

3/12/77

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THE WHITE HOUSE
WASHINGTON

March 12, 1977

Z. Brzezinski -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Clipping on Clsing of US Bases
in Philippines



3619
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Far East Flap

Closing of Two Huge U.S. Bases in Philippines Urged in Secret Report to Carter Administration

By PETER KANN and NORMAN PEARLSTINE
Special to THE WALL STREET JOURNAL

MANILA—The Carter administration is studying a classified report advocating a complete U.S. withdrawal from two huge bases in the Philippines.

The document, already stirring a major controversy among U.S. diplomatic and military officials, was written by Francis T. Underhill Jr., U.S. ambassador to Malaysia and former political counselor at the U.S. embassy here. It was circulated recently to U.S. embassies, the State Department and military officials in Hawaii.

Ambassador Underhill, reached by telephone in Kuala Lumpur, declined to comment on the report.

The status of the military installations—Clark Air Base and Subic Bay Naval Base—is the thorniest issue confronting the Philippines in their relationship with the U.S. and is one of the most pressing Asian issues the Carter administration will have to deal with in coming months. The administration's decision on the bases will have a major impact on U.S. political and economic relations in the Far East.

Last Year's Talks

A tentative agreement on the continued use of the bases had been worked out last December by the then Secretary of State, Henry Kissinger, and Philippine Foreign Secretary Carlos Romulo, but that accord collapsed, and negotiations have been stalled ever since.

The prevailing view among senior U.S. officials in Asia and within the Philippine government still seems to be that the U.S. bases are essential to both nations and to the rest of non-Communist Asia.

Nonetheless, Philippine President Ferdinand E. Marcos, in a Jan. 7 speech, questioned the value to the Philippines of the U.S. bases and announced that the Philippine government was studying their utility.

Ambassador Underhill, a respected career foreign-service officer, is the first senior American official known to be advocating closing the U.S. bases, and his report was clearly timed to have maximum impact on the new Carter administration.

Arguments for Withdrawal

Among other things, the report argues that:

—Southeast Asia hasn't any longer any critical military and political importance to the U.S., despite the U.S. economic presence in the region.

—Countries belonging to the Association

of Southeast Asian Nations aren't willing to support the American military commitment in the Philippines.

—The bases are at best of limited utility because in many cases they couldn't be effectively used without the approval of the Philippine government and the U.S. Congress.

—The effort and cost associated with maintaining the bases aren't necessarily commensurate with their potential military benefits.

—The presence of the bases has caused problems for the Philippines in dealing with Third World nations and with its Communist neighbors and are a source of irritation within the Philippines.

—The bases aren't necessarily an effective deterrent to Soviet and Chinese moves in the region.

Mr. Underhill also argues that after giving up the bases, the U.S. could reestablish its military presence here if security interests dictated it.

"Very Bad Form"

Some senior diplomatic officials elsewhere in the region consider the report controversial because of its source as well as its substance.

"It is very bad form" for an ambassador in one country to talk about issues in another country, says one embassy official. Another senior U.S. diplomat, however, says Mr. Underhill was playing a "useful gadfly role" in suggesting closing of the bases.

Those U.S. diplomats who support continuation of the American bases insist that their closing would upset the stability of the region. "It would be an enormous psychological shock to the non-Communist countries in Southeast Asia," says one American official, who asserts that the region is just emerging from the instability that followed the Communist takeover of Vietnam.

Officials attempting to rebut Mr. Underhill's proposals also argue that closing the U.S. bases would require a higher level of defense spending by the Philippines and other non-Communist Southeast Asian nations, and that such defense efforts would inevitably come at the expense of needed economic development in the region.

They also argue that it would cost the U.S. much more than it is currently spending to maintain its military posture in Asia. The officials say there isn't any substitute in Asia or the Pacific for the Subic Bay Naval Base. "We'd really be talking about a fallback to the U.S. West Coast" and a lot more ships, one American diplomat says.

Other officials assert that closing the bases would upset the Japanese, who count on the U.S. to safeguard their vital sea lanes in Asia.

There is also concern that closing the bases would upset the Japanese, who count on the U.S. to safeguard their vital sea lanes in Asia.

"In Asia, there are 13 countries; six are Communist and seven are free," one Japanese foreign-ministry official says. "These seven have poor military power, and while we have to maintain peace in Asia collectively, Japan doesn't have a very strong military power, and therefore we haven't any other way but to depend on the U.S."

Clark Air Base is the largest U.S. overseas military installation. Its 204 square miles, much of it unused, is home for the only remaining U.S. warplanes in Southeast Asia. Subic, with 100 square miles of water and land, is America's largest overseas Naval base. It is a major refitting station for the U.S. Seventh Fleet.

