

*Decrypt Done*  
CBF 5229

THE WHITE HOUSE  
WASHINGTON

ACTION  
December 26, 1974

MEMORANDUM FOR: HENRY A. KISSINGER  
FROM: RICHARD T. KENNEDY  
SUBJECT: Signing Statement for the Foreign Aid  
Authorization Bill

The foreign aid authorization has been received at the White House and will be forwarded to the President for action during the next 72 hours. As you know, the Administration was successful in reaching acceptable compromises on the more onerous provisions of the bill. Nevertheless, there remain several damaging restrictions in the bill which must be taken into account in recommending that the President sign or veto the bill. These have been covered in greater detail in my separate memorandum to you of December 19 (NSC Action #-6229).

In the event you decide to recommend that the President sign the bill, I believe it would assist our efforts in the future to issue a signing statement in which the President would set forth his strong concern on these several problem areas. Attached is such a draft signing statement for your consideration. Subject to your approval, I will forward <sup>it</sup> with the bill package which will be submitted to the President in the next day or so.

RECOMMENDATION:

That you approve the attached signing statement.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

MORI C03380304 Pgs 5-7 ONLY.

NSC review completed

MEMORANDUM

6229

## NATIONAL SECURITY COUNCIL

ACTION

December 19, 1974

MEMORANDUM FOR: BRENT SCOWCROFT  
FROM: RICHARD T. KENNEDY *CEL for*  
SUBJECT: Foreign Assistance Act

Several provisions of the newly enacted Foreign Assistance Act present situations where U.S. interests will be jeopardized by restrictions within the Bill. Cambodian levels of aid, both in economic and military assistance; restrictions on aid to Chile; the requirements placed on the intelligence community to brief covert operations to six different Congressional committees, (Tab B), restrictions on P.L. 480, and the possibility on February 5th of a cut-off of aid to Turkey represent major deficiencies.

Many of the agencies concerned with the Foreign Assistance Act have concluded that the Bill is the best compromise that it was possible to attain in the Congressional environment that prevailed. Rather than face the deficiencies squarely, there may be a tendency to gloss over the undesirable aspects, while noting the better portions of the Bill. These deficiencies should be brought to the attention of the President to permit an objective analysis of the Act.

RECOMMENDATION

That you sign the memorandum to the President at Tab A.

MEMORANDUM

## THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER

SUBJECT: Foreign Aid Bill

The Congress has now passed the 1974 Foreign Assistance Act. Several sections of this act will impose severe restrictions on the conduct of a logical foreign policy, and cast some doubt on the overall value of the bill.

Paramount is the limitation on both military and economic assistance for Cambodia. The restrictions on the amount of military assistance, even when the authorized \$75 million drawdown is included, will force a decision to either abandon our objective of maintaining a military situation in which a negotiated peace is possible in Cambodia, or of seeking substantial additional relief from the Congress in the near future. The ceiling on economic aid to Cambodia makes the economic collapse of the country highly likely within the next six months unless there is additional assistance. The total of military assistance, including drawdown, is not adequate to provide minimum essential ammunition and spare parts to the end of the fiscal year.

The bill retains the Senate language, regarding Chile, eliminating military assistance and reducing economic assistance to \$25 million. This may be construed by the Chilean Government as U. S. rejection of their efforts to attain a closer relationship, and may well encourage the Soviet-equipped Peruvians to military adventurism.

The Humphrey Amendment limiting the use of P. L. 480 will have immediate and far-reaching effects. If enforced in the strictest manner as suggested by the legislative history, the Indonesian program would be scrubbed, and the programs for Chile and Korea would be restricted to the token amounts already shipped. The remaining funds would cover the Middle East and Vietnam only if Vietnam does not require the 100,000 tons of rice allocated to them. (Projections indicate that

the GVN will not require this amount, but any final decision will be determined by the harvest in January and February, and the results of the anticipated dry season (offensive). If any increased requirements develop in the Middle East or Vietnam, there is no flexibility to respond to the requirements under the amendment. The actual language of the amendment is rather loose, but the legislative history indicates that a stricter interpretation was intended. While it might be possible to technically ignore the restrictions to a degree, this action would be viewed by many as flouting the intent of Congress.

