

The original documents are located in Box C43, folder “Presidential Handwriting, 6/24/1976” of the Presidential Handwriting File at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

THE PRESIDENT HAS SEEN....

MEMORANDUM FOR: THE PRESIDENT
FROM: JAMES T. LYNN
SUBJECT: Proposed Adjustments to the Foreign Aid Bill

As you requested, I have examined (1) ways to increase our total assistance to Israel and Egypt by adding funds in the transition quarter, (2) alternatives to restore the reduction in military assistance to Jordan, and (3) options to compensate for the reductions in grant MAP.

Current Status

	Budget Authority (In Millions of Dollars)					
	1976			Transition Quarter		
	<u>Admin. Request</u>	<u>Auth. Conf.</u>	<u>Apprn. Conf.</u>	<u>Admin. Request</u>	<u>Auth. Conf.</u>	<u>Appropriation Conference</u> (House) (Senate)
FMS credits	1065.0	1039.0	1065.0	42.0	259.8	(30.0) (212.2)
Supporting assistance	1825.7	1766.2	1689.9	29.7	441.6	(19.7) (411.6)
Grant MAP	394.5	228.7	225.0	42.0	57.2	27.2

The table indicates that Congressional action to date provides plenty of latitude to increase funding in the TQ for FMS credits and supporting assistance. On the other hand, there is only limited flexibility to increase grant MAP; (a) the authorizing levels provide virtually no room for increased appropriations in 1976 and for only about \$30 million in the TQ, and (b) the appropriations conference was in agreement at \$225 million, thereby requiring the Administration to transmit a budget amendment for any increases for MAP (assuming that authorization ceilings can be raised).

The table below shows the option we discussed yesterday for increasing aid to Israel and Egypt. By adding \$200 million

DECLASSIFIED
E.O. 12958 Sec. 2.6

~~CONFIDENTIAL~~

MR 92-69, #13; NSC letter 3/4/98

By Ut NARA, Date 4/13/98

in non-foregiveable FMS credits in the TQ, Israel would receive a net increase of \$145 million above your original budget request for the fifteen month period. Egypt would receive \$100 million in supporting assistance in the TQ, for a net increase of \$45 million. Syria and Jordan would be restored to the levels originally requested in your 1976 Budget.

	Program (In Millions of Dollars)		
	<u>1976</u>	<u>TQ</u>	<u>1976 + TQ</u>
	<u>Congressional Reduction</u>	<u>Proposed Administration Increase</u>	<u>Net Total Change</u>
<u>Israel</u>			
FMS	-	+200	
SA	-55	-	
		<i>200 (50%)</i> <i>75</i>	<u>+145</u>
<u>Egypt</u>			
SA	-55	+100	<u>+ 45</u>
<u>Jordan</u>			
FMS	-	+ 18.1 <i>30.1</i>	
MAP	-45	+ 13.8	
SA	- 5	+ 18.1	
		<u>60.0</u>	<u>0 + 15</u>
<u>Syria</u>			
SA	-10	+ 10 <i>15</i>	<u>0 + 1</u>

The proposed \$50 million increased assistance to Jordan is composed of three elements:

- ° \$13.8 million MAP -- limited to this amount by the proviso that TQ levels be limited to 25% of the 1976 levels.
- ° \$18.1 million supporting assistance -- also limited by the 25% rule.
- ° \$18.1 million FMS -- The amount needed to provide a total increase of \$50 million.

Under this proposal, you will need to submit a budget amendment for the additional MAP. If you want to avoid the budget amendment, you could provide the maximum supporting assistance

and provide the remaining \$31.9 million through increased FMS credits, which would avoid the need for any additional Congressional action.

Restoration of MAP Cuts

The attached table shows the impact of the Congressional reductions in grant MAP by country. The "effective" cut in MAP is only \$88 million, on the assumption that the \$75 million for Turkey will not be available this year because of Congressional inaction on the base agreement.

The table shows how we would propose adding funds back within the total permitted by the existing authorization. Assuming that Jordan has first priority among the countries, we add back the maximum amount permissible (given the 25% limitation for the TQ). Maximum add-backs are also proposed for the Philippines, Thailand, and Indonesia. The remaining funds have been allocated to Korea.

If you believe it is necessary, you could further offset the remaining Congressional cuts by providing a comparable amount of FMS credits.

Finally, in view of the relatively small add-backs possible within the existing authorization level (a net increase of \$32 million), the extreme difficulty of increasing grant MAP above this level (requiring both of the authorizing and appropriation bills to be revised), and Congressional hostility to grant MAP, you may want to consider another option. Rather than attempt to increase MAP above the appropriation bill level, you could simply provide increased FMS to compensate for all of the MAP reductions. This could be accomplished within existing authorization bills and in the appropriation conference. Although the aid recipients obviously prefer grants, all of their program objectives could be met through credits.

Attachment

~~CONFIDENTIAL~~

GRANT MILITARY ASSISTANCE
(In millions of Dollars)

	1976				TQ			1976-TQ	
	Request	Cong. Auth.	Proposed allocation <u>1/</u>	Reduction	Request	Cong. Auth.	Proposed allocation	Total	Net Reduction
Korea	74.0	55.0	60.5	-13.5	-	13.8	9.4	69.9	-4.1
Jordan	100.0	50.0	55.0	-45.0	-	12.5	13.8	68.8	-31.2
Turkey	75.0	31.0	(31.0)	-75.0	-	7.8	-	-	-75.0
Greece	50.0	31.0	34.1	-15.9	-	7.8	-	-	-15.9
Philippines	19.6	17.0	18.7	- .9	-	4.3	.9	19.6	-
Thailand	28.3	16.0	17.6	-10.7	-	4.0	4.4	22.0	-6.3
Indonesia	19.4	13.0	14.3	-5.1	-	3.3	3.6	17.9	-1.5
Ethiopia	11.7	6.0	6.6	-5.1	-	1.7	-	6.6	-5.1
Others	7.7	6.0	6.6	-1.1	-	1.7	-	6.6	-1.1
General costs	<u>37.1</u>	<u>32.0</u>	<u>32.0</u>	<u>-5.1</u>	<u>32.2</u>	<u>8.0</u>	<u>32.2</u>	<u>64.2</u>	<u>-5.1</u>
<u>TOTAL</u>	422.8	257.0	245.4		32.2 ^{2/}	64.9	64.3	309.7	
Financing(-)	<u>-28.3</u>	<u>-28.3</u>	<u>-28.3</u>		<u>-5.0</u>	<u>-7.1</u>	<u>-5.0</u>	<u>-35.4</u>	
Useable BA	394.5	228.7	217.1		27.2	57.2	59.3	274.3	
Unused BA	--	-	11.6		-	-2.1		9.5	

^{1/} Assumes delay in approving Turkish Base Agreement will preclude MAP for Turkey in FY 76; funds for Turkey reallocated to limit of 10% permitted by law.

^{2/} Excludes Spain

~~CONFIDENTIAL~~

37C

200 I

100 E

62) 30.1 FMS
13.8 NIAD
15.1 SA
14: SA Syria

200 Israel FMS (no forgiveness)

Proportionate amounts

THE WHITE HOUSE
WASHINGTON

June 17, 1976

SUPPLEMENTAL

Jordan	\$20 mil
Korea	\$12.5 mil
Portugal	\$1.67 mil

Deser
Cont