The two bases, which together employ 13,700 U.S. servicemen and about 43,000 Filipinos, aren't any longer considered indispensable to the Philippine economy. They are, however, the second-largest employer in the country and contribute more than \$200 million annually to its economy.

U.S. History at Bases

The U.S. has held near sovereignty over both bases and several others in the Philippines since 1898, when the Philippines were ceded to the U.S. by Spain. After the Philippines gained independence from the U.S. in 1946, the new government signed treaties giving the U.S. a rent-free lease on the bases through 1991.

The Philippines first advocated renegotiation of the base agreements in 1959. Talks, however, didn't begin in earnest until late 1975, following a visit to the Philippines by former President Ford, who promised to renegotiate their status.

Messrs. Kissinger and Romulo met in Mexico City to discuss the bases last December and agreed in principle that the U.S. should pay about \$1 billion to the Philippines in return for continued use of the bases for five years. But the talks broke down, in part over whether the money should be construed as aid or rent and also over how the money would be used.

Although a date hasn't been set for renewed negotiations, some U.S. and Philippine officials are confident that talks will resume in the next several months.

Gunmen Invade 3 Washington Buildings,

U.S. Screen Hostage

THE WHITE HOUSE
WASHINGTON

March 12, 1977

Ham Jordan -

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the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Meeting with Ms Peterson

THE WHITE HOUSE
WASHINGTON

ACTION	FYI	
		MONDALE
		COSTANZA
		EIZENSTAT
	X	JORDAN
		LIPSHUTZ
		MOORE
		POWELL
		WATSON

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ENROLLED BILL
	AGENCY BILL
	Staffing comments should go to Bert Carp within 48 hours; due from Carp to Staff Secretary next day.

	CAB DECISION
	EXECUTIVE ORDER
	Staffing comments should go to Doug Huron within 48 hours; due from Huron to Staff Secretary next day.

ACTION	FYI	
		ARAGON
		BOURNE
		BRZEZINSKI
		BUTLER
		CARP
		H. CARTER
		CLOUGH
		FALLOWS
		FIRST LADY
		GAMMILL
		HARDEN
		HOYT
		HUTCHESON
		JAGODA
		KING
		KRAFT
		LANCE
		LINDER
		MITCHELL
		POSTON
		PRESS
		B. RAINWATER
		SCHLESINGER
		SCHNEIDERS
		SCHULTZE
		SIEGEL
		SMITH
		WELLS
		VOORDE

done
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TO: PRESIDENT CARTER
FROM: HAMILTON JORDAN
RE: SPECIAL ASSISTANT FOR CONSUMER AFFAIRS

The purpose of this meeting is for you to request that Ms. Peterson take on the temporary assignment as your Special Assistant for Consumer Affairs until the new Consumer Protection Agency is created.

If she raises questions as to location, staff support, etc., those can be worked out by me in the meeting which I have with her after yours.

She is popular with consumers (Ralph Nader's first choice to be SACA), labor and people on the Hill. Her job will be to represent you in the interim period when we are trying to pass the Consumer Protection Agency legislation. Her appointment also will signal that senior citizens can play an active role in your Administration. We have had too much press on "bright, young, people".

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for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

March 12, 1977

Z. Brzezinski

The attached was returned in
the President's outbox. It is
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Rick Hutcheson

Re: Letter to former President Frei

THE WHITE HOUSE
WASHINGTON

ACTION	FYI
	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

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	BUTLER
	CARP
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	FIRST LADY
	GAMMILL
	HARDEN
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	MITCHELL
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	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

This - Did

I send

This?

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CARTER SENDS A LETTER TO FREI ON C.I.A. ISSUE

Special to The New York Times

WASHINGTON, March 11—President Carter has expressed his "personal regret" to former President Eduardo Frei Montalva of Chile over press reports that Mr. Frei had received funds from the United States Central Intelligence Agency.

The report that Mr. Frei and 10 other presidents or high officials of foreign governments had been recipients of C.I.A. funds was published in The New York Times February 19. Mr. Frei, a longtime leader of the Christian Democratic Party, called the report "a damnable lie."

Mr. Carter did not directly deny that any C.I.A. money had gone to Mr. Frei. He referred to "these malicious stories," and told Mr. Frei that "I cannot prevent groundless assertions."

Here is the text of Mr. Carter's letter as it was released in Santiago by Mr. Frei and published in a Spanish translation by newspapers in the Chilean capital:

"I want to express to you my personal regret for any embarrassment that the press reports, alleging that you have received payments from the Central Intelligence Agency, may have caused you or the people of Chile.

"As you know, I have no control over the news media in our country, and I cannot prevent groundless assertions. I do want you to know, however, of my high personal esteem for you and for the people of Chile and I trust that these malicious stories will not cast a shadow over our own traditional friendship."

