

**2/27/80**

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att	<p><del>Zbigniew Brzezinski to the President.</del>  <del>Re: Letter from President of Uruguay.</del>                      (2 pp.)                      opened per RAC NAC-126-20-26-1-0 12/11/13</p>	2/27/80	A
memo w/att	<p>Zbigniew Brzezinski to the President.                      Re: Meeting with Governors List and Matheson. (16 pp.)</p>	2/27/80	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of Staff Sec.-  
 Pres. Handwriting File, "2/27/80." Box 172

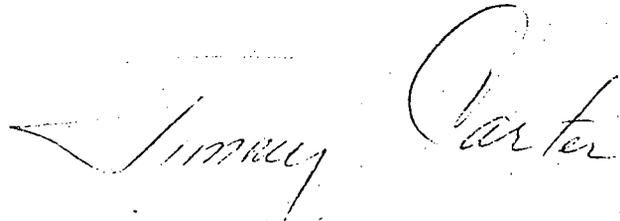
RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

ORDER

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Pursuant to the provisions of Public Law 86-380,  
as amended, I hereby designate Abraham D. Beame as  
Chairman of the Advisory Commission on Intergovernmental  
Relations.

Jimmy Carter

THE WHITE HOUSE,

February 27, 1980.

THE WHITE HOUSE  
WASHINGTON

February 11, 1980

MEMORANDUM FOR RICK HUTCHESON

FROM: ARNIE MILLER ~~AK~~  
SUBJECT: Presidential Appointment

A commission to appoint the following-named person is requested. All necessary checks have been completed. *meaninf*  
*??*

This appointment was approved on January 24, 1980.

to be a Member of the Advisory Commission on Intergovernmental Relations for a term of two years:

Abraham David Beame, of New York.  
(Reappointment).

Also attached is an order to designate Mr. Beame as Chairman of this Commission.

Mayor Beame is the former Mayor of New York.

*Kate King, Press Office, closed: 2/26/80 (1:50 PM)*

*Announced & dated: 2/27/80*

*Signed Order & commission to STATE, H. R. Reun,  
via WH messenger: 2/28/80*

THE WHITE HOUSE  
WASHINGTON

2/27/80

*file*  
*done 2/29/80*

Mr. President:

Merle Haggard will be  
in town friday working on  
plans for a fundraiser  
for you. He would like  
to get a photo with you.  
May I schedule?

yes  no

*J*

Phil

*Early*



THE WHITE HOUSE  
WASHINGTON

27 Feb 80

Jim McIntyre

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

Rick Hutcheson

Original to Tom Jones for handling.



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

FEB 26 1980

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *JM*  
SUBJECT: Exemption from Apportionment

Due primarily to higher than budgeted fuel costs, Defense operating funds currently approved for FY 1980 are about to run out for this quarter. Although some of the shortfall results from higher operating rates due to Persian Gulf and other operations, the major cause of the problem is the rapid increase in the cost of fuel (from less than \$25 planned to well over \$35 actual price per barrel). The Department has been operating on the presumption that whatever fuel price increases are generated, additional funds will be provided to meet the full program levels they provided in the 1980 budget last year.

We are reviewing a DOD supplemental appropriation request for the increased funds needed to sustain planned consumption at higher fuel prices. Before such an appropriation can be formulated and approved, it will be necessary to provide relief from the quarterly apportionment controls applicable to certain Defense operating funds.

The enclosed determination for your signature would exempt the listed appropriations of the Department of Defense from subsection (c) of section 3679 of the Revised Statutes (the Antideficiency Act). This Act requires apportionment of funds in a manner which would prevent obligations from exceeding the enacted appropriations. Section 714(a) of the 1980 Defense appropriation Act permits you to exempt Defense appropriations from apportionment. Simply stated, we are allowing funds reserved for later months of the year to be moved (contrary to normal procedure) into this quarter's fuel accounts which, because of increased prices, will be exhausted as early as this weekend.

The alternative to this exemption is to allow DOD to exercise R.S. 3732, which essentially authorizes DOD to spend (for certain limited purposes) money which the department does not now have. We have reviewed the Defense request and the alternatives of exemption vs. R.S. 3732, and recommend that the operation and maintenance appropriations of the Active and Reserve Forces be exempted from apportionment. The exemption would terminate upon enactment of the 1980 supplementals. Note that failure to provide this exemption by this Friday, or any excessive delay in making some additional fuel money available beyond this action (through supplementals and/or reprogramming), will necessitate invoking the R.S. 3732 authority anyway.

Recommendation: That you sign the attached determination.

*Jim - Should the exemption apply only to fuel? J*

THE WHITE HOUSE

WASHINGTON

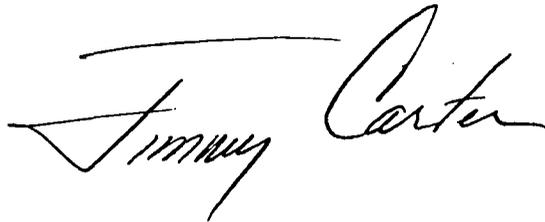
MEMORANDUM FOR THE DIRECTOR OF THE  
OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: Exemption from Apportionment

I hereby determine, in the interest of national defense, that the following appropriations are exempted, pursuant to section 714(a) of the Department of Defense Appropriation Act, 1980, from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended:

Operation and maintenance, Army  
Operation and maintenance, Navy  
Operation and maintenance, Marine Corps  
Operation and maintenance, Air Force  
Operation and maintenance, Army Reserve  
Operation and maintenance, Navy Reserve  
Operation and maintenance, Marine Corps Reserve  
Operation and maintenance, Air Force Reserve  
Operation and maintenance, Army National Guard  
Operation and maintenance, Air National Guard

This exemption shall remain in effect until enactment of supplemental 1980 appropriations for increased fuel and stock fund costs.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

ID 801223

THE WHITE HOUSE

WASHINGTON

DATE: 27 FEB 80

FOR ACTION:

INFO ONLY: THE VICE PRESIDENT

ZBIG BRZEZINSKI

STU EIZENSTAT

JACK WATSON

SUBJECT: MCINTYRE MEMO RE EXEMPTION FROM APPORTIONMENT

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (455-7052) +

+ BY: +

+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Electrostatic Copy Made  
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

Exemption from Apportionment

I hereby determine, in the interest of national defense, that the following appropriations are exempted, pursuant to section 714(a) of the Department of Defense Appropriation Act, 1980, from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended:

- Operation and maintenance, Army
- Operation and maintenance, Navy
- Operation and maintenance, Marine Corps
- Operation and maintenance, Air Force
- Operation and maintenance, Army Reserve
- Operation and maintenance, Navy Reserve
- Operation and maintenance, Marine Corps Reserve
- Operation and maintenance, Air Force Reserve
- Operation and maintenance, Army National Guard
- Operation and maintenance, Air National Guard

This exemption shall remain in effect until enactment of supplemental 1980 appropriations for increased fuel and stock fund costs.

2/27/80

The attached was prepared by a Matt Conroy in OMB's Defense Dept. division (x4734) and since this was the 1st to come along in this manner since 1972 they did not have a copy of how it had been handled at that time.

