

June 16, 1972

Mr. Miller -

Attached are the papers  
we have been handing out.  
Unfortunately I didn't get to  
speak with Mr. Schae about  
the people they are seeing.  
However, when I do get this  
information I will call it  
over to you.

Boh. Gzornitz

State Dept. review completed

CONTENTS

- A. S.3390 - The Foreign Assistance Act of 1972  
Report No. 92-823 Foreign Assistance Act of 1972
- B. The President's letter to the Senate Majority and  
Minority Leaders dated June 9, 1972

SECURITY ASSISTANCE

- C. Tables of Comparative Funding Action

AMENDMENTS and POSITION PAPERS  
(in order of precedence in the Act)

- D. Military Assistance - Sec. 504 (a)
- E. MASF to MAP - Laos and S. Viet-Nam - Sec. 513
- F. Local Currency Deposit - 10% to 25% - Sec. 514(a)
- G. Third Country Operations (Thai Irregulars) - Sec. 515
- H. Supporting Assistance - Sec. 532
- I. Prohibition on Certain South Asian Countries -  
Sec. 720 (x)
- J. Cambodian Limitation - Sec. 655
- K. Foreign Military Credit Sales Authority to Increase  
Terms to Twenty Years - Sec. 23 Foreign Military  
Sales (FMS) Act
- L. Foreign Military Sales Levels - Sec. 31(a) (FMS Act)

- M. Foreign Military Sales Regional Ceilings -  
Exempt Cash Sales - Sec. 33 (FMS Act)
- N. Excess Equipment Limitation - Sec. 8(b) (FMS Act)
- O. Mansfield - Sec. 12 of 1972 Act
- P. Azores and Bahrein - Sec. 13 of 1972 Act
- Q. Executive Agreements Related Bases and Nuclear  
Storage - Sec. 14 of 1972 Act



Washington, D.C. 20520

June 12, 1972

MEMORANDUM

TO: Senator Scott, Republican Majority Leader  
Senator Griffin, Assistant Republican  
Majority Leader

FROM: David M. Abshire, Assistant Secretary for  
Congressional Relations

*Dave*

SUBJECT: Foreign Assistance Act - Senate Floor Debate

During the course of Senate floor consideration of the 1972 Foreign Assistance Act, which begins today, the administration proposes to respond to the numerous restrictive amendments and authorization cuts in the bill as reported out of the Senate Foreign Relations Committee as set forth below:

The President has sent letters to both leaders requesting support for his proposals and describing the impact of the bill in its present form (copy attached).

1. Mansfield Amendment (Sect. 12) - Senator Stennis will introduce an amendment to strike.
2. Azores/Bahrein (Case-Sect. 13) - Senator Sparkman will introduce an amendment to strike. We will try for Senator Tower to support on floor.
3. Executive Agreements-Advice and Consent (Case-Sect. 14) Senator Scott will move to strike. His office will try to enlist support of Senator's Pastore (Joint Atomic Energy Committee) and Aiken.

4. Transfer of Laos and Viet-Nam from MASF to MAP (Sect. 513) - Senator Stennis will move to strike.
5. Third Country Forces in Laos, N. Viet-Nam or Thailand (Sect. 515) - We will try Senator McGee.
6. Excess Property Limitation - Senator Saxbe will offer an amendment to delete South Viet-Nam from this provision.
7. Cambodian Limitation (Sect. 655) - We will try Senator Fannin to move to raise ceiling to \$320 million from \$275 million set in Committee.
8. 25% Local Currency Deposit (Sect. 514) - Senator Allott will move to revert to 10% level in present act.
9. South Asian Prohibition (Sect. 620) - Senator Allen will move to strike; fall back would provide a Presidential waiver.
10. Grant Military Assistance Level (Sect. 504) - Administration request cut from \$780 million to \$600 million. Senator Stennis will move to restore.
11. Supporting Assistance (S.A.) (Sect. 532) - Administration request cut from \$844 million to \$650 million. Senator Stennis will move to restore.
12. Foreign Military Credit Sales (Sect. 31 of FMS Act) - Administration request cut from \$527 million to 400 million. We will try to get Senator Tower to move to restore the funds and the ceiling.
13. FMS 10 to 20 yr. Credit Terms - (Sect. 23 of FMS Act) Senator Bennett will introduce an amendment to permit 20 year credit terms in foreign military credit sales. (In order to move countries to credit sales from grants.)

14. FMS Regional Ceilings (Sect. 33 of FMS Act) - Exempt cash sales. We will try Senator Bennett.

Order of Proceeding

At this juncture it is the view of the administration that the order of precedence might be:

MAF to MAP (Stennis) - Tuesday

Azores/Bahrein (Sparkman) Wednesday

Executive Agreements (Scott) - Thursday

We would survey the situation Thursday regarding the subsequent order of precedence.

