico has become the major source of illicit heroin traffic, and over half of the world's illicit supply of opium and its derivative, Heroin, originates in the "Golden Triangle" of Southeast Asia (Burma, Laos, Thailand). Cocaine, sold in the United States comes from Colombia, Peru, Ecuador and Bolivia.

The first priority of the United States international narcotics control program remains the eradication and interdiction of opium and its derivatives. Second priority is the elimination of coca production and processing and trafficking in cocaine, its derivative. The United States is committed to:

- intensify diplomatic efforts at all levels to encourage close cooperation of other governments
- provide technical and equipment assistance to other governments supportive of efforts against production, processing and trafficking in illicit drugs
- provide crop replacement assistance, and
- strengthen the role of international organizations active in the area (UN Fund for Drug Abuse Control, Interpol)

Administration Actions:

There have been a number of significant recent developments in the international narcotics control area:

Mexico: The intensive phase of the opium poppy eradication campaign in Western Mexico is complete, and the Mexican Government reports the destruction of more than 20,000 fields containing almost

13,000 acres of illicit poppies. Eighty-one percent of the fields were destroyed by herbicides sprayed from helicopters. This eradication program represents a major success. Recently, however, the Government of Mexico has taken a harder line against the Drug Enforcement Administration's operations in Mexico.

Burma: In early 1975 the Burmese Government dramatically stepped up narcotic suppression efforts -- partly in response to recognition that drug trafficking was financing insurgent groups, partly because of increased use among the Burmese upper class. This new effort is especially significant since Burma represents the most likely source of opium should we be successful in slowing or halting Mexican supplies. Despite Government efforts, however, large volumes of opium and heroin continue to flow into Thailand.

Thailand: Thailand is chiefly important as a transit route for Burmese opium to the international market. We have traditionally had an active program in Thailand, but given the worsening of our political relationships the program is currently being re-evaluated.

Netherlands: Amsterdam is emerging as a major distribution point for South East Asian heroin. Holland is moving (in response to our entreaties and those of the Germans) to strengthen narcotic laws and law enforcement.

Turkey: It appears that last year's efforts to prevent diversion of opium from the new planting were successful. Additional acres are being planted this year, but in areas where control has been successful.

Events are also encouraging in other areas. The outlook is encouraging, for example, that we will have an independent satellite monitoring capability by the Fall which will represent a vast improvement in our ability to detect and assess major poppy growth. Good progress is also being made in implementing a major White Paper recommendation regarding the utilization of intelligence; drug intelligence and analytic resources are being pooled under DEA.

NSC

6/18/76

ISSUE: International TerrorismAdministration Position

The United States has consistently demonstrated its commitment through word and deed, to combatting international terrorism. We have worked through the United Nations, and on a bilateral and regional basis to arrive at solutions to what is truly an international problem. We have also taken steps on our own to ensure that all the appropriate resources of the United States are organized to prevent terrorist incidents, and to apprehend and punish the perpetrators of such incidents.

Administration Actions

We believe that the most effective means of preventing terrorist incidents such as hijackings is an international agreement binding on all nations that would deny sanctuary to terrorists and provide for their immediate arrest and punishment. Some of our efforts such as the draft anti-terrorist convention introduced into the United Nations General Assembly in 1972, did not receive adequate support, but we have made some progress. On October 8, 1976, the President signed instruments of ratification for two Conventions and implementing legislation designed to prevent and punish acts of terrorism against diplomats and other internationally-protected persons. One of the Conventions is a UN instrument designed to have a global effect, and the other, adopted by the Organization of American States (OAS), is aimed at treating these problems on a regional basis. In signing the implementing Act, the President said:

"The Act for the Prevention and Punishment of Crimes Against Internationally Protected Persons (H.R. 15552) will serve as a significant law enforcement tool for us to deal more effectively with the menace of terrorism and will assist us in discharging our important responsibilities under the two international Conventions which I am today authorizing for ratification."

...

"An important feature of this bill will be to give extra-territorial effect to our law in order to enable us to punish those who commit offenses against internationally protected persons, wherever those offenses may occur."

Although these Conventions and the Act focus on diplomatic personnel, the President reaffirmed his commitment in the signing statement to working with the international community to combat terrorism in all of its forms:

"I hope that a new initiative against terrorism as it affects innocent persons and disrupts the fabric of society will be addressed at the current session of the UN General Assembly. The full force of world opinion and diplomatic action must be brought to bear on this threat to world peace and order.

"I pledge our full support to any constructive proposals to combat terrorism."

In a press conference on July 10, 1976, Secretary Kissinger stated the United States Government position on international terrorism:

"We believe that the issue of terrorism is one that the international community must address. It is intolerable that innocent people are being used as hostages for the political aims of particular groups."

The Secretary also stated that we were working with other countries to introduce a resolution in the United Nations to deal with terrorism, and if we could not achieve a consensus with all of the other countries, we would put it forward on our own.