I have a card record of the November 1972 memo and he has agreed that it would not be harmful if it is addressed to the Director as it was back in 1972.

OMB will be sending copies of it to the Sec Def under cover of a note or memo from the Director.

The old law on DOD Approp 1973 is practically the same as this one calling for this determination. I have attached copies of both.

Tom Jones

EXEMPTION OF DEPARTMENT OF DEFENSE  
APPROPRIATIONS FROM APPORTIONMENT

Department

Subject

OMB

Defense Appropriations

November 24, 1972

MEMORANDUM FOR THE DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Subject: Exemption of Department of Defense Appropriations from Apportionment

Your memorandum of November 17, 1972, advised that the activity in Southeast Asia has generated the need for additional funds. This situation makes it advisable to exempt certain Defense appropriations from apportionment.

Under the authority vested in me by subsection (a) of section 713 of the Department of Defense Appropriation Act, 1973, and deeming such action in the interest of national defense, I hereby exempt the below listed appropriations from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended:

- Operation and maintenance, Army, 1973
- Operation and maintenance, Navy, 1973
- Operation and maintenance, Air Force, 1973

(OVER)

U.S. GOVERNMENT PRINTING OFFICE 16-80236-1

These exemptions shall remain in effect during the current fiscal year, unless expressly revoked.

/s/ Richard Nixon

11/24/72: Original to Caspar Weinberger, Director, OMB.

1973 copy

payments for meals at the rates established hereunder may be made in cash or by deduction from the pay of civilian employees: *Provided further*, That members of organized nonprofit youth groups sponsored at either the national or local level, when extended the privilege of visiting a military installation and permitted to eat in the general mess by the commanding officer of the installation, shall pay the commuted ration cost of such meal or meals.

Fiscal year limitation.

SEC. 711. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

Reimbursable appropriations.

SEC. 712. Appropriations of the Department of Defense available for operation and maintenance may be reimbursed during the current fiscal year for all expenses involved in the preparation for disposal and for the disposal of military supplies, equipment, and materiel, and for all expenses of production of lumber or timber products pursuant to section 2665 of title 10, United States Code, from amounts received as proceeds from the sale of any such property: *Provided*, That a report of receipts and disbursements under this limitation shall be made quarterly to Congress: *Provided further*, That no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of new facilities or equipment for new facilities in the continental limits of the United States for metal scrap baling or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, that the operation of such facility is in the national interest.

70A Stat. 149. Report to Congress.

Funds, appropriation; exemption.

SEC. 713. (a) During the current fiscal year, the President may exempt appropriations, funds, and contract authorizations, available for military functions under the Department of Defense, from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended, whenever he deems such action to be necessary in the interest of national defense.

31 USC 665

Airborne alert expenses.

(b) Upon determination by the President that such action is necessary, the Secretary of Defense is authorized to provide for the cost of an airborne alert as an excepted expense in accordance with the provisions of Revised Statutes 3732 (41 U.S.C. 11).

Military personnel increases, expenses.

(c) Upon determination by the President that it is necessary to increase the number of military personnel on active duty subject to existing laws beyond the number for which funds are provided in this Act, the Secretary of Defense is authorized to provide for the cost of such increased military personnel, as an excepted expense in accordance with the provisions of Revised Statutes 3732 (41 U.S.C. 11).

Report to Congress.

(d) The Secretary of Defense shall immediately advise Congress of the exercise of any authority granted in this section, and shall report monthly on the estimated obligations incurred pursuant to subsections (b) and (c).

Commissary stores.

SEC. 714. No appropriation contained in this Act shall be available in connection with the operation of commissary stores of the agencies of the Department of Defense for the cost of purchase (including commercial transportation in the United States to the place of sale but excluding all transportation outside the United States) and maintenance of operating equipment and supplies, and for the actual or estimated cost of utilities as may be furnished by the Government and of shrinkage, spoilage, and pilferage of merchandise under the control of such commissary stores, except as authorized under regulations promulgated by the Secretaries of the military departments concerned, with the approval of the Secretary of Defense, which regulations shall provide for reimbursement therefor to the appropriations

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1980 Approp.

vided, That officers and civilians in a travel status receiving a per diem allowance in lieu of subsistence shall be charged at the rate of not less than \$2.50 per day: *Provided further*, That for the purposes of this section payments for meals at the rates established hereunder may be made in cash or by deduction from the pay of civilian employees: *Provided further*, That members of organized nonprofit youth groups sponsored at either the national or local level, when extended the privilege of visiting a military installation and permitted to eat in the general mess by the commanding officer of the installation, shall pay the commuted ration cost of such meal or meals.

SEC. 712. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 713. During the current fiscal year no funds available to agencies of the Department of Defense shall be used for the operation, acquisition, or construction of new facilities or equipment for new facilities in the continental limits of the United States for metal scrap bailing or shearing or for melting or sweating aluminum scrap unless the Secretary of Defense or an Assistant Secretary of Defense designated by him determines, with respect to each facility involved, ~~that the operation of such facility is in the national interest.~~

SEC. 714. (a) During the current fiscal year, the President may exempt appropriations, funds, and contract authorizations, available for military functions under the Department of Defense, from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended, whenever he deems such action to be necessary in the interest of national defense.

(b) Upon determination by the President that such action is necessary, ~~the Secretary of Defense is authorized to provide for the cost of an airborne alert as an excepted expense in accordance with the provisions of section 3732 of the Revised Statutes (41 U.S.C. 11).~~

(c) Upon determination by the President that it is necessary to increase the number of military personnel on active duty subject to existing laws beyond the number for which funds are provided in this Act, the Secretary of Defense is authorized to provide for the cost of such increased military personnel, as an excepted expense in accordance with the provisions of section 3732 of the Revised Statutes (41 U.S.C. 11).

(d) The Secretary of Defense shall immediately advise Congress of the exercise of any authority granted in this section, and shall report monthly on the estimated obligations incurred pursuant to subsections (b) and (c).

SEC. 715. No appropriation contained in this Act shall be available in connection with the operation of commissary stores of the agencies of the Department of Defense for the cost of purchase (including commercial transportation in the United States to the place of sale but excluding all transportation outside the United States) and maintenance of operating equipment and supplies, and for the actual or estimated cost of utilities as may be furnished by the Government and of shrinkage, spoilage, and pilferage of merchandise under the control of such commissary stores, except as authorized under regulations promulgated by the Secretaries of the military departments concerned with the approval of the Secretary of Defense, which regulations shall provide for reimbursement therefor to the appropriations concerned and, notwithstanding any other provision of law, shall provide for the adjustment of the sales prices in such commissary stores to the extent necessary to furnish sufficient gross rev-

THE WHITE HOUSE

WASHINGTON

**MEMORANDUM FOR THE DIRECTOR  
OF THE OFFICE OF MANAGEMENT AND BUDGET**

**SUBJECT:** Exemption from Apportionment

I hereby determine, in the interest of national defense, that the following appropriations are exempted, pursuant to section 714(a) of the Department of Defense Appropriation Act, 1980, from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended:

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- Operation and maintenance, Marine Corps Reserve
- Operation and maintenance, Air Force Reserve
- Operation and maintenance, Army National Guard
- Operation and maintenance, Air National Guard

This exemption shall remain in effect until enactment of supplemental 1980 appropriations for increased fuel and stock fund costs.

