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THE WHITE HOUSE
WASHINGTON

May 19, 1976

Brent Scowcroft -

It is my understanding that the
recommended calls to Senator Humphrey
and Chairman Morgan were not made.

Jim Connor

THE PRESIDENT HAS SEEN....

THE WHITE HOUSE
WASHINGTON

May 18, 1976

MR PRESIDENT:

Revised Security Assistance Legislation

The attached memorandum was staffed to Messrs. Friedersdorf, Marsh and Lynn (Ogilvie).

Max Friedersdorf voiced some very strong objections to talking point no. 3 in recommended telephone call to Senator Humphrey and Chairman Morgan. (TAB B)

Jack Marsh and Don Ogilvie support Max Friedersdorf's objection. NSC also agree that the talking Points should be changed based on the information from Max Friedersdorf.

As far as the basic memorandum - Don Ogilvie and Max Friedersdorf concur in the memorandum.

Jack Marsh agrees with the recommendations made in the memorandum with the exception of Item 7 - Assistance to Chile and Item 8 - MAP and MAAG Termination. On these two items he disagrees with NSC recommendation.

Jim Connor

Call made per Nell 5/19/76

THE WHITE HOUSE

WASHINGTON

CONFIDENTIALACTION

May 18, 1976

MEMORANDUM FOR: THE PRESIDENT
FROM: BRENT SCOWCROFT *BS*
SUBJECT: Revised Security Assistance Legislation

Both the House International Relations Committee and the Senate Foreign Relations Committee have reported revised security assistance authorization bills accommodating both FY 76 and FY 77. Floor votes could come as early as Wednesday May 19 with a conference following soon thereafter. In each case, the committees have attempted to be responsive to the objections you raised in vetoing S. 2662. For example, most of the concurrent resolution provisions have been dropped and the section regarding trade with Vietnam has been deleted. In most instances where one committee retained an objectionable provision, the other committee dropped it, thereby providing latitude for further deletions or modifications in conference committee. In preparation for the conference, we need your guidance on the positions the Administration should take on specific provisions of this revised legislation, and on the strategy we should follow to achieve a bill acceptable to you.

We have reached tentative agreement with the leaders in both houses to oppose all floor amendments and concentrate on reaching accommodation in conference. (The sole exception will be our support for a likely Congressionally initiated amendment in the House to restore a 50 percent cut in Korean assistance levels.) We believe we will be in a strong position in conference: both houses are weary of the debate and anxious to provide money to ease the Israeli cash flow problem; enthusiasm for restrictive amendments is waning. Nevertheless, some accommodation on your part may yet be necessary to ensure passage of an acceptable bill.

In this regard, the key element remains the issue of Transition Quarter funding for Israel. There is some evidence that Congress

Subject to GDS of E. E. 11652
Automatically Declassified on
December 31, 1982.

CONFIDENTIAL - GDS

KR 5/17/76

Original returned to NSG. 5/19/76

expects you to be forthcoming on the TQ in reaction to what the Hill feels are significant Congressional concessions to your position on authorizing legislation. Meanwhile, the Israelis have signaled to us that they need only \$281 million by the end of the TQ to avoid the risk of default on commercial purchases (versus the \$550 million for Israel at present in the appropriations bill). This figure is almost exactly the amount which can be provided without exceeding the budget authority figures in your original budget request.

There follows a list of the troublesome provisions which remain in one or the other of the committee bills. With regard to each major provision we have included a recommended course of action: we will use your guidance as the basis for our negotiations with the conferees.

1. Human Rights. The House bill retains a provision allowing Congress, by concurrent resolution, to terminate aid for human rights abuses. The Senate version substitutes a joint resolution, and changes the prohibition against aid to a statement of policy (which removes the potential argument that assistance is "illegal"). Since a joint resolution is subject to veto, this procedure is not constitutionally objectionable, but it continues to impinge on the foreign policy process by raising the constant specter of Congressional intervention.

RECOMMENDATION: Fight for elimination of termination provisions in favor of a policy statement; accept the Senate version (joint resolution); if necessary, use veto threat against the House version (concurrent resolution). OMB, State and AID concur.