But the US is not relying solely on the UN to combat terrorism. We have made bilateral approaches to our Allies and friends who have responded favorably, especially in the important area of intelligence and information exchanges. We have been able to learn from the unfortunate experiences of some countries and have been able to help them on some of the technical aspects of preventing terrorist incidents. For example, we have offered assistance in examining and improving security at airports which all too frequently are terrorist targets. Other exchange visits by US and foreign experts and responsible government officials also have proved mutually beneficial.

We can and have taken steps on our own to prevent terrorist incidents and to respond quickly and effectively when such incidents do take place. It is important to note here that our announced policy of no concessions has had, we believe, a significant deterrent effect on would-be hijackers and the like.

#### Administration Policy

Whatever their motivation, terrorists incidents are criminal acts. They cannot be tolerated, they must be prevented when possible, and the terrorists must be punished. There can be no equivocation on this. Experience has taught us, however, that there is an aspect to some terrorist acts which calls for difficult decisions on the part of the government involved: how should we respond to terrorist demands when the lives or well-being of innocent hostages are at stake? Should we give in and release prisoners or pay ransom demands to save the lives of the hostages? The answers are neither simple nor easy. We shall of course do all we can to safely free the hostages, but we cannot submit to threats and extortion.

Our policies were made very clear by Secretary Kissinger at Vail in August 1975. He said:

"The problem that arises in the case of terrorist attacks on Americans has to be seen not only in relation to the individual case but in relation to the thousands of Americans who are in jeopardy all over the world. In every individual case, the overwhelming temptation is to go along with what is being asked.

"On the other hand, if terrorist groups get the impression that they can force a negotiation with the United States and an acquiescence of their demands, then we may save lives in one place at the risk of hundreds of lives everywhere else.

"Therefore, it is our policy . . . that American Ambassadors and American officials not participate in negotiations on the release of victims of terrorists, and that terrorists know that the United States will not participate in the payment of ransom and in the negotiation for it."

The following month, at Orlando, the Secretary said:

"When Americans are captured, we always are in great difficulty because we don't want to get into a position where we encourage terrorists to capture Americans in order to get negotiations started for their ends. So our general position has been -- and it is heartbreaking in individual cases -- that we will not as a Government negotiate for the release of Americans that have been captured. . . . We will not negotiate . . . because there are so many Americans in so many parts of the world -- tourists, newsmen, not only officials -- that it will be impossible to protect them all unless the kidnappers can gain no benefit from this."

For these reasons, the United States Government has not and will not pay ransom, release prisoners, or otherwise yield to terrorist blackmail. We urge the same policy on other governments, and private companies and individuals.

#### Administration Organization

When an incident occurs overseas, the State Department has the primary responsibility within the United States Government, but under international law, it is the responsibility of the host government to protect all persons within its territories, including the safe release of hostages. Naturally, we work closely with that government and provide whatever assistance is appropriate to secure the safe release of the hostages.

Terrorist incidents within the United States are the primary responsibility of the Department of Justice with the FBI being the primary action agency of the Federal government. The Bureau works closely with other federal agencies such as the FAA and state and local law enforcement agencies. Both the State Department and the FBI have special units dedicated exclusively to combatting terrorism.

Justice and State have not only operational responsibilities but also are important members of the Cabinet Committee to Combat Terrorism. The Committee and its Working Group have a broad mandate to devise and implement the most effective means to combat terrorism at home and abroad. It is the coordinating forum for the entire United States Government anti-

terrorism effort. In addition to State and Justice, over 20 federal agencies and departments participate in the Working Group which has met over a hundred times since 1972. The Cabinet Committee is chaired by Secretary Kissinger, and his special assistant for combatting terrorism chairs the Working Group.

NSC  
10/18/76

ISSUE:      Italy

Administration Position

America's ties of kinship and friendship with Italy have deep roots and are fundamental to the excellent relations we enjoy with Italy. As the President said at the time of his visit to Italy in June, 1975:

"In this relationship, our two countries share much in common:

--Our cultural, economic, fraternal, commercial and social ties affirm our continued cooperation and close association.

--Our Governments are committed to a world of freedom and peace and to overcoming tensions which threaten the peace.

--We are committed to the strength of an Alliance that has kept more than a quarter century -- a quarter century of peace on the Continent and which is indispensable to our concerted efforts to reduce tensions and to increase cooperation.

--Of first importance, we share a firm dedication to democratic government and the principles of freedom and liberty. We in America value the role of Italy in the world, your contributions to the Atlantic Alliance, and your efforts toward a stronger and more cohesive Europe working with the United States. "

Presidential Documents  
Vol. 11, No. 23, p. 591

Our bilateral relations with Italy are constructed on two important pillars:

--one, the interests we share as industrialized democracies of the West; and

--two, the interests we share as member nations of the North Atlantic Treaty Organization - NATO.

As industrialized democracies:

--we share common principles, values and ideals;

--we enjoy a healthy flow of import-export trade between our two countries;

--we consult on the interests we share between the United States and the members of the EC Nine - the nations of the European Community;

-- we consult on vital economic and monetary issues - most recently at the summit in Puerto Rico;

-- we cooperate on international energy issues in the IEA - the International Energy Agency.

As members of the NATO Alliance, we share vital defense and political interests, particularly as they relate to NATO's southern flank in the Mediterranean.

-- Important NATO Commands are located in Italy.