## THE WHITE HOUSE

WASHINGTON

## MEETING WITH NATIONAL ALLIANCE OF BUSINESS REPRESENTATIVES

Wednesday, February 27, 1980

12:05 p.m. (5 minutes)

The Oval Office

From: Stu Eizenstat *Stu*.I. PURPOSE

The purpose of this meeting is for you to meet William Kolberg, new president of the National Alliance of Business, receive a progress report on NAB, and to re-confirm your reliance on John Filer and NAB to rally business community support for the new Youth Employment Act, as well as ongoing CETA training and placement efforts and help in promoting the new partnership for urban economic development.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

- A. Background: Kolberg is a former top OMB staffer and Assistant Secretary of Labor for Employment and Training. He has been very influential with the Business Roundtable since leaving office. Despite his Nixon-Ford ties he is well respected in the CETA community and among businessmen. NAB is lucky to have him. He has already proven very helpful in developing the Youth Employment Act.

Filer sent us a note saying he wishes to cover the following points with you:

- o Kolberg's hiring as part of a broad restructuring of NAB to provide greater support for the Private Sector Initiative (Title VII of CETA);
  - o NAB is now and will continue to work closely with the Administration on the Youth Initiative; and
  - o NAB wishes to help in the government/private sector partnership to link economic development to job creation for the disadvantaged.
- B. Participants: John Filer (chairman of NAB and CEO of Aetna); William Kolberg; Brian Hollander (counsel for Aetna); Bill Spring, DPS; Kitty Higgins, DPS
- C. Press Plan: White House photographer only

### III. TALKING POINTS

- o Welcome Bill Kolberg to NAB and thank Filer for past assistance.
- o Ask for continued help in working with Congress in the coming crucial weeks on the Youth legislation and the coming months on implementation of the new youth programs. Private sector jobs and private sector participation in CETA and school system planning are key to its success.

9:45 AM

THE WHITE HOUSE  
WASHINGTON

1

Meeting with  
Sir John King

Wednesday - February 27, 1980  
9:45 a.m. - (10 minutes)

From: Phil Wise *Phie*

I. PURPOSE

Visit with Sir John King of England who attended a luncheon in London where you were entertained some years ago when you started your foreign tours.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: Mr. Kirbo's friend, Sir John King, is spending the last week of February in Washington and will stop by for a brief visit with you. For many reasons, Sir John was recently knighted by Prime Minister Margaret Thatcher and is said to be a good friend of hers.

B. Participants: Sir John and you.

C. Press Plan: White House Photographer

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 27, 1980

MEMORANDUM TO THE PRESIDENT

FROM:

RAY JENKINS *RJ*

SUBJECT:

Wall Street Journal Article

Attached is the article you requested.

**Electrostatic Copy Made  
for Preservation Purposes**

WALL ST. JOURNAL

2/27/80 P-1

30 CENTS

## Policy for Power

### After 7 Years' Debate, U.S. Finally Is Nearing Broad Energy Program

#### Aim Is a Sharp Move Away From Petroleum Imports; High Price Is a Weapon

#### One Critic: 'Pure Politics'

By RICH JAROSLOVSKY

Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—For better or worse, the U.S. is finally about to get a national energy policy.

The policy may well fall short of the high hopes of its sponsors and proponents. Critics say it avoids making tough choices and goes off in too many directions at once. And time is working against it. The threats to the nation's economic health and national security from rising oil imports are immediate. But it will be several years before the U.S. knows whether its program will work.

Nonetheless, after seven years of debate, dispute and compromise, a comprehensive program is emerging. It combines a broad range of efforts to reduce energy use, with the main weapon being higher prices, with modest production incentives for existing energy sources and the development of new technologies.

Over the next few weeks, Congress is likely to pass a \$27-billion "windfall-profits" tax on oil-company revenues, create a huge program to increase production of synthetic fuels and set up an Energy Mobilization Board to speed the construction of major energy plants. President Carter already is gradually decontrolling domestic crude-oil prices, and the other steps that he and Congress have taken since the 1973 Arab oil embargo are starting to be felt.

#### A "Point of View"

"I'd say I think we will have something that we can call a national energy policy fairly soon," says Edward Mitchell, a University of Michigan professor and the director of energy studies for the conservative American Enterprise Institute. While he has strong reservations about the program, Prof. Mitchell says, "There is a sort of point of view, a philosophy underlying the various elements." That philosophy: "Reduce demand and divorce ourselves from the oil cartels."

The energy program as originally proposed by the President aimed to halve U.S. oil imports by 1990 from the 8.5 million to 9.5 million barrels a day that it's estimated will be coming into the country by that date. While Congress has softened some of Mr. Carter's targets a bit, the plan still represents a sharp move away from foreign oil, which is currently being imported at a rate of about 8.4 million barrels a day.

To meet the targets, the strategy will emphasize conserving energy, mostly through higher prices but also through fuel-efficiency standards in autos, buildings, equipment and the like, and through economic incentives such as tax credits. Other details:

—Holding domestic crude-oil production steady or slowing its rate of decline that is expected as the U.S. runs out of easily exploited reserves.

—Increasing the use of other energy sources, including coal and, despite its many problems, nuclear power.

—Establishing important new energy sources, including synthetic fuels and, later, solar power and nuclear fusion.

#### No Exclusive Credit

Although much of the program was put together in the last three years, the Carter administration isn't claiming exclusive credit. Charles Duncan, the Secretary of Energy, talks of an "emerging broad consensus" in the nation on what needs to be done. Cynics, though, say such statements seek to share the blame should the program fail to meet its ambitious goals.

The program's broad approach invites broad criticism. Critics dislike its effect on consumers and on the environment. Many believe that more drastic moves are needed, such as a stiff gasoline tax or rationing. Others, such as William Simon, the former Treasury Secretary and energy chief under President Nixon, say the program increases government interference in the energy area when it should be stripping regulations away.

The energy program as it is taking shape is "pure politics," fumes Mr. Simon, now a consultant to the securities firm of Blyth Eastman Dillon. "It's pandering to the public to buy votes," he says, by giving a false impression of doing something meaningful.

#### Phasing Out Controls

But Eliot Cutler, a Washington lawyer and until recently the White House's energy-policy coordinator, disagrees. "This isn't to say it's perfect, but we have made great strides," he says. "We are far better prepared to deal with a world of growing energy uncertainty than we were before." He defends the policy's wide-ranging approach on the basis that "this isn't the time to choose one path. We just don't know enough about the future."

High prices, officials argue, are the best way to hold down energy use. By phasing out price controls on domestically produced oil over the next 19 months, President Carter is allowing its price to rise to the already astronomical levels set by the Organization of Petroleum Exporting Countries. Administration officials estimate that decontrol will add an extra 7½ cents to 12½ cents to the price of a gallon of gasoline by October 1981. And under the Natural Gas Policy Act of 1978, newly discovered natural gas is to be decontrolled by 1985; by late this decade, the Energy Department figures, gas may become nearly as expensive to use as oil.