Agree MR7

Disagree _____

2. \$9.0 Billion Ceiling: The House retained unchanged the \$9.0 billion ceiling on arms sales which was one major reason for your previous veto. The Senate bill drops the ceiling. There is talk in the House of a compromise retaining the ceiling principle but requiring you only to report every sale over \$9.0 billion. We

think compromise should be avoided and that we should mobilize in support of the Senate on this issue.

RECOMMENDATION: No compromise on the House version, support the Senate deletion of any ceiling provision. State, DOD, AID and OMB concur.

Agree

mc7

Disagree _____

3. Nuclear Transfers: A Symington amendment added to the legislation by the Senate would prohibit assistance (except for P. L. 480 and disaster relief) to countries which either receive or deliver nuclear fuel reprocessing or enrichment technology or materials -- unless managed by multilateral controls "when available" and under IAEA auspices. As written the provision is sweeping and could affect several programs (notably those with Brazil and Pakistan), hindering our diplomatic efforts to solve the proliferation problem. Moreover, the amendment could be read to imply that any country which meets the two conditions of subscription to IAEA safeguards and "multilateral controls" is acceptable to us as a recipient of reprocessing facilities. The House has no similar provision. We think the best available compromise is a Congressional study of this proposal.

RECOMMENDATION: That we press for deletion of the Symington amendment with a Congressional study of the proposal as a fallback position. OMB, State and AID concur.

Agree

mc7

Disagree _____

4. Discrimination. The Senate has deleted the earlier provision requiring automatic termination of a transaction involving persistent discrimination against Americans. It has substituted a requirement for a Presidential report, and a specific assertion of Congressional authority to terminate assistance in cases where discrimination persists. Under the new formula a transaction would be terminated automatically only if the President failed to submit a report requested by Congress within 60 days. If Congress was not satisfied, it could then pass a Joint Resolution terminating assistance. This process is not constitutionally objectionable, but it remains an institutionalized procedure for public examination of the conduct of foreign governments. Senator Case, believing that these changes represent significant concessions, will be obdurate on this issue. The House bill retains a statement of policy but has dropped the termination sanctions entirely.

RECOMMENDATION: The Senate can, with existing authority, already do all that this provision allows. Nevertheless, the Senate version increases the chances for both unwanted publicity and direct Congressional intervention in these sensitive areas. We recommend strong opposition to the Senate version ^{but} no veto threat. OMB, State and AID concur.

Agree MCY Disagree _____

5. Korea Funding Level: The House committee accepted a Fraser amendment limiting military assistance to Korea to a total of \$290 million in the period FY 1976-TQ 1977 (vs. your combined request for \$490 million) and economic assistance to \$175.0 million in the same period (vs. your request for \$281.0 million). Cuts of this magnitude would have a serious effect on all of our Korean programs and, in particular, impede progress of the Korean force modernization plan. More importantly, such cuts would damage our close relationship with an important ally.

RECOMMENDATION: Make a major effort to raise the Korea FMS and economic assistance levels to acceptable levels, including a veto threat, if necessary. OMB, State, DOD and AID concur.

Agree MCY Disagree _____

6. Review of Military Sales. Under the Nelson-Bingham amendment, signed into law in 1974, Congress can forbid by concurrent resolution individual FMS sales over \$25 million. In the new Senate bill, this authority is extended to all FMS and commercial sales of "major defense equipment" over \$7.0 million; the House bill is similar, but applies only to FMS sales. Although the concurrent resolution authority is onerous, we believe Congress would resist strongly any attempt to delete or modify this provision post hoc (during mark-up we could find no one, even among staunch supporters, to sponsor such a move).

RECOMMENDATION: Strongly resist any expansion of existing Congressional review procedures which provide for veto of individual FMS sales over \$25 million by concurrent resolution; as a maximum, accept only House provision for expansion to only FMS sales over \$7 million. (If you must sign a bill containing any concurrent resolution, we recommend a strong dissent in the signing statement.) Phil Buchen, OMB, State and AID concur.