Attachment:

President's letter dated June 9

THE WHITE HOUSE

WASHINGTON

June 9, 1972

Dear Mike:

In my special report to the joint session of the Congress on June 1, the evening of my return from the summit discussions in Moscow, I said that the door to the agreements that we reached there had been opened because the United States had maintained the strength it needed to protect its interests. A vital and indispensable element of that strength has been our continuing security assistance program.

The Foreign Assistance Authorization bill for fiscal year 1973, a significant portion of which is devoted to security assistance, is of direct and fundamental importance to the continued maintenance of our strength and the protection of our interests. As you know, the Senate will soon begin consideration of this bill, S. 3390.

At Guam in 1969, I made clear that the United States would look increasingly to its friends and allies to play a greater role in providing for their own defense. Since that time we have moved forward steadily toward that objective with full recognition that our own security depends importantly upon the independence, the progress and the stability of our friends. But if we are to reach that goal, we must help others to develop the ability to defend themselves. My Foreign Assistance program requests for fiscal year 1973 are based on these imperatives.

The severe cuts in my fiscal year 1972 requests, and the restrictive amendments which were imposed, significantly limited our ability to move toward the basic objectives of the program -- the maintenance of the strength necessary to secure a lasting peace.

When I forwarded <sup>my</sup> fiscal year 1973 requests on March 10, 1972, I reported that the foreign assistance appropriations for fiscal year 1972 were below the minimum level required to attain our foreign policy and national security goals. Such reductions and restrictions, if imposed by the Congress again in 1973, will call into serious question the firmness

of our commitments abroad. Such Congressional action could have a destabilizing effect at a time when confidence in our support and perseverance will be critically needed.

In recent months we have taken bold and decisive steps in our continuing search for peace. I believe that through these efforts we have done much to enhance America's security and that of the entire world, primarily by diminishing the likelihood of direct confrontation with the Soviet Union and the Peoples Republic of China. Though we are making every effort to expand on these initial and significant steps, the process of building the structure of lasting peace will be long and arduous.

I share with you the desire to withdraw our remaining forces from Indochina in a timely and honorable manner. But Congressional amendments which can be misconstrued by our adversaries to be hostile to my peace proposals of May 8 do not serve this objective. As I have reported to you and to the people of the United States, we are continuing to pursue every possible avenue toward peace in Southeast Asia. I have made clear to the North Vietnamese that we are fully prepared to participate in meaningful negotiations to achieve a settlement and I am hopeful that they will be convinced that such negotiations are in the best interests of all parties.

I am firmly convinced that the achievement of our purposes -- in Vietnam and elsewhere -- will be far more likely if this bill is passed in substantially the form in which I submitted it. As brought to the floor, however, the bill is incompatible with these objectives.

I have always appreciated the assistance you have given me in formulating programs to ensure this nation's welfare and security. We seek the same ends -- the maintenance of our strength and will, a lessening of tensions and an amelioration of the plight of the less privileged. I am confident that I can count on your firm support in the further pursuit of the goals.

Sincerely,

Honorable Mike Mansfield  
Majority Leader  
United States Senate  
Washington, D.C.



UNCLASSIFIED

SECURITY ASSISTANCE PROGRAMS

NEW OBLIGATIONAL AUTHORITY

(\$ millions)

	<u>FY71</u> <u>Appropriation</u>	<u>FY72</u> <u>Request</u>	<u>FY72</u> <u>Appropriation</u>	<u>FY73</u> <u>Request</u>	<u>FY73</u> <u>SFRC 1/</u>
Grant Military Assistance	690.0	705.0	500.0	780.0	600
Foreign Military Credit Sales	699.3	510.0	400.0	527.0 <u>2/</u>	400
Security Supporting Assistance	596.6	778.0	550.0	844.0	650 <u>3/</u>

1/ Senate Foreign Relations Committee Authorization.

2/ Comparable TOA program request was for \$629 million. Mark-up is \$550 million of which \$300 million is earmarked for Israel.

3/ \$50 million earmarked for Israel.

DEPARTMENT OF STATE

S. 3390  
Sec. 4(1) 504 (C)

TWENTY-THREE PERCENT SLASH IN FUNDS FOR GRANT MILITARY ASSISTANCE  
Senate Foreign Relations Committee's Action

The Senate Foreign Relations Committee slashed the Administration's request for grant military assistance programs by over twenty-three percent -- from \$780 million to \$600 million.

Administration's Position

The Administration opposes this cut and urges the Senate to restore the full amount -- \$780 million.

Discussion

1. The Grant Military Assistance Program is the linchpin of the Nixon Doctrine. It enables us to provide allied and friendly governments with a portion of the equipment and training necessary to enable them to bear primary responsibility for their own defense.

2. A twenty-three percent cut in grant military assistance in FY 73, coming on top of a twenty-eight percent cut in FY 72, would increase doubts friendly governments have about American willingness to play a responsible role in world affairs. Such a cut would greatly encourage elements in the Middle East, Southeast Asia, and elsewhere which are still anxious to change the existing world balance of power by force.