The letter was signed "With best wishes, Sincerely, Jimmy Carter."

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for Preservation Purposes**

log in

*Pres didn't
see*

THE WHITE HOUSE
WASHINGTON

March 12, 1977

Bert Lance -

The attached is forwarded to you
for appropriate handling.

Rick Hutcheson

Letter from Nuclear Regulatory
Commission

X

President did not see



UNITED STATES
NUCLEAR REGULATORY COMMISSION

WASHINGTON, D. C. 20555

March 11, 1977

OFFICE OF THE
CHAIRMAN

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

Dear Mr. President:

I am pleased to respond to your memorandum of February 25, 1977, to the Heads of Executive Departments and Agencies, and to outline for you some of the steps we are taking or plan to take in the Nuclear Regulatory Commission to encourage greater State and local involvement in our work. We recognize that the States have a growing interest in the work of our agency and play a critical role in our regulatory process. We intend to conduct our business accordingly.

In June, 1976, the Commission established a separate Office of State Programs with responsibility for improving and enhancing our relations with the States. This office is charged with our agency's emergency preparedness efforts, the supervision of the Agreement States program and other specific programs which I will mention below.

Under section 274 of the Atomic Energy Act, the Commission is authorized to enter into agreements with States by which they assume regulatory responsibility for certain kinds, quantities, and uses of radioactive materials. Twenty-five Agreement States now administer over 55% of the effective licenses in the United States. We are currently re-examining this program with a view to assuring effective Federal standards and broad State participation, as well as possibly increased areas of State responsibility. We expect to have the results of this study in hand by June.

The Commission has also begun an inquiry into the larger question of Federal preemption of State activities under section 274. While regulation of reactor health and safety is the exclusive province of the Federal Government under current law, some States have expressed a desire to play a more active role. We expect to be able to form some judgments and possibly recommendations to you on this important matter by the end of the summer.

The Commission has also directed its staff to study means to increase efficiency in the siting of nuclear facilities. Overlap of efforts in the siting of reactors, an issue which some may view as inherently local in character, has become a significant concern. We expect this study to be complete in May, 1977, and to result in recommendations for rule changes and new legislation dealing with the level of State responsibility in siting of nuclear power reactors. One important emphasis here will be early participation by State and local officials in the utility planning process. We are coordinating this study with other Federal agencies through the Council on Environmental Quality and with the White House Energy Policy and Planning Office. There has been strong State involvement throughout.

On a related matter, we have increased our emphasis on the conduct of joint hearings with States with respect to matters of concurrent jurisdiction. First initiated in Maryland, this process is now working in New York State, and, recently, Massachusetts has requested joint hearings on a pending license. We hope to make this idea widely available to the States. In a similar way, we have been encouraging the development of understandings with States to promote more efficient discharge of mutual responsibilities.

Several other items are worthy of note: we provide a good deal of training to State and local officials in radiological health and safety matters, as well as emergency preparedness. We support through grants the Conference of Radiation Control Program Directors, and we have a number of cooperative monitoring and data collection agreements with States where reactors are located. Along with the Department of Transportation, we have developed a three-year cost sharing program to help States monitor the transport of low-level radioactive material within their borders. Since 1975, we have been working with State geology agencies to develop regional seismic tectonic maps. We have also encouraged the States to appoint liaison officers to deal with our Commission on a day-to-day basis, particularly in the area of our environmental review process. To date, fifteen Governors have made such appointments. We have also instituted a long-range study on the feasibility of assigning various Commission functions to our regional offices and, as a first step, we have decided on a pilot program to place NRC State liaison officers in some or all of our five regional offices.

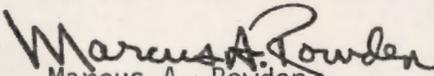
Finally, our Commission will shortly publish rules governing early site review of proposed nuclear reactor power stations. Some States originally had objected because of a concern that State regulatory processes would be adversely affected by this (as a form of incremental licensing). While all the issues have yet to be resolved, we have made substantial changes in our proposals to encourage State and local government participation in these proceedings. It is our intention to consider carefully

the needs and desires of State and local officials in the actions taken under the early site review rule.

In sum, we fully agree with your resolve to foster greater consultation with State and local governments. We intend to make full use of the process for State and local comment on an agency's proposed regulations described in Office of Management and Budget Circular A-85. The Nuclear Regulatory Commission will take your February 25 memorandum into account in all future policy, budget and reorganization proposals which have significant State or local impact.

We appreciate the opportunity to comment on your memorandum and to convey to you our commitment to be responsive to its spirit.

Respectfully,


Marcus A. Rowden
Chairman

THE WHITE HOUSE
WASHINGTON

3-12-77

Chip -

Letter from my
mother is important.

Mailed 3/10

J