Agree MCY Disagree _____

7. Assistance to Chile. A Kennedy amendment to the Senate bill imposes a total embargo on military assistance or sales to Chile after October 1, 1976. Pipeline sales which have been held up could go forward but even spare parts sales after October 1 would be banned. The House has retained the Buchanan amendment cutting off assistance but permitting cash sales of military equipment. We prefer the House version, but we do not believe the Senate version in itself would be grounds for veto of an otherwise acceptable bill.

RECOMMENDATION: Support for the House version. OMB, State and AID concur.

Agree met Disagree _____

8. MAP and MAAG Termination: Both bills retain provisions terminating MAP and MAAGS after FY 1977, except as specifically authorized by Congress. We feel there is sufficient legislative history on this subject to support a presumption that both MAP and MAAGs will be authorized, and that the new provision will amount to no more than a country line-item authorization for both. Although we would prefer to see this otherwise, Congress appears adamant on retaining the MAP and MAAG provisions and our acceptance would be seen as a useful concession.

RECOMMENDATION: Accept the MAP and MAAG provisions, but emphasize our expectation that authorization for both will be forthcoming after FY 77. OMB, State, and AID concur.

Agree met Disagree _____

9. Greece-Turkey. The House has retained the partial embargo on grant assistance and FMS sales to Turkey, while providing "such sums as may be necessary" for Greece once a base agreement is approved by law. The putative intent of this is, we believe, to make eventual assistance to Turkey as part of a base agreement subject to the section 620(x) embargo of MAP and of FMS sales over \$125 million.

RECOMMENDATION: We believe that the House version attempts to prejudge the issues of Greece and Turkey for FY 1977, and that we should support strongly the Senate approach of deferring action on both until Congress considers the base agreement. OMB and State concur.

Agree met Disagree _____

In addition to the foregoing, there are other undesirable features of the new legislation which we will be working to correct in conference. Included are:

- A Senate cut of FY 77 MAP for Jordan from \$70 million to \$40 million.
- A Senate cut in the FY 77 authorization for Stockpiles of Defense Articles for Foreign Countries from \$125 million to \$50 million.
- A Senate cut in the overall FY 77 FMS authorization of about 10 percent and in overall MAP program of approximately 30 percent.

The new bills also have several improvements over S. 2662:

- deletion by both House and Senate of three of the concurrent resolution provisions: (1) regarding the determination that a country is ineligible for further assistance due to misuse of U.S. supplied arms; (2) regarding third country transfers; and (3) regarding the termination of assistance to countries harboring terrorists.
- deletion of the requirement that ACDA draft an annual arms impact statement;
- modification in the Senate bill of the process whereby a country becomes ineligible for further US assistance due to misuse or illegal transfer of U.S. supplied arms. Under existing law termination is automatic, whereas in the revised bill termination must result from Presidential action or passage of a joint resolution. The Senate also added a Presidential waiver provision.

STRATEGY

Chairman Morgan is anxious to reach some accommodation with you quickly. He believes it is possible to complete final Congressional action on an acceptable bill by the end of next week (May 21), but that you should meet personally with the conferees to ensure this outcome. It is very likely, however, that the conferees would take the opportunity of any meeting with you to raise the TQ funding issue, seeking to define the terms of a compromise.

How we implement your decision on the TQ issue is therefore fundamental to our tactics on the authorization bill. If you decide to offer a TQ compromise in advance of conference action as an explicit means to

obtain further concessions, a meeting with conferees would be extremely useful, providing you the opportunity to lay out precisely the terms of an acceptable compromise. Any discussion of such a compromise would, of course, have to include Chairman Passman, who has strongly supported your position in the House.

The advantage of this approach is that some political benefit can be derived from an early compromise on the TQ, -- both in terms of an acceptable authorization bill and in lessening the acrimony which followed in the wake of your veto. On the other hand, any compromise on the TQ places you in a position of reversing yourself on a publicly held position and appearing to manipulate Congressional support for Israel.