3. Such a cut would threaten the stability of Cambodia and Thailand, weaken the contribution Turkey can make to stability in the Middle East and the strength of the Mediterranean flank of NATO, set back our program to modernize Korea's armed forces, and weaken our relationships with a number of nations who permit us to station United States forces on their territory. Meaningful programs for such countries as China, Indonesia, the Philippines, Greece and Ethiopia could not be completed and important U.S. policy objectives in these countries would be imperiled.

4. Finally, this program cannot be viewed in isolation from other expenditures for national security. It costs at least \$10,000 to station an American soldier overseas but roughly only \$500 to train and equip an allied soldier to take his place. As a direct result of this program and the MASF funded Vietnamization program, we have been able to withdraw over half a million American personnel from East Asia and the Pacific. The millions appropriated for this program saves billions in other national security programs.

(Section 504(a) - MAP authorization)

On page 6, in line 20, strike out the figure  
"\$600,000,000" and insert in lieu thereof the figure  
"\$780,000,000".

S-3390

Section 4(3) (A)&(B)

The proposed legislation would require that any military assistance furnished by the U.S. to Laos or South Vietnam directly or through any other foreign country be authorized by the Foreign Assistance Act or the Foreign Military Sales Act after 30 June 1973.

Executive Branch Position

The Executive Branch opposes the transfer of authority for funding for Laos and South Vietnam from the regular Defense Budget to the Foreign Assistance Act or the Foreign Military Sales Act in FY 74.

South Vietnam was transferred from the Military Assistance Program to Military Assistance Service-Funding in the DOD budget in 1966 and Laos was similarly transferred in 1967 because the Military Assistance Program is not designed to be responsive to a war-time situation. This condition still exists in both countries. Thus, the Executive Branch position is that at this time there does not exist a basis to revert these country programs to a Military Assistance of Foreign Military Sales Program. The proposed transfer would reduce the flexibility of U.S. response to requirements on a timely basis since neither Military Assistance or Foreign Military Sales can respond quickly to the dynamics inherent in a combat situation as it now exists in these countries.

(Section 513 - MAP vs. MASF funding)

On page 6, strike out line 24 and all that follows through and including line 9 on page 7.

DEPARTMENT OF STATE

S. 3390  
Sec. 4(a) *514 (a)*

TWENTY-FIVE PERCENT DEPOSIT REQUIREMENT

The proposed legislation would amend Section 514 to require recipient governments to make local currency deposits of twenty-five percent of the value of MAP and excess defense articles received from the USG. The present law, passed last year, requires a ten percent deposit.

Executive Branch Position

The Executive Branch strongly opposes a twenty-five percent deposit requirement as it opposed the ten percent deposit requirement in last year's legislation. The Executive Branch urges repeal of the entire section.

Discussion

Section 514, as now constituted, requires MAP recipients to deposit the local currency equivalent of ten percent of the value of MAP and excess defense articles received, the funds to be available for all USG official uses. This requirement is contrary to the military assistance program's basic purpose of helping friendly countries which cannot afford to maintain adequate defense establishments. It is thus contrary to one of the basic thrusts of the Nixon Doctrine: to encourage other countries to assume more responsibility for their own defense. The money required for these deposits is money diverted from programs to achieve self-sufficiency.

Implementation of the ten percent deposit requirement since that law became effective on February 7, 1972, has created substantial difficulties with a number of countries with whom we have long-standing and mutually beneficial

security arrangements. It will, if not repealed, impact severely (\$20 million out of a defense budget of \$360 million) on Korea's efforts to modernize its armed forces and achieve substantial self-sufficiency -- a program that is clearly in the U.S. interest. It imposes a burden on Jordan which it can't afford. It has created real problems with a number of countries that receive only MAP training which is an exceedingly important means of establishing good long-term relations with the future military leaders of the recipient countries. (Under this program, some 4,000 trainees come to the U.S. every year.) Moreover, as a practical matter, the value of our present arrangements with host countries, i.e., currency contributions, office space, military housing and installations, in the aggregate, exceed the value we could expect to receive under the deposit. We estimate that our present arrangement permits us to meet those objectives at a minimum cost.

If the deposit requirement were raised to twenty-five percent, the problems would be compounded by many multiples. The entire security assistance program and an important part of the Nixon Doctrine would be jeopardized. A number of training-only countries could be expected to terminate those programs -- and the loss would be ours. Only a dozen countries receive grant materiel programs in excess of \$1 million per year, and the security of these countries has a direct bearing on the security of the US. They could be expected to re-examine closely the validity of the premises of our security cooperation arrangements -- USG assurances of assistance in time of need would be doubted, as would the USG's will to act to preserve its vital international interests. Such reactions could have an immediate and dangerous impact on our nation's security.