Officials say there already is evidence that their strategy will hold down demand. They point to 1979 when world oil prices doubled, and they say it isn't a coincidence that U.S. oil consumption declined for the first

Please Turn to Page 41, Column 3

# Policy for Power: A U.S. Energy Program Emerges With the Target of Sharply Reducing Imports of Oil

Continued From First Page

time in four years. The only way to wean the country from its foreign-oil dependence, Mr. Duncan says, is to price energy at its "true cost"—the cost of developing new energy to replace the energy being consumed.

Decontrol, especially of oil, was a courageous step, by President Carter, says Charles DiBona, president of the American Petroleum Institute, the group whose members stand to profit from the move. "No politician likes the consequences of the actions that have to be taken for a rational energy policy," he says.

Many liberals argue, though, that decontrol is unfair to the consumers who must pay higher energy bills. "The next administration should recontrol the price of oil," says Sen. Edward Kennedy of Massachusetts. Controls, he says, are "necessary to protect the poor and average-income consumer until the energy economy reaches the point of sufficient supply and genuine competition."

The energy policy sidesteps the major non-price weapon it could use: mandatory gasoline rationing. Although President Carter isn't happy with the tightly limited rationing powers Congress has given him, administration officials believe rationing is more useful for handling an immediate shortage than for long-term conservation. But political pressures could force a coupon-rationing system if other steps fail. A recent Conference Board public-opinion poll showed "surprising support" for rationing, and Sen. Kennedy has made it a major theme of his bid for the Democratic presidential nomination.

Energy planners have also shelved, for the time being at least, another potentially potent weapon: a stiff tax on gasoline. Administration officials floated the notion last year, then withdrew it as being politically unacceptable. But President Carter has said he may impose oil-import fees if the nation doesn't save enough fuel this year. And that could be designed to have the same effect as a gasoline tax.

Less noticed in the furor over decontrol and rationing, the government has in the last few years also adopted a wide range of non-price measures to curb energy use. The measures, many of which haven't yet fully taken effect, cover everything from gas-guzzling autos to home insulation. By 1985, for example, each auto-maker's new-car production will be required to average 27.5 miles a gallon, up from the present standard of 20. The Energy Department is writing rules to set mandatory energy-efficiency standards for every new building in the country. Heating and cooling levels in public buildings have been set by presidential declaration, and the government is giving tax credits and other assistance to insulate homes and other buildings.

In contrast to the sweeping efforts to reduce demand, the energy program is restrained in its attempts to stimulate production of domestic oil and gas from existing sources. The "windfall-profits" tax would claim up to 50% of the oil companies' additional profits resulting from decontrol. This, says Prof. Mitchell of the University of Michigan, shows that the program "doesn't seem to believe in using the price mechanism to increase supply."

Mr. DiBona of the petroleum institute is more blunt. "On the production side, we still have it all screwed up." The "windfall" tax, he says, will "discourage two million barrels a day of production" by depriving the oil industry of money to find and produce more oil.

Administration officials concede that the tax will indeed hold down some oil production. At best, they say, decontrol and the tax will keep domestic output for the next several years more or less steady. The proceeds for the tax, they contend, are needed to redirect efforts away from finite energy sources like oil and gas toward synthetic fuels—oil and gas from coal and oil from shale, for example—and renewable energy sources such as solar and wind power. "You control the reinvestment decision so that you ensure meeting national needs," the White House's Mr. Cutler says.

The energy program makes synthetic fuels the chief beneficiary of that investment. The legislation now in Congress would establish a government-chartered corporation that could spend up to \$20 billion of the "windfall-tax" money for loan guarantees on synthetic-fuel projects and for price guarantees on the fuel itself. But with oil and gas prices rising sharply, some observers say the \$20 billion may never be needed. By 1990 energy officials see production of 1.75 million barrels a day of synthetic fuel.

The energy program also is counting on increased direct use of coal. The Energy Department already has ordered some power plants to burn coal instead of oil, and the administration is proposing a \$12 billion aid plan to encourage further switching by utilities.

But big problems remain. For one, there are the environmental consequences of the increased mining and burning of coal. Environmentalists argue that with proper safe-

guards the country can exploit its vast coal reserves without gutting existing pollution rules. As the price of energy rises, says David Masselli, an official of Friends of the Earth, "the cost of pollution control is peanuts." But Ralph Bailey, chairman of Conoco Inc., which owns Consolidation Coal Co., maintains that the clean-air rules must be relaxed to make the use of coal more practical and economical.

Even basic logistics can create problems. Just now, for instance, the Departments of Energy and Transportation are trying to find a remedy for a shortage of coal-carrying railroad cars.

Nuclear power's problems are even more grave. Administration officials are privately pressing to speed up licensing of plants now under construction, and one aide says that "we have to rehabilitate the nuclear op-

tion." But rising costs, sluggish electricity demand and the Three Mile Island accident have made utilities increasingly wary of investing the billions of dollars needed for more plants. The industry ordered only two reactors in 1978 and none since then, compared with a peak of 41 orders in 1973.

"It will be a while before orders for new plants pick up," says John Sawhill, the deputy energy secretary. "The utility industry isn't going to be willing to commit itself until the nation decides" how much nuclear power it wants, he says.

Meanwhile, the government will pour billions of dollars into developing longer-term solutions. For the first time, the federal government is proposing to spend more money on developing solar power and other renewable energy sources than on nuclear fission. Scientists are also continuing their efforts to

THE WALL STREET JOURNAL, 41  
Wednesday, Feb. 27, 1980

harness nuclear fusion, although a breakthrough is said to be many years away.

Time could be the energy program's biggest obstacle. As the Iranian situation has shown, events in the politically unstable Middle East can move swiftly, while the energy program will take several years to produce results.

"We just keep lurching from crisis to crisis," says Mr. Simon, the former energy chief. In the meantime, he says, the nation's energy situation gets worse and worse. "The President's program is a joke. If I had tried to fool the people like that, I would have been torn apart."

Secretary Duncan argues, however, that slow but steady progress is the only answer. "Through the decade of the 1980s we will still be dependent on foreign oil," he says. "But we are setting a target and moving toward it. We will have done a hell of a disservice" to future generations, he says, "if we do again what we did in 1973 - which was nothing."

THE WHITE HOUSE

WASHINGTON

February 27, 1980

MEMORANDUM FOR THE PRESIDENT

FROM: LLOYD CUTLER  
JOE ONEK

*LMC*

SUBJECT: OLYMPIC ATHLETES' ANTI-BOYCOTT PETITION

The two people who circulated the anti-boycott petition, Rick Colella and Suna Murray, are members of the Athletes Advisory Council to the USOC. They are coach types, and not officers of the USOC or members of the 90-person Executive Board of the USOC. We do not believe that their actions can be fairly ascribed to the USOC leadership.

cc: Jody Powell

# Weather

Today—Partly cloudy, gusty, high 2 to 37. Fair tonight, low 18 to 23. Chance of precipitation 20 percent. Wednesday—Partly cloudy, high 41 to 46. Yesterday —3 p.m. AQI: 50; temp. range: 49-38. Details, Page C2.