On the other hand, you may feel that your bargaining position in this instance is sufficiently strong that you will not have to compromise in order to achieve a successful bill. If so, a meeting with conferees would probably be counterproductive as you would be in the position of demanding concessions while offering little in return. Instead, you could authorize us to let it be known quietly that if the conference reports an acceptable bill, you will be prepared to drop your objections to TQ funding that does not exceed your requested outlay levels when the appropriations bill is taken up in the House. This approach has the advantage of maintaining the integrity of your veto position on the unacceptable provisions of S. 2662 while avoiding another confrontation with Congress on an issue directly involving Israel. Such a course would, however, reduce your leverage on eliminating entirely all objectionable aspects of the new legislation in the conference process.

On balance, I believe that you should not meet with the conferees to discuss a compromise in advance of the conference, but I do recommend that you talk by telephone with Morgan (and Broomfield), Humphrey (and Case) to discuss with them your remaining reservations and a strategy for achieving a bill you can sign from the conference. A willingness to discuss a TQ compromise after you have an acceptable authorization could be signalled in that call.

RECOMMENDATION

1. That you not offer a TQ compromise in advance of the conference. Max Friedersdorf and OMB concur, as does Jack Marsh.

Approve _____

Disapprove _____

2. That you not meet with the conferees but do call Morgan and Humphrey. OMB and Max Friedersdorf concur; Max Friedersdorf also urges a prior call to the ranking minority members. (Talking points at Tab A) Jack Marsh concurs with Max Friedersdorf.

Approve _____

Disapprove _____

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Senator Humphrey and Chairman Morgan

DATE: Tuesday, May 18, 1976

RECOMMENDED BY: Brent Scowcroft
(OMB, Max Friedersdorf and Jack Marsh concur.)

PURPOSE: A first step in the process of insuring that the upcoming security assistance authorization bill conference results in an acceptable bill.

TALKING POINTS:

1. I am pleased by reports of your preliminary work which has already taken care of many of the objections which forced me to veto the last Security Assistance bill.
2. I am sure you agree with me that it is high time that we put this problem behind us.
3. I hope the Senate (House) can move as expeditiously as possible to bring the bill to a floor vote. It appears that the remaining issues that concern me can be dealt with in Conference, so I think we should agree to resist any further restrictive amendments on the floor.
4. With regard to the Conference, I will have my staff give you a detailed list of my remaining concerns, but I want to mention a few of special significance:
 - I oppose the \$9 billion arms ceiling in the House bill.
 - I also oppose the assistance cutoff based on a finding of "discrimination" in the Senate version (I prefer House version).

SEE COMMENTS TAB B

Max Friedersdorf, Jack Marsh, Don Ogilvie and Brent Scowcroft agree this should be deleted.

-- I cannot accept the concurrent resolution section in the House bill providing an aid cutoff based on alleged Human Rights violations.

-- Two new provisions also give me concern: The House ceiling on Korean assistance and the Symington amendment on Nuclear Transfers. I strongly object to both.

5. Are there any particular issues you want to raise with me? I would like to work with you and if we can achieve an acceptable bill, everyone will be able to claim credit for this important legislation.
6. (If the TQ issue is raised.) I have been reviewing the issue of Israel's needs very carefully. If the Conference produces an authorization bill I can sign, I will want to work with you in finding a way to avoid another confrontation on the Appropriation bill without exceeding my budget request levels.
7. I deeply appreciate the progress made so far and want to continue in this same spirit.

THE WHITE HOUSE
WASHINGTON

May 18, 1976

MEMORANDUM FOR: JIM CONNOR
FROM: MAX FRIEDERSDORF *MF*
SUBJECT: Brent Scowcroft memo 5/18/76 re
Revised Security Assistance Legislation

I strongly object to talking point No. 3 in recommended telephone call to Morgan & Humphrey.

House Minority members, including Ed Derwinski, plan to make strong Floor fights on objectionable provisions of new bill, including Korea restrictions. Derwinski has filed strong minority views tracking with Administration objections.

President should not state that remaining issues can be dealt with in conference.