For these reasons the Administration opposes Section 514 and urges its repeal.



On page 7, strike out line 10 and all that follows through and including line 16 and insert in lieu thereof the following:

"(3) Section 514 is hereby repealed."

Fallback:

On page 7, strike out line 10 and all that follows through and including line 16.

DEPARTMENT OF STATE

S. 3390

Sec. 5/5

LIMITATIONS OF AVAILABILITY OF FUNDS FOR MILITARY OPERATIONS

The proposed legislation of Section 515 would prohibit funds for the purpose of financing any military operations by "foreign forces" in Laos, North Vietnam or Thailand without specific authorization of Congress.

Executive Branch Position: The Executive Branch strongly opposes the proposed legislation.

The Nixon doctrine presents a coherent program for the encouragement of local self-defense efforts, with U.S. support, to replace direct involvement by U.S. forces. One of the essential elements of this doctrine is regional cooperation and U.S. support for it. It is clearly the effect of this legislation to rule out one of the current programs of this nature in Southeast Asia, that is U.S. assistance to Thai volunteers serving in irregular forces in Laos under the command of the Royal Lao Government. The legislation may also be designed to inhibit U.S. support for South Vietnamese actions against the Ho Chi Minh Trail area in Laos.

The current program of Thai volunteers in Laos is an essential part of the efforts to defend the independence and neutrality of that country. The small Lao population in comparison with that of North Vietnam has always made for an unequal struggle by the Lao. The continued attrition of the Lao forces by decades of war has made the struggle increasingly difficult. The Lao self-defense efforts assist in the current program of Vietnamization and the withdrawal of U.S. forces by some direct actions against the Ho Chi Minh Trail area, by forcing the North Vietnamese to deploy to Laos forces which might otherwise be directed against South Vietnam, and by maintaining in power a friendly government which does not impede U.S. and South Vietnamese efforts against the Trail area. In addition, an independent and neutral Laos serves as a buffer for Thailand thereby reducing the likelihood that the SEATO commitment would ever have to be invoked by the Royal Thai Government. Hence, particularly in the crucial year ahead during which we hope to arrive at a settlement in all Indochina, it would be highly undesirable to indicate so clearly to North Vietnam -- and to the friendly Lao and Thai governments -- that the U.S. would not be providing assistance for the military component needed to complement the political efforts to arrive at an honorable and stable settlement in the area.

The legislation could also be construed to inhibit U.S. support for South Vietnamese forces operating against base areas in Laos. The result would be extremely helpful and important to the North Vietnamese. It would restore and guarantee inviolate sanctuaries in Laos, assure them unopposed access to lines of communication for movement of soldiers and supplies, and allow them to mount attacks into South Vietnam from secure base areas adjacent to the South Vietnamese border and within miles of key targets in South Vietnam. The use of Laos as a secure supply area and base of operations will strengthen the North Vietnamese forces in both South Vietnam and Cambodia. It is clear that this provision of the legislation would weaken the U.S. position in Southeast Asia and detract significantly from the U.S. and South Vietnamese capability to negotiate a satisfactory political settlement.

It would also be undesirable as a matter of precedent to enact this legislation. If applied to other countries, such legislation could in effect make it more difficult to support regional defense efforts, thereby discouraging friendly countries threatened by aggressors and perhaps in some cases increasing the likelihood of direct U.S. involvement.

In addition, this proposed provision of the law is impractical to administer for the following reasons:

a. It applies to future funds and therefore could not be made applicable to materiel already applied to RVN. To apply this proposed revision of the law would require segregation of the materiel provided before and after the effective date. This could not reasonably be done and as a practical matter would be impossible to administer and monitor.

b. The nature of war does not lend itself to a procedure which, if the funds were approved, would nonetheless require the pre-clearance by Congress of the details of specific, and frequently small scale, military operations.

(Section 515. Funding of foreign forces in Laos,  
North Viet Nam or Thailand)

On page 7, strike out line 15 and all that follows  
through and including line 10 on page 8.

The Administration's Fiscal Year 1973 request for Supporting Assistance was \$844 million.

The Senate Foreign Relations Committee, in contrast, has proposed authorization of only \$650 million of Supporting Assistance funds for Fiscal Year 1973. This proposed cut of \$194 million would constitute a reduction of 23% from the President's request.

An adequate level of Supporting Assistance is an essential requirement of the Administration's policy which aims to transfer the burden of defense from U.S. forces to friendly and allied countries without jeopardizing their economic stability. The new course on which the Nixon Doctrine has set us encourages other countries to take on greater responsibilities themselves, but they can achieve the desired degree of military self-reliance only if we are willing to provide adequate direct economic

support to offset the increased defense costs which they must assume. To short-change our responsibilities would risk magnifying the world's instability in the near term and impairing peaceful development in the long run.