# The Washington

Mr. Lloyd Cutler  
Wash. Post

# Post

# FINAL

72 Pages—4 Sections

Amusements	E10	Financial	D 7
Classified	C 6	Metro	C 1
Comics	B13	Obituaries	C 4
Crossword	B15	Sports	D 1
Editorials	A18	Style	B 1
Fed. Diary	C 2	TV-Radio	B 6

103rd Year . . . . No. 83

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TUESDAY, FEBRUARY 26, 1980

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20c

and John Feinstein  
Washington Post Staff Writers

Calling them "modern-day American heroes," President Carter yesterday welcomed the members of the U.S. Winter Olympics team to the White House, and said he regretted the United States would not take part in the Summer Olympics in Moscow as well.

The joyous occasion was clouded by the probability that the athletes' brother and sister Olympians would not be competing in the summer Games. One of the winter athletes, speed-skater Eric Heiden, winner of five gold medals, later told reporters "almost everybody" on the team had signed "a paper" expressing "our opinions on the boycott—of the summer Games—that we don't think it's the right thing to do."

Carter said at the ceremony he re-

Afghanistan has violated peace and the spirit of the Olympics and caused us to make a motion that the summer Olympics be moved or postponed." None of the athletes spoke at the ceremony.

Heiden told reporters that some of the Olympians felt he might have an opportunity to speak to the president about the boycott. But, said Heiden, he had not mentioned the subject to Carter. Last night, one of two officials of the U.S. team who circulated the petition said that 70 of the 120 members of the team had signed it and that it would be mailed to the president today.

Carter said at the ceremony, "You hear it said that there are no heroes. But our Olympic athletes are heroes."

Flanked by such members of the U.S. team as Charlie Tickner, Mike

See OLYMPICS, A6, Col. 1



Carter welcomes the Olympic athletes: an introduction for figure skating silver medalist Linda Fratianne before the White House crowd . . .

## President Hails 'Modern-Day American Heroes'

# Carter Hails Winter Athletes As Modern-Day U.S. Heroes

OLYMPICS, From A1

Eruzione. Leah Poulos-Mueller, Eric and Beth Heiden, Linda Fratianne and Jim Craig, Carter added:

"As president of the United States of America this is one of the proudest moments I have ever experienced. I am deeply grateful for your tremendous achievements"

Members of Congress also saluted the team yesterday. Thomas Downey (D-N.Y.) compared the hockey victory to Charles Lindbergh's flight over the Atlantic Ocean, and Rep. Ike Skelton (D-Mo.) said, "They make all of us as Americans proud of them."

House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.) called the hockey team's victory "a great lift to the American people, and it goes beyond that. There is nothing the Soviets appreciate more than sports—it is their one area of freedom—and their biggest sport is hockey. And now with the United States boycott you can believe me, heads will eventually roll in Russia."

Carter singled out each American medalist for special commendation. He said of speed-skating bronze medalist Beth Heiden, who had been widely touted for a gold: "My heart went out especially to Beth Heiden" before hugging her for what must have been the third time in the ceremony.

Of the U.S. hockey team's gold medal and victory over the Soviet Union, he said, "It was one of the most breathtaking upsets, not only in the Olympics, but in the entire history of sports." Of Linda Fratianne, "This is Linda Fratianne, isn't she beautiful?" before giving her still another hug and kiss. And of Eric Heiden, whom he embraced, holding him close and holding him up as an example of American heroism. "Your performances will be remembered for years to come."

Heiden said he had been warned "by some member of the Olympic committee" that some reporters might ask him political questions about his meeting with Carter. Heiden said he considered the visit to the White House "an honor," but he allowed that "it is an election year, and I guess we're all old enough to vote."

Heiden said he didn't like to mix politics with sports. But when he was asked if he thought the president was right in calling for a boycott, he said, "Oh wow. I don't know. I think it'll probably be a big blow to the Russians, but it'll have an effect on the Americans, too." Of a boycott, Heiden said, "I hope we don't."

The drive to put together a petition to the president began over the weekend, after Carter invited the Olympians to the White House. The petition move was coordinated by two U.S. Olympic officials who were in Lake Placid to act as liaison between the athletes and other officials. One of the officials, Rick Colella, contacted at his home in Seattle last night, said that the petition had not been presented to Carter yesterday because signatures were still being collected.

"Time was so short and we had so little idea of what was going to go on at the White House that we never got totally organized." After Heiden's remarks, however, Colella gave the petitions to the other official, Suna Murray, to be mailed to the White House today.

"The petition says a lot of the same things the president said today," Colella said. "It thanks the president for the invitation to the White House and talks about the importance of the Olympic Games and the Olympic spirit."

Colella said the petition goes on to say: "There is no substitute for the Olympic Games. They do not belong to one country, but to the world. We urge you to do all you possibly

can to let the summer Olympic athletes enjoy the same Olympic experience that we, the members of the winter Olympic team, have enjoyed."

Colella added that none of those who signed the petition disagreed with President Carter's stand on Afghanistan in any way. "This isn't a political thing at all," he said. "We're just trying to say something that might help the other athletes."

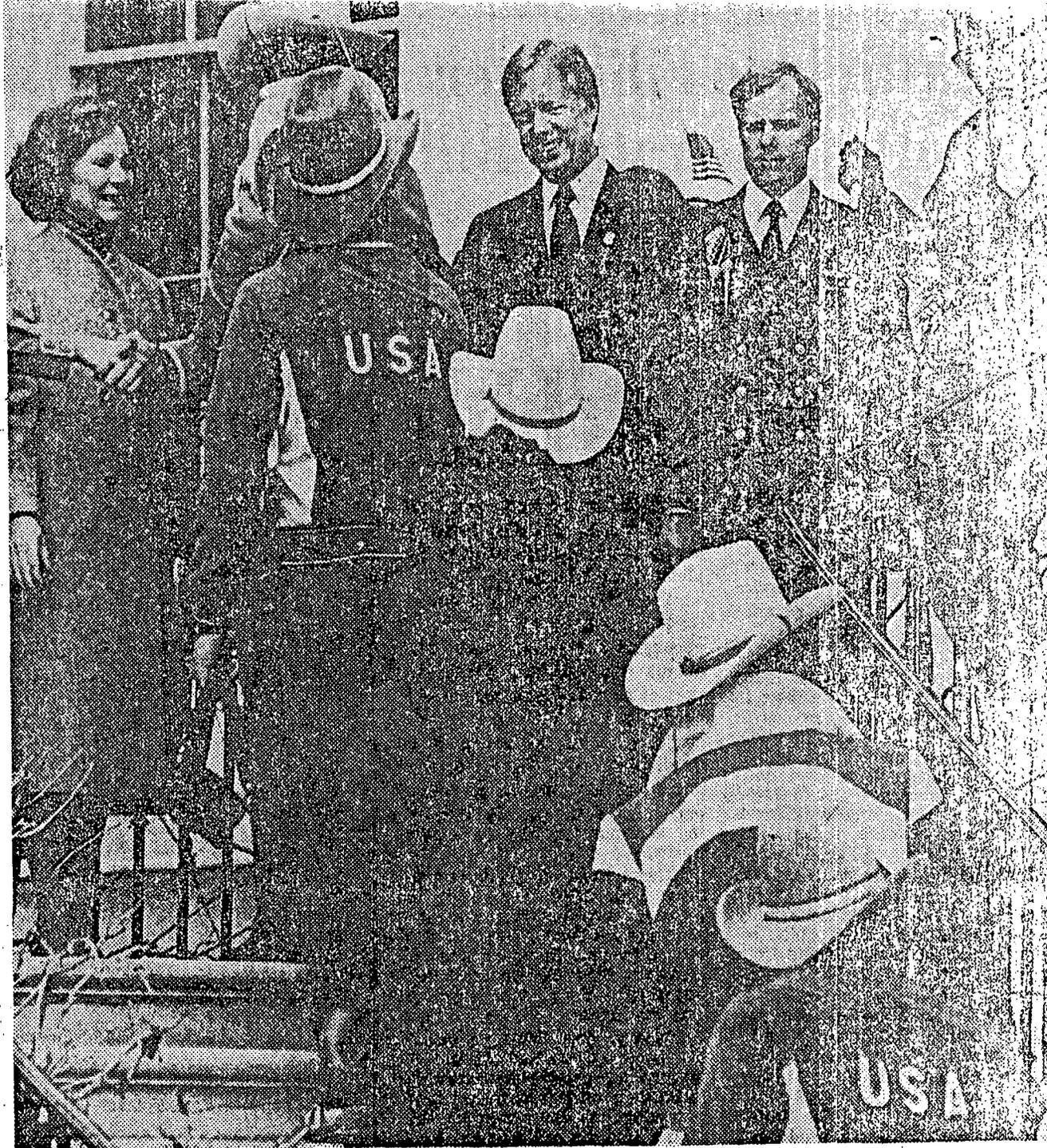
Colella said a number of the athletes, however, declined to sign the petition.