Broomfield, Derwinski and Morgan should be advised of our very strong objections to restrictions in bill and Republicans urged to oppose bill on final passage if not improved.

Strong House vote in opposition needed for conference leverage, coupled with veto threat.

STAFFING

May 18, 1976

MR PRESIDENT:

Revised Security Assistance Legislation

The attached memorandum was staffed to Messrs. Friedersdorf, Marsh and Lynn (Ogilvie).

Max Friedersdorf voiced some very strong objections to talking point no. 3 in recommended telephone call to Senator Humphrey and Chairman Morgan. (TAB B)

Jack Marsh and Don Ogilvie support Max Friedersdorf's objection. NSC also agree that the talking Points should be changed based on the information from Max Friedersdorf.

As far as the basic memorandum - Don Ogilvie and Max Friedersdorf concur in the memorandum.

Jack Marsh agrees with the recommendations made in the memorandum with the exception of Item 7 - Assistance to Chile and Item 8 - MAP and MAAG Termination. On these two items he disagrees with NSC recommendation.

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WASHINGTON

CONFIDENTIALACTION
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We have reached tentative agreement with the leaders in both houses to oppose all floor amendments and concentrate on reaching accommodation in conference. (The sole exception will be our support for a likely Congressionally initiated amendment in the House to restore a 50 percent cut in Korean assistance levels.) We believe we will be in a strong position in conference: both houses are weary of the debate and anxious to provide money to ease the Israeli cash flow problem; enthusiasm for restrictive amendments is waning. Nevertheless, some accommodation on your part may yet be necessary to ensure passage of an acceptable bill.

In this regard, the key element remains the issue of Transition Quarter funding for Israel. There is some evidence that Congress

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expects you to be forthcoming on the TQ in reaction to what the Hill feels are significant Congressional concessions to your position on authorizing legislation. Meanwhile, the Israelis have signaled to us that they need only \$281 million by the end of the TQ to avoid the risk of default on commercial purchases (versus the \$550 million for Israel at present in the appropriations bill). This figure is almost exactly the amount which can be provided without exceeding the budget authority figures in your original budget request.

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RECOMMENDATION: Fight for elimination of termination provisions in favor of a policy statement; accept the Senate version (joint resolution); if necessary, use veto threat against the House version (concurrent resolution). OMB, State and AID concur.

Agree _____

Disagree _____

2. \$9.0 Billion Ceiling: The House retained unchanged the \$9.0 billion ceiling on arms sales which was one major reason for your previous veto. The Senate bill drops the ceiling. There is talk in the House of a compromise retaining the ceiling principle but requiring you only to report every sale over \$9.0 billion. We

think compromise should be avoided and that we should mobilize in support of the Senate on this issue.

RECOMMENDATION: No compromise on the House version, support the Senate deletion of any ceiling provision. State, DOD, AID and OMB concur.

Agree _____ Disagree _____

3. Nuclear Transfers: A Symington amendment added to the legislation by the Senate would prohibit assistance (except for P. L. 480 and disaster relief) to countries which either receive or deliver nuclear fuel reprocessing or enrichment technology or materials -- unless managed by multilateral controls "when available" and under IAEA auspices. As written the provision is sweeping and could affect several programs (notably those with Brazil and Pakistan), hindering our diplomatic efforts to solve the proliferation problem. Moreover, the amendment could be read to imply that any country which meets the two conditions of subscription to IAEA safeguards and "multilateral controls" is acceptable to us as a recipient of reprocessing facilities. The House has no similar provision. We think the best available compromise is a Congressional study of this proposal.

RECOMMENDATION: That we press for deletion of the Symington amendment with a Congressional study of the proposal as a fallback position. OMB, State and AID concur.

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RECOMMENDATION: Make a major effort to raise the Korea FMS and economic assistance levels to acceptable levels, including a veto threat, if necessary. OMB, State, DOD and AID concur.

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RECOMMENDATION: Strongly resist any expansion of existing Congressional review procedures which provide for veto of individual FMS sales over \$25 million by concurrent resolution; as a maximum, accept only House provision for expansion to only FMS sales over \$7 million. (If you must sign a bill containing any concurrent resolution, we recommend a strong dissent in the signing statement.) Phil Buchen, OMB, State and AID concur.