While some compromise was attained in the limitation on assistance to Turkey, the impending cut-off of aid was neither a wise or useful step for the Congress to enact. Turkey is, and should remain a key element of U. S. security and political interests in the eastern Mediterranean, and even the threat of imposing the cut-off cannot fail to have an immediate effect on our relations. If negotiations are unsuccessful by February 5th, our ability to usefully contribute to a Cyprus settlement, and to work toward restoration of NATO harmony in the eastern Mediterranean will be significantly diminished.

Finally, the bill prohibits any expenditure of appropriated funds for non-collection type foreign operations -- covert actions -- unless you determine that such operations are important to national security, and a description and scope of the operation is reported to six committees of Congress (the four Agency oversight committees of Armed Services and Appropriations of each house, and the Senate Foreign Relations and House Foreign Affairs Committees). Mr. Colby has expressed his concern on the impact of this portion of the bill in a separate letter, and I feel that his concern over the leaking of most sensitive material is valid and a matter of real danger to the United States.

For these reasons, I have misgivings over the value of this bill. It does meet other requirements in humanitarian assistance and the Middle East, but the deficiencies make consideration of veto a necessity. The efforts to attain a bill, the compromises, and the political capital expended insure that most agency recommendations will be to accept the compromise rather to offend those who have supported the Administration efforts to attain what we have now. This is perfectly valid, but tends to cloud the issue of whether the long-term effects of the bill may outweigh the short-term advantages.

CENTRAL INTELLIGENCE AGENCY  
WASHINGTON, D.C. 20505

18 DEC 1974

The President  
The White House  
Washington, D. C. 20500

MORI This Pg

Dear Mr. President:

This is to recommend a statement to be used in connection with your approval of S. 3394, the Foreign Assistance Act of 1974 (attached).

Section <sup>32</sup>27 of S. 3394 prohibits any expenditure of appropriated funds for non-collection type foreign operations ("covert actions") unless and until the President finds that such operations are important to national security and a description and scope of the operation is reported to six committees of Congress (the four Agency oversight committees of Armed Services and Appropriations of each house and the Senate Foreign Relations and House Foreign Affairs Committees).

The legislative history of this section is replete with references to the necessity of protecting the security of the information involved, but no specific language exists in section 27 safeguarding or limiting access to the information. Moreover, House Rule XI, Clause 27(c) entitles all Members of the House to have access to all committee records, and the leaking of my testimony on covert activities in Chile before the Intelligence Subcommittee of the House Armed Services Committee is traceable to this Rule. The attached statement is designed to enhance the prospect of working out suitable security arrangements to protect the sensitive information covered by section 27 of S. 3394.

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MORI This Pg

This recommendation stems from my concern over our ability to protect the security of our activities so that we can fulfill the Agency's statutory functions under your direction. The splintering of responsibility for oversight of this Agency within the Congress as evidenced by this enactment, I am fearful, will bring pressure for widening the audience for receipt of sensitive operational information even further. The enclosed statement or an appropriate revision of it could hopefully slow this tendency.

Respectfully,

SIGNED

W. E. Colby  
Director

Enclosure

Recommended Presidential Statement MORI This Pg  
on Section 27 of S. 3394

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Section <sup>32</sup>~~27~~ of S. 3394 limits the expenditure of appropriated funds for certain foreign intelligence activities abroad by requiring a prior finding by the President that the matters undertaken are important to the national security and a report to congressional committees along with an appropriate description of the nature and scope of such operations.

It is recognized that in a free society such as ours, such activities must be rigidly controlled and I am exerting that control. But, by their very nature, knowledge of them within the Executive and Legislative Branches must be limited in a manner to protect such information.

I have stressed to the Director of Central Intelligence the absolute necessity of maintaining the security of such information. I trust that the Congress in administering this provision will cooperate fully in this endeavor.