"I didn't sign anything," said Mike Eruzione, the hockey team captain, "and I don't think any of my hockey players would have." Eruzione, reached at his home in Winthrop, Mass., said he doubted many of the hockey players would have signed any written petition, in spite of their desire to see the summer athletes compete. "Most of the guys don't want a boycott, but if that's what the government wants, they're in favor of it."

Carter said yesterday that he planned to meet with a contingent of summer Olympic athletes "to talk to them about an alternative world class competition, one that will not affect the future of the Olympic Games themselves."

[Last night, before a cheering audience of Greek-Americans, Carter reiterated his support of establishing a permanent site for the summer Olympics in Greece. Holding the Games in Moscow, he said, "would violate those very principles of peace, of brotherhood and of the nonpolitical alignment of those participating in the Games—exactly the kind of defect that would be corrected with a permanent site."

"I feel sorry for the people training for the Summer Games," said David Santee, a figure skater. "But I'm probably better off if I don't comment on the boycott."



By Harry Natteyan—The Washington Post

The president and Mrs. Carter greet members of the U.S. Olympic team as they arrive for White House lunch.

~~CONFIDENTIAL~~

MEMORANDUM

1265

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THE WHITE HOUSE  
WASHINGTON  
February 27, 1980

MB  
RP

~~CONFIDENTIAL~~

INFORMATION

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI *ZB*  
SUBJECT: Letter from President of Uruguay (U)

Attached for your information at Tab A is an advance copy of a letter from the Uruguayan President responding to your message of January 21. The Uruguayan expresses appropriate indignation on the Afghan issue but declines to take a stand on the Olympics. *(c)*

*They control  
everything else  
in Uruguay*

~~CONFIDENTIAL~~

Review February 25, 2000  
Reason for Extension: NSC 1.13(a)

DECLASSIFIED  
Per: Rac Project  
ESDN: NLC-126-20-26-1-0  
BY: *135* NARA DATE: *12/8/13*

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Montevideo, February 13, 1980

EMBAJADA DEL URUGUAY  
WASHINGTON, D. C.

C

Excellency:

I have the honor to acknowledge receipt of Your Excellency's message of January 21, 1980 informing me of the contents of a letter addressed by you to the President of the United States Olympic Committee, a copy of which was attached. In your letter, you requested that the Committee work with other Olympic Committees to attain the postponement or cancellation of the 1980 Olympic Games in Moscow, unless the Union of Soviet Socialist Republics withdraw its troops from Afghanistan during the current month. In your message to me you express the hope that my Government proceed, with respect to the Uruguayan Olympic Committee, in a similar way as that referred to in your letter.

Our Government's position toward the invasion of Afghanistan by Soviet troops and the open intervention of the Soviet Union in the internal affairs of that country, has been clearly expressed at the United Nations General Assembly, where the Uruguayan Delegation strongly repudiated such a flagrant and grave violation of International Law and voted for the General Assembly's Resolution condemning such invasion and demanding the immediate, unconditional and total withdrawal of Soviet troops.

The Government of the Oriental Republic of Uruguay has continued to be concerned with the situation created in Afghanistan and its threat to world peace, which involves a breach to the principles of non-intervention and self-determination of peoples, and is ready to support any other measure adopted by the Organization of the United Nations, within the framework of its Charter, aimed at preserving international peace and order and ensuring respect for territorial integrity and political independence of the states.

The decision to participate in the Moscow Olympics does not lie with the Government. As we expressed on occasion of the International Olympic Committee Meeting, held in Uruguay from April 3 to 8, 1979, sports "within the regulations of juridical order, are carried out in the private activities field, and it is not the intention of the State to admit any political interference or its use for strange purposes."

Bearing into account, in consequence, the separation between politics and sports, that has invariably ruled our conduct on the matter, such a decision lies exclusively with the Uruguayan Olympic Committee which has been informed of your proposal and whose heads will take the corresponding position to this effect at the meeting to be held at Lake Placid.

Nevertheless, should political consideration of the matter arise we will bear into account, with all due attention the petition made by your illustrious Government.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Aparicio Méndez  
President  
Oriental Republic of Uruguay

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-26-26-1-0

BY 125 NARA DATE 12/1/13

~~CONFIDENTIAL~~

THE WHITE HOUSE  
WASHINGTON

MEETING WITH ANZUS COUNCIL  
Wednesday, February 27, 1980  
12:15 p.m. (15 minutes)  
The Cabinet Room

From: Zbigniew Brzezinski *ZB*

I. PURPOSE

To meet and thank the ANZUS Ministers.

II. BACKGROUND, PARTICIPANTS & PRESS ARRANGEMENTS

- A. Background: ANZUS meeting has been completed, very successfully
- B. Participants: See Attached List
- C. Press Arrangements: On public schedule, photo opportunity

III. ISSUES FOR DISCUSSIONS

The following points would be of interest:

1. The ANZUS meeting has helped the US to realize more clearly that South East and South West Asia are in fact one area, tied together by the Soviet thrust into Afghanistan, and our responses to that thrust.
2. The ANZUS meeting has made it clear that at this point, our only guaranteed access to the Indian Ocean is via the Pacific.
3. Both the Australians and New Zealanders are fully supportive of the objectives we are pursuing, both in Europe and in Asia, to bring home to the Soviets the costs of their aggression.
4. The Australians have shown great interest in our home-porting an aircraft carrier in their country. They have expressed a willingness to share some of the support costs for such an action. This is to be the subject of future study.
5. I suggest that you thank the ministers for their support and their insights, and that you underline the high value we place upon the ANZUS meetings, which have been taking place since 1952.