The bulk of Supporting Assistance funds goes for economic support of the Southeast Asian countries to allow them to carry the burden of their own defense as the U.S. military involvement in Vietnam continues to wind down. If the pattern of reduced U.S. military involvement is to proceed without jeopardizing the continued existence of these countries, it is essential that adequate Supporting Assistance funds be provided. The amount requested is small in relation to the savings now being realized on the military side as U.S. troops are withdrawn from Vietnam. As we continue to reduce our own physical presence, the adequacy and effectiveness of our security assistance program becomes of

The proposed cut would result in a substantial disruption of Supporting Assistance programs, particularly in Vietnam. The Vietnam program would have to take the brunt of such a large reduction since Vietnam represents roughly two-thirds of the total Security Assistance request. Such a major reduction in Supporting Assistance would imperil the considerable progress which has been made in turning the war over to the South Vietnamese. It would undermine the sweeping economic reform program which the South Vietnamese government is now pursuing and would make it difficult to provide adequate assistance to refugees, war victims, and longer term economic development initiatives.

The primary purpose of this assistance is the preservation of peace through the deterrence of war. It is another instrument of that same quest for peace which guided the President on

his recent trips to Peking and Moscow. This assistance will strengthen the defense capabilities of our friends and allies so that they can shoulder their own responsibilities for security and we can reduce our direct involvement abroad. In this way, we can continue to work together toward deterring aggression and creating a workable structure for world peace. This assistance permits us to honor our international commitments and promote our own security interests while still reducing both the monetary and the manpower burdens which the United States now carries.

6/5/72



(Section 532 - Security supporting assistance)

On page 8, in lines 15 and 16, strike out the figure "\$650,000,000" and insert in lieu thereof "\$844,000,000".

S.3390

Sec. 4 620 .

1. CHURCH AMENDMENT ON MILITARY ASSISTANCE TO SOUTH ASIAN COUNTRIES

The Church Amendment would prohibit all forms of grant assistance, including training, and all Foreign Military Sales to the countries of South Asia, i.e., India, Pakistan, Ceylon, Nepal, Bhutan, Bangladesh and the Maldives Islands. There is no provision for exception or Presidential waiver.

2. EXECUTIVE BRANCH POSITION

The Executive Branch opposes enactment of the Church Amendment and seeks its elimination from the Foreign Assistance Act.

3. DISCUSSION

The Church Amendment is too sweeping and too inflexible. Its provisions would eliminate training of South Asian military personnel in this country. We have had modest programs for training in recent years, and we would like to continue them to maintain a relationship with the military forces in the region. The amendment would also prevent the Executive Branch from responding to emergency situations, such as the insurgency in Ceylon last year when we provided a modest amount of assistance to the democratically elected government there. It would also preclude provision of spare parts for U.S. equipment already supplied to Ceylon last year. In Nepal, the amendment could also prevent fulfillment of our commitment to support the East-West Highway and make it impossible for us to supply spare parts for the vehicular, medical and communications equipment already provided under an earlier MAP program.

We are, of course, hopeful that upcoming peace talks in South Asia will produce an honorable and just settlement. In our diplomatic contacts with Pakistan, India and Bangladesh, we have consistently urged such a settlement. We have no intention of taking any action that would fuel an arms race in South Asia or would prejudice the achievement of a peaceful settlement there. However, we believe it important that we maintain the flexibility to respond to changing circumstances in South Asia which might justify or require a military supply relationship with one or more of the countries of the region.

Approved For Release 2002/05/17 : CIA-RDP74B00415R000600090027-4  
(Section 620 - Prohibition on military assistance to  
South Asia)

On page 9, strike out line 3 and all that follows  
through and including line 15.

Fallback I:

On page 9, in line 14, insert "unless the President  
finds and reports to the Congress that such assistance,  
sale, credit sale or guarantee is important to the  
national interest of the United States."

Fallback II:

On page 9, in line 8, strike out the word "assistance"  
and insert in lieu thereof "defense articles"; in line 10,  
strike out "sale,"; in line 9, strike out "sale,"; in  
lines 10 and 11, strike out the words "or defense services".

DEPARTMENT OF STATE

LIMITATION ON CAMBODIAN ASSISTANCE

S-3390 - Sec 9

(Sec 655, FAA)

The proposed legislation would reduce the ceiling for assistance to Cambodia from \$341,000,000 to \$275,000,000.

Executive Branch Position

The Executive Branch opposes the reduction of the Cambodian ceiling since support of Cambodia is critical to the entire South East Asia situation and particularly to the orderly and safe withdrawal of US Forces.