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RECOMMENDATION: Support for the House version. OMB, State and AID concur.

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RECOMMENDATION: Accept the MAP and MAAG provisions, but emphasize our expectation that authorization for both will be forthcoming after FY 77. OMB, State, and DOD concur.

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Agree _____

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In addition to the foregoing, there are other undesirable features of the new legislation which we will be working to correct in conference. Included are:

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STRATEGY

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obtain further concessions, a meeting with conferees would be extremely useful, providing you the opportunity to lay out precisely the terms of an acceptable compromise. Any discussion of such a compromise would, of course, have to include Chairman Passman, who has strongly supported your position in the House.

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RECOMMENDATION

1. That you not offer a TQ compromise in advance of the conference. Max Friedersdorf and OMB concur, as does Jack Marsh.

Approve _____

Disapprove _____

2. That you not meet with the conferees but do call Morgan and Humphrey. OMB and Max Friedersdorf concur; Max Friedersdorf also urges a prior call to the ranking minority members. (Talking points at Tab A) Jack Marsh concurs with Max Friedersdorf.

Approve _____

Disapprove _____

THE WHITE HOUSE

WASHINGTON

RECOMMENDED TELEPHONE CALL

TO: Senator Humphrey and Chairman Morgan

DATE: Tuesday, May 18, 1976

RECOMMENDED BY: Brent Scowcroft
(OMB, Max Friedersdorf and Jack Marsh concur.)

PURPOSE: A first step in the process of insuring that the upcoming security assistance authorization bill conference results in an acceptable bill.

TALKING POINTS:

1. I am pleased by reports of your preliminary work which has already taken care of many of the objections which forced me to veto the last Security Assistance bill.
2. I am sure you agree with me that it is high time that we put this problem behind us.
3. I hope the Senate (House) can move as expeditiously as possible to bring the bill to a floor vote. It appears that the remaining issues that concern me can be dealt with in Conference, so I think we should agree to resist any further restrictive amendments on the floor.
4. With regard to the Conference, I will have my staff give you a detailed list of my remaining concerns, but I want to mention a few of special significance:
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 - I also oppose the assistance cutoff based on a finding of "discrimination" in the Senate version (I prefer House version).

-- I cannot accept the concurrent resolution section in the House bill providing an aid cutoff based on alleged Human Rights violations.

-- Two new provisions also give me concern: The House ceiling on Korean assistance and the Symington amendment on Nuclear Transfers. I strongly object to both.

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FROM: MAX FRIEDERSDOFF *MF*
SUBJECT: Brent Scowcroft memo 5/18/76 re
Revised Security Assistance Legislation

I strongly object to talking point No. 3 in recommended telephone call to Morgan & Humphrey.

House Minority members, including Ed Derwinski, plan to make strong Floor fights on objectionable provisions of new bill, including Korea restrictions. Derwinski has filed strong minority views tracking with Administration objections.

President should not state that remaining issues can be dealt with in conference.

Broomfield, Derwinski and Morgan should be advised of our very strong objections to restrictions in bill and Republicans urged to oppose bill on final passage if not improved.

Strong House vote in opposition needed for conference leverage, coupled with veto threat.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 18, 1976

Time:

FOR ACTION:

cc (for information):

✓ Max Friedersdorf
Jack Marsh

Jim Lynn

FROM THE STAFF SECRETARY

DUE: Date: Quick Turn Around

Time:

SUBJECT:

Brent Scowcroft memo 5/18/76 re
Revised Security Assistance Legislation

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

You will note that a Telephone Call is requested to be made today - May 18 - on ~~the~~ this subject, therefore, your immediate review of this memorandum is requested.

Thank you.

Max Friedersdorf - strong objection x
Lynn - concur in memo + MF objection x
Coplin
Jack Marsh - Point 7 + 8 - disagree x
also agreed with Friedersdorf objection

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

Jim Connor
For the President