List of Participants

Australia

Andrew Peacock, Minister for Foreign Affairs  
Denis James Killen, Minister for Defense

New Zealand

Brian E. Talboys, Deputy Prime Minister and Minister  
of Foreign Affairs

United States

Cyrus Vance, Secretary of State  
Dr. Zbigniew Brzezinski, Assistant to the President for  
National Security Affairs  
Richard Holbrooke, Assistant Secretary of State for  
East Asian and Pacific Affairs  
Donald Gregg, NSC Staff Member

THE WHITE HOUSE  
WASHINGTON

27 Feb 80

The Vice President  
Hamilton Jordan  
Jody Powell  
Al McDonald  
Stu Eizenstat  
Sarah Weddington  
Anne Wexler  
Lloyd Cutler  
Frank Moore  
Hedley Donovan  
Jack Watson  
Jim McIntyre  
Charlie Schultze  
Alfred Kahn

The attached was returned in the  
President's outbox today and is  
forwarded to you for your personal  
information.

Rick Hutcheson

EYES ONLY

THE WHITE HOUSE  
WASHINGTON

27 Feb 80

Secretary Harris

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

Rick Hutcheson



THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D.C. 20201

February 22, 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report of HEW Activities

Abortion Funding - McRae v. Secretary. On February 19, 1980, the U.S. Supreme Court denied the Federal government's application for a stay pending appeal of U.S. District Court Judge Dooling's order that HEW cease enforcing the appropriations act limitations on funding of medically necessary Medicaid abortions. Accordingly, as of February 19, HEW is required to provide Federal matching funds for these abortions. The Supreme Court also noted probable jurisdiction over the McRae case, and indicated that it would hear the government's appeal of that case on an expedited schedule, so that a decision could be expected by the end of the Court's term in June.

Health Care Financing Administration has sent notices of the change to Regional HCFA Administrators and instructed them to notify the States which will in turn notify Medicaid providers and beneficiaries. With respect to "Hyde" limitations presently in effect in Public Health Service programs, HEW is presently preparing notices to send to PHS grantees informing them that those limitations are still in effect for PHS programs. Those programs were not covered in Judge Dooling's order.

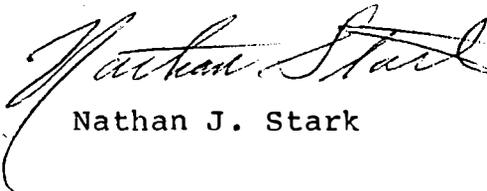
Jarvis II Promises Drastic Medi-Cal Cuts. Current indications are that California voters will pass the "Jarvis II" initiative to cut State income taxes in half. As a result, Governor Brown has directed all State agencies to prepare a contingency FY 1981 budget. The contingency budget for Medi-Cal will reduce State expenditures by \$852 million and total program expenditures by up to \$1.7 billion. The current FY 81 Medi-Cal budget estimates \$4.3 billion total expenditures. Options under consideration to accommodate these cuts include the elimination of coverage for the 700,000 medically needy and indigent, reduction of maintenance payments to nursing home patients to \$25 per month, elimination of dental and optical care, limitations on inpatient hospital care, and elimination of cost of living adjustment to physician and supplier fee schedule.

Cuts of this magnitude would shift the burden of caring for the indigent to the County hospitals, which are faced with their own budget crunch resulting from Proposition 13 (Jarvis I of 1978). A request for Federal "bail out" funds after the initiative passes in June is likely.

*no  
chance for  
special  
treatment*

National Health Plan. On February 25, John L. Palmer, Assistant Secretary for Planning and Evaluation Designate, will testify before the House Ways and Means Subcommittee on Health (Rangel) during hearings on the "Health Cost Restraint Act," H.R. 5740. The Hearing will focus on proposals to restructure the financing of health insurance and encourage cost restraint through the use of incentives to stimulate competition and cost consciousness. Palmer will outline the similarities and differences between the Administration's proposed National Health Plan and the Health Cost Restraint Act as introduced by Chairman Ullman. He will note that carefully structured proposals to increase competition can be important complements to the overall strategy for containing health care inflation.

African Trip. Secretary Harris left yesterday on a 10-day trip to Africa. She will visit Liberia February 22-24, Nigeria February 24-27 and Egypt February 28-March 3. She will explore the possibilities of establishing cooperative health programs with Liberia and Nigeria, and will sign agreements to strengthen cooperative health endeavors with Egypt.

  
Nathan J. Stark

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

I herewith transmit a bill to authorize international development and security assistance programs for the fiscal years 1981 and 1982. The programs authorized by this bill are essential for an effective United States contribution to the reduction of hunger, poverty, and other developmental problems of the peoples of the less-developed countries. The United States economy and our political and economic leadership will be enhanced by the bill's programs. The bill will also provide for the achievement of a secure international environment, and for the attainment of our own foreign policy and security goals in a greatly troubled world. Through these programs, the United States assists friendly and allied nations in fostering their economic development and progress, in acquiring and maintaining the capability for their own defense, and in addressing political, military, and economic crises.

This year I am transmitting a single bill, incorporating authorizations for both development and security assistance. Title I of the bill consists of amendments to the Foreign Assistance Act of 1961 and to the International Development Cooperation Act of 1979. It includes all the fiscal year 1981 authorizations for the development assistance programs and related activities provided for in those statutes. Title I also includes fiscal year 1981 authorizations for the economic support fund. In addition, this title provides fiscal year 1981 authorization for peacekeeping operations, disaster assistance, international narcotics control, military assistance and grant military training programs carried out under the Foreign Assistance Act of 1961. Title II consists of fiscal year 1981 authorizations for programs and related activities under the Arms Export Control Act. Title III comprises provisions applicable to the bill as a whole, including the fiscal year 1982 authorizations required by the Congressional Budget Act of 1974.

In addition to authorizations of appropriations, the bill makes certain substantive changes to the statutory authorities under which development and security assistance programs are carried out. With respect to development assistance programs, these changes include a clarification of the applicability to United States support for private and voluntary organizations of

statutory limitations on assistance programs, and a provision giving powers of subpoena to the Auditor General of the Agency for International Development. Insofar as security assistance is concerned, the bill amends the Arms Export Control Act to establish a separate authority for the sale of military design and construction services to foreign countries and international organizations, reflecting the essential difference in nature between such sales and other sales of defense articles and services under the Foreign Military Sales (FMS) program.