-- Italy is the home of the NATO Defense College and of the Supreme Allied Commander Atlantic (SACLANT) ASW research center.

-- The U. S. Air Force, Army and Navy all have basing arrangements in Italy.

We believe that decisions on domestic political affairs must be made by the voters of Italy. It is a source of satisfaction that the majority of Italian votes in the June elections went to the non-Communist parties and that a new government has been formed under Prime Minister Andreotti.

Our concerns over possible Communist participation relate directly to the interests we share with Italy in the North Atlantic Alliance. A Communist Government or coalition government including communists would raise serious questions about that country's role in NATO. Communist participation would change the character of the Alliance. Past actions and statements by European Communists demonstrate that their influence in Allied government would seriously hamper Western defense efforts essential to Europe's freedom and international stability. Additionally, the commitment of the American people to defend European freedom would be deprived of the moral basis on which it has stood for 30 years. On September 16, the President stated his position before the Italian-American Foundation Bicentennial Tribute Dinner:

We have been hearing a lot recently about the new character of some Communist parties in Western Europe, that they believe in democratic multi-party government, that they are independent nationalist parties with no loyalties or affiliations beyond national borders.

Lest we succumb to this beguiling message, I remind you that we were hearing these same reassuring messages from the heads of

Communist parties in Eastern Europe right after World War II. We all know what happened when these parties actually came into power in the late 1940s. It is a history lesson we should not forget.

### Administration Actions

From the outset of his Administration, the President has demonstrated through his actions the top priority he attaches to the best possible relationship with Italy -- recognizing the vital interests we share. Little more than a month after taking office, the President welcomed to Washington as his first State visitor President Leone of Italy -- in September 1974. On September 26, 1974, President Ford and President Leone issued a US-Italian Joint Statement setting forth their agreement on US-Italian policies and objectives. The President also paid a State Visit to Italy in 1975. He met with former Prime Minister Moro in Brussels and Helsinki and met with former Prime Minister Rumor last fall in Washington. He met with Foreign Minister Forlani on September 29, 1976 in Washington.

At the same time, the Administration has engaged in continuing close consultations with the Italian Government at all levels on issues of mutual interest. As members of NATO, we consulted on important political/security issues, including the positions taken in the 1975 European Security Conference, and to be taken at the 1977 follow-on conference in Belgrade; the positions to be taken in the force reductions talks in Vienna; and we consult on the SALT negotiations between the U.S. and USSR.

When the earthquake of May 6, 1976 struck northeastern Italy, over 1000 people were killed and some 90,000 left homeless. The President immediately sent a message to President Leone advising that we wished to be of assistance. Ambassador Volpe undertook immediate on-site U.S. assistance, including the provision of tents, medical supplies and food-stuffs. On May 11, the President requested the Congress to provide \$25 million in disaster relief assistance and he sent Vice President Rockefeller and AID Administrator Parker to Italy to prepare a detailed report on the most effective means of assistance. On September 14, additional earthquakes occurred leaving another 15,000 homeless. The United States again provided emergency relief. The President has stayed in close touch with the relief and reconstruction efforts in Friuli. On September 16, he received a first hand report from Jenò Paulucci who had just returned from the stricken area. U.S. technicians are now on scene in Italy; U.S. disaster relief funds are flowing to Italy. The first U.S. priority -- at the request of Italy -- is being given to the rebuilding of schools and homes for the aged. At the same time, the Italians are concentrating on prefabricated housing for the homeless.

This cooperative reconstruction effort is speeding Italy's recovery from the disaster, and the Italian Government has expressed its profound appreciation to the President and to the United States.

In the US-Italian Joint Statement of 1974, President Ford and President Leone "noted the extraordinarily broad human ties between Italy and the United States of America, and the shared values and goals which bind together the Italian and American peoples." Administration policy with respect to Italy is built on that foundation and is designed to enhance and achieve those shared values and goals.

NSC  
9/28/76

ISSUE: Aid to a Communist Italy?

According to press reports, on July 16 FRG Chancellor Schmidt said that the FRG, France, the U. S. and the United Kingdom had agreed at Puerto Rico that they would not participate in a loan rescue operation for Italy if Communists are included in the new Italian Cabinet. Schmidt allegedly also said that the four-power position against Communist participation in the Italian cabinet is a "political condition" of any loan effort.

Administration Position

Contrary to the impression conveyed in press reports, there was no agreement entered into by the United States with France, West Germany and Great Britain, or any other country, on the question of assistance to Italy if the Communists entered the Italian Government, although the general issue was discussed at the economic summit meeting in Puerto Rico in June.

Administration Action

At the conclusion of the Puerto Rico summit on June 28, the President outlined the results of discussions on aid, such as loans to developed countries. He said:

"We have recognized that problems may arise for a few developed countries which have special needs, which have not yet restored domestic economic stability, and which face major payments deficits. We agreed that if assistance in financing transitory balance of payments deficits is necessary to avoid general disruptions in economic growth, it can best be provided by multilateral means, in conjunction with a firm program for restoring underlying equilibrium. "

Presidential Remarks

June 28, 1976

NSC  
8/6/76