The current budget requests for FY 1973 total \$345.5 million (AID - \$75 million; PL 480 - \$30 million; Military Assistance Program - \$225 million, including costs for packing, crating, handling and transportation). In addition, it is assumed that about \$15.5 million in excess defense articles will be provided. A limit of \$275 million on all US assistance would almost certainly result in a reduction of all three programs. The adequacy of military assistance depends on the adequacy of the AID and PL 480 programs. Specifically, as regards military assistance, any reduction below the \$225 million level would seriously limit Cambodian military capability to defend its territory against enemy forces. Limitations in US-supported field forces would limit the Armed Forces' capability to defend primary population centers and lines of communication. Such limitation in Cambodian military capability would give to the enemy freedom of movement, operation, and sanctuary in Cambodia which would impact not only on the Cambodian situation but also on Vietnamese operational capability and on US withdrawals.

(Section 655 - Cambodian ceiling)

On page 9, in line 25, strike out the figure  
"\$275,000,000" and insert in lieu thereof "\$320,000,000".

DEPARTMENT OF STATE

S. 3390

EXTENSION OF CREDIT REPAYMENT PERIOD  
(Section 23 of Foreign Military Sales Act)

The Committee has eliminated the Executive's request to extend the period of repayment on FMS credit from ten to twenty years.

Administration Position

The present Foreign Military Sales Act limits the repayment period on loans to ten years. The Administration urges reconsideration of its amendment.

Discussion

- One of the objectives of U.S. security assistance is to encourage nations receiving grant assistance from the United States to assume progressively greater portions of their own defense costs as their economic capabilities increase. To ease this transition, we have attempted to substitute credit sales for grant military aid, followed eventually by a shift to straight commercial sales. Longer repayment terms will mean a quicker reduction of grant military assistance as friendly nations will be able to assume a greater share of their defense burden earlier.

- A longer repayment period will also be used to help friendly countries such as Israel meet an emergency. Under the present Act, for example, we are unable to give Israel a repayment period of more than ten years, although we can provide concessionary interest rates. Credit under these terms imposes a heavy debt repayment burden on Israel.

(FMSA, section 23 - credit terms)

On page 10, in line 6, strike out "(1)" and insert in lieu thereof "(1) In section 23, relating to credit sales, strike out 'ten' and insert in lieu thereof 'twenty'. (2)"; and in line 8, strike out "(2)" and insert in lieu thereof "(3)".

S.3390

Sec. 10 (3) FMS Act

FMS CREDIT LEVELS

Senate Foreign Relations Committee Action

The Committee has reduced the Administration's request for FMS credit from a program of \$629 million to one of \$550 million and reduced the new obligational authority request from \$527 million to \$400 million.

Administration Position

The Administration requests restoration of the FMS program to the originally proposed levels of \$629 million and \$527 million.

Discussion

The Administration's Foreign Military Credit Sales Program is an integral part of the Security Assistance Program. The amounts requested have been carefully developed and represent an accurate forecast of requests for credit assistance from friends and allies. The program is a mixture of direct credit and guaranteed private credit. Most loans are provided at the cost of money to the United States Government and thus do not represent a cost to the American taxpayer. About one half of the program amount is required for Israel, leaving only a little over \$300 million for worldwide requirements.

The aims of the Foreign Military Credit Sales Program are:

- to assist friends and allies in assuming a greater role in their own defense using their own resources to the greatest extent possible;
- to help friendly nations meet essential security needs;
- to terminate grant military assistance as quickly as feasible without raising security risks to our allies or placing undue burdens on their economies;



- although we do not and will not approve the sale of arms primarily for commercial reasons, nevertheless the credit program does make a positive contribution to our balance of payments.

(FMSA, section 31 - authorization)

On page 10, in line 7, strike out "1972" and insert in lieu thereof "\$400,000,000 for the fiscal year 1972"; also in line 7, strike out "1973" and insert in lieu thereof "\$527,000,000 for the fiscal year 1973"; in line 9, strike out "1972" and insert in lieu thereof "\$550,000,000 for the fiscal year 1972"; and in line 10, strike out "1973" and insert in lieu thereof "\$629,000,000 for the fiscal year 1973".

DEPARTMENT OF STATE

CEILING ON EXCESS DEFENSE ARTICLES

S-3390 - Sec 11

(Sec 8(b), FMSA) -

The proposed legislation would reduce the "no-charge-to-Military Assistance Program" ceiling on supply of excess defense articles from the requested \$245 million to \$150 million at one-third of acquisition (original) cost.

Executive Branch Position

The Executive Branch would accept the reduction of the ceiling to \$150 million provided transfer to Vietnam were excluded. The proposed legislation would reduce the "no charge" ceiling from \$185 million authorized for FY 1972 to \$150 million for FY 1973 despite the inclusion for the first time of excesses which may be supplied to Vietnam beginning on 1 July 1972. Transfers of excess defense stocks to Vietnam in FY 1973 are forecast at \$32.2 million (at one-third of the original cost). The Administration request for \$245 million ceiling had been predicated on inclusion of Vietnam in FY 1973 as required by the Foreign Assistance Act of 1971. Thus, the amendment would reduce the ceiling \$35 million below the FY 1972 level which did not include Vietnam. Exceeding the authorized ceiling requires that the "legal value", i.e., one-third of the acquisition or original cost must be paid by the Military Assistance Program into the Treasury in the amount the ceiling is exceeded. At a time when proposed reduction of the Military Assistance Program new obligational authority is already critical, such payment would have a serious effect on funding the Military Assistance Program.

At a \$150 million ceiling, including Vietnam, we will be unable to carry out a program that makes good use of equipment excess to our needs but which meet legitimate requirements of our friends and allies.

Reduction of the excess defense article ceiling to \$150 million makes the inclusion of Vietnam in the FY 1973 infeasible. The Executive Branch position is that Vietnam should be excluded from the ceiling on excess defense articles.

If Vietnam is included, an adequate ceiling must be provided to accommodate these transfers.

Approved For Release 2002/05/17 : CIA-RDP74B00415R000600090027-4  
(P.L. 91-672, section 8(b) - excess ceiling)

On page 10, in line 16, strike out "\$150,000,000"  
and insert in lieu thereof "\$150,000,000 exclusive  
of excess defense articles ordered for grant to the  
Republic of Viet-Nam".

DEPARTMENT OF STATE .

S. 3390  
Sec. 12

MANSFIELD AMENDMENT ON HOSTILITIES IN INDOCHINA

The Effect of the Amendment

The Amendment will require the complete withdrawal of all US forces, combat and support, from South Viet-Nam by August 31, 1972, irrespective of any reciprocal action by the enemy or progress in the peace negotiations. US military forces could continue to engage in hostilities "in or over Indochina" after this date but such involvement would terminate after an agreement for a cease-fire between the US and the Communist forces, the release of all the US POWs and an accounting for missing-in-action personnel. The accounting would be subject to verification by the ICRC or other mutually agreed upon international body.

Executive Branch Position

The Executive Branch opposes the Mansfield Amendment because it would have the effect of withdrawing vitally-needed US support for our South Vietnamese allies at the moment they are literally fighting for survival in the face of the massive North Vietnamese invasion. Moreover, this support would be withdrawn without any compensating prospect that the Mansfield Amendment could also contribute to a negotiated end to the killing in Indochina; in fact, a unilateral commitment to withdraw all US forces by a fixed date would serve to weaken our negotiating leverage. Also, by failing to provide for an end to the fighting through a general cease-fire we would jeopardize the chances for the South Vietnamese people to determine their own political future free from outside coercion.

The President has the clearly stated aim of ending American involvement in the war in an honorable way, and in a way that will best serve America's long term interests. The primary issue, then, is whether the President as

2.

Commander-in-Chief, will be allowed to carry out a rational, carefully developed program to this end. The goal of the American withdrawal, phased in accordance with the development of Vietnamese capability to carry on the struggle, if necessary, is one which accords with what the great majority of the American people hold to be right and honest. This program has been successful. Nearly 500,000 troops have been withdrawn, and with such assistance which is still necessary, the Vietnamese are defending themselves courageously against an invasion of unprecedented dimensions. The fact that the North Vietnamese desperately struck with all their might before the Vietnamization program had been completed reflects their realization that it was succeeding and that time had begun to run against them.

It would be a disgraceful display of national irresponsibility in terms of the world in which we live for the US Government, at this critical stage, suddenly to abandon this policy and jeopardize the survival of our friends of many years.

The military measures taken by the President are required by the size and nature of the North Vietnamese offensive, and are providing effective in thwarting the enemy's attempt at a military solution. At the same time, the President offered generous terms for a negotiated settlement and an end to the fighting. He has in effect proposed a US withdrawal in a time interval similar to that of the Mansfield Amendment. However, the important difference is that the President's proposals, if accepted, would not only end US involvement and secure the release of the prisoner, but would end the killing throughout Indochina and set the stage for negotiation of a political settlement by the Vietnamese themselves. Moreover, the proposals in no way constitute a threat to North Viet-Nam; the only "concession" that country is asked to make is to desist from attempting to take over South Viet-Nam by force of arms."

(Hostilities in Indochina)

On page 10, strike out line 17 and all that follows through and including line 18 on page 11.

DEPARTMENT OF STATE

S. 3390

Sec.13

EXECUTIVE AGREEMENTS RE BAHRAIN AND AZORES

Senator Case has introduced an amendment which would terminate all funds necessary to implement agreements signed by the U.S. with Portugal and Bahrain, giving the U.S. the right to use certain military and related facilities in the Azores and Bahrain, until such agreements are submitted to the Senate as treaties for its advice and consent to ratification.

Executive Branch Position:

The Executive Branch opposes enactment of this legislation.

Discussion:

The Azores and Bahrain Agreements were properly concluded as Executive Agreements. These Agreements involve no new policy on the part of the U.S. nor any new defense commitment. Indeed, to seek Senate advice and consent would magnify the importance of these agreements and carry a strong implication of new commitments that were not intended by the parties. The Agreements only secure for the U.S. an option to use certain facilities in the Azores and Bahrain. Congress' constitutional prerogatives are in no way impaired, for if Congress considers the terms of the agreements unfavorable or wishes to preclude use of these facilities by United States forces, it certainly has the option of deciding not to make funds available for those purposes. This is the proper constitutional function for the Congress rather than the attempt in S. 3447 to require these agreements to be submitted as treaties, which is unnecessary as a matter of constitutional law.

The strategic mid-Atlantic position of Lajes Air Base, on Terceira Island in the Azores, makes continued unrestricted use of the airfield essential to our nation's anti-submarine warfare (ASW) and ocean surveillance posture, and -- in the event of hostilities -- also essential to NATO's control of the Central Atlantic. The Azores occupy a key position astride vital commercial shipping lanes from the oil-rich Persian Gulf and the South Atlantic to Europe, North America, and the Mediterranean. Consequently, the islands are a natural choke point and ideal support base for ASW and ocean surveillance operations. Our facilities agreements

relative to the Azores are of precisely the same



nature as those entered into with our other European allies in implementation of the North Atlantic Treaty; we use these facilities in the course of fulfilling our NATO obligations, as well as in support of our strictly national plans.

The U.S. Middle East Force (MEF), which has been stationed at Bahrain since 1949, carries out an important function of providing an unobstrusive U.S. presence but clear manifestation of U.S. interests in the Persian Gulf and Indian Ocean region. The importance of this U.S. presence has increased since the British withdrawal from the region. The Bahrain stationing agreement is a simple logistic support arrangement under which the Middle East Force will have continued access to commercial facilities and a small part (ten percent) of the former British installation. The stationing agreement enables the MEF commander, his staff and the flagship to retain a continuous presence in the region, rather than rotating every six months. This permits an important continuity of command relationships and planning. Maintenance of this force by rotating the flagship and the commander would degrade this continuity, and would require afloat assets which are not available under current force allocation and budgetary limitations. The stationing agreement also enable families of deployed personnel to reside in Bahrain. This is an important element of the Navy's broad program of reducing family separations and improving the quality of Naval service life in order to enable achievement of the objective of voluntary manning of the armed forces.

(Azores and Bahrain Agreements)

On page 11, strike out line 19 and all that follows through and including line 2 on page 12.

DEPARTMENT OF STATE

S.3390  
Sec.14

EXECUTIVE AGREEMENTS RE FOREIGN MILITARY  
INSTALLATIONS AND STORAGE OF NUCLEAR WEAPONS

Senator Case's amendment prohibits the expenditure of funds to carry out any agreement between the United States and a foreign country providing for the establishment of a military installation in that country to which U.S. combat units are to be assigned or providing for the storage of nuclear weapons unless such agreement is approved by the Senate as a treaty.

Executive Branch Position:

The Executive Branch is opposed to this legislation.

Discussion:

U.S. overseas bases comprise an integral element of the U.S. forward defense strategy and are essential to the Nixon Doctrine provisions for assisting our friends and allies in their self-defense. The retention of essential major bases, such as those in Spain, Japan, and the Philippines, could be jeopardized by host country sensitivities and reactions to publicity attendant to debate over re-negotiation of base agreements.

In periods of crisis or tension, the requirements of this amendment regarding establishment of bases could seriously constrain capability to meet strategic requirements for establishment of tactical or logistical facilities in a timely manner in foreign territory with host country concurrence. This would ultimately constrain the President's capability to employ the armed forces to defend national interests in periods of tension or crisis.

Agreements giving the United States a right to use military facilities abroad can properly be concluded as executive agreement. Such agreements contain no defense commitment whatever by the United States, nor do they even commit the United States to use the facilities concerned. They simply give us an option to do so, which we are free to exercise or not. In fact, in most cases such agreements are made pursuant to treaties to which the Senate has given its advice and consent. These agreements in no way affect Congress'

ability to exercise its constitutional rights and powers. It has an opportunity, when it passes on the defense authorization and appropriation bills, to decide whether the U.S. should exercise the right which such agreements give us to use a facility abroad. This is a constitutional responsibility of the Congress as a whole, not of the Senate alone as would be the case under S. 3637. -

It is the long-standing policy of the United States Government to decline to comment in any way on the subject of nuclear weapons or their deployment. Public discussion of any aspect of this extremely sensitive subject, such as would be involved in the process of treaty ratification, could seriously jeopardize United States military security and undermine the relationships between the United States and its allies. Moreover, the Executive Branch keeps the Congress, through the Joint Committee on Atomic Energy, fully and currently informed of actions and plans in this sensitive field.

(Bases and Nuclear Storage Agreements)

On page 12, strike out line 3 and all that follows through and including line 20.