Developments over the past year, and in particular in recent months, have underscored perhaps more than ever before the importance of affording the President the ability to employ, promptly and effectively, foreign assistance to meet unforeseen foreign policy and security emergencies. As a consequence, the bill contains a number of provisions to this end. The authorization of fiscal year 1981 appropriations for the economic support fund includes \$50,000,000 unallocated to any particular program and activity, and which would be available to meet currently unexpected situations where the provision of economic support fund assistance would be appropriate in furtherance of the national interests of the United States. The difficulties and delays occasioned by the need to reprogram such assistance from planned country programs over the past year indicates the importance and usefulness of such an unallocated amount under the economic support fund. The bill would also make available a comparable amount for military contingencies by increasing from \$10 million to \$50 million the scope of the President's emergency authority to draw upon the Department of Defense for military assistance in a fiscal year.

In addition, the bill makes the special authority of section 614(a) of the Foreign Assistance Act of 1961, as amended, applicable to programs under the Arms Export Control Act, and to "free-standing" provisions of law contained in annual development and security assistance authorization acts. This change restores the scope of the President's authority under section 614(a) as it existed prior to 1968, when the military sales provisions of the Foreign Assistance Act of 1961 were removed from that act and included in the Foreign Military Sales Act (now the Arms Export Control Act). As a consequence, this change removes an anomaly from present law, whereby the President may use his authority under section 614(a) to authorize grants under the Foreign Assistance Act of 1961, but not sales or financing under the Arms Export Control Act.

The bill also amends the Arms Export Control Act to eliminate the requirements for advance certification to the Congress of all major FMS sales, and proposed third-party transfers, to NATO, any NATO member, Japan, Australia, and New Zealand. This

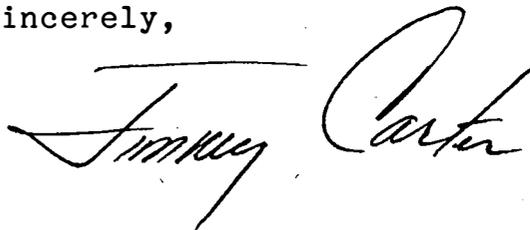
change would facilitate vital military supply cooperation with important allies, and would render third-party transfer procedures less cumbersome by conforming those requirements to those applicable to major direct transfers under FMS. In addition, the bill amends the Arms Export Control Act to clarify the limitations upon the performance of defense services for a country in the event such country becomes engaged in self-defense or other military operations.

The Programs authorized by this bill are essential components of our foreign and national security policies, and of our commitment to the advancement in freedom, dignity and development of peoples in nations far less fortunate than our own. These programs have been formulated to achieve these ends in as effective and efficient a manner as possible in light of the resources available to us. They will serve our interests in the stability and economic prosperity of the developing countries, already important markets for U.S. exports, and whose participation in the world economy is steadily increasing.

With particular regard for the authorizations requested in this bill for security assistance programs for Greece and for Turkey, I hereby certify, in accordance with section 620C(d) of the Foreign Assistance Act of 1961, as amended, that the furnishing of such assistance to Greece and to Turkey will be consistent with the principles set forth in section 620C(b) of that Act. The explanation of the reasons for this certification in each case is contained in the congressional presentation materials for the fiscal year 1981 security assistance program.

The difficult world situation facing the United States at this moment in history underscores the need to address, with renewed vigor, the human problems arising in the less-developed countries, our economic ties with them, and the security needs of our friends and allies. This bill will help us to do so, and I urge its early passage.

Sincerely,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Thomas P. O'Neill, Jr.  
Speaker of the  
U.S. House of Representatives  
Washington, D.C. 20515

ID 801180

THE WHITE HOUSE

WASHINGTON

DATE: 26 FEB 80

FOR ACTION:

*Send in  
2:30 PM*

INFO ONLY: THE VICE PRESIDENT

ZBIG BRZEZINSKI

STU EIZENSTAT

AL MCDONALD

FRANK MOORE

LLOYD CUTLER

CHARLIE SCHULTZE

SUBJECT: MCINTYRE MEMO RE INTERNATIONAL DEVELOPMENT AND SECURITY

COOPERATION ACT OF 1980

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED:

STAFF RESPONSE: ( ) I CONCUR. ( ) NO COMMENT. ( ) HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:



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

FEB 26 1980

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. (Signed) ~~Jim~~ Jim  
Director

SUBJECT: International Development and Security Cooperation  
Act of 1980

We forward herewith a bill, together with a Presidential transmittal message and sectional analysis, which authorizes fiscal year 1981 and 1982 appropriations for development and security assistance programs. The amounts proposed for authorization are consistent with your decisions incorporated in the 1981 Budget. In addition, the bill makes certain substantive changes to the statutory authorities under which development and security assistance programs are carried out.

In accordance with established procedures, this draft bill, message, and sectional analysis have been coordinated with the Departments of State, Defense, Agriculture, and the Treasury, the International Development Cooperation Agency, the Agency for International Development, the Arms Control and Disarmament Agency, the Office of Federal Procurement Policy, and the National Security Council.

Enclosures

The attached text has been edited by the speechwriters.

THE WHITE HOUSE

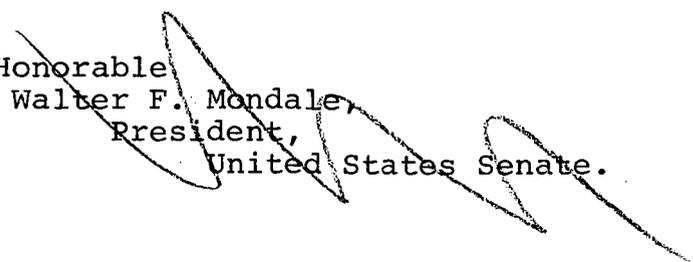
WASHINGTON

Dear Mr. President:

I herewith transmit a bill to authorize international development and security assistance programs for the fiscal years 1981 and 1982. The programs authorized by this bill are essential for an effective United States contribution to the reduction of hunger, poverty, and other developmental problems of the peoples of the less-developed countries. The United States economy and our political and economic leadership will be enhanced by the bill's programs. The bill will also provide for the achievement of a secure international environment, and for the attainment of our own foreign policy and security goals in a greatly troubled world. Through these programs, the United States assists friendly and allied nations in fostering their economic development and progress, in acquiring and maintaining the capability for their own defense, and in addressing political, military, and economic crises.

This year I am transmitting a single bill, incorporating authorizations for both development and security assistance. Title I of the bill consists of amendments to the Foreign Assistance Act of 1961 and to the International Development Cooperation Act of 1979. It includes all the fiscal year 1981 authorizations for the development assistance programs and related activities provided for in those statutes. Title I also includes fiscal year 1981 authorizations for the economic support fund. In addition, this title provides fiscal year 1981 authorization for peacekeeping operations, disaster assistance, international narcotics control, military assistance and grant military training programs carried out under the Foreign Assistance Act of 1961.

The Honorable  
Walter F. Mondale,  
President,  
United States Senate.



Title II consists of fiscal year 1981 authorizations for programs and related activities under the Arms Export Control Act. Title III comprises provisions applicable to the bill as a whole, including the fiscal year 1982 authorizations required by the Congressional Budget Act of 1974.

In addition to authorizations of appropriations, the bill makes certain substantive changes to the statutory authorities under which development and security assistance programs are carried out. With respect to development assistance programs, these changes include a clarification of the applicability to United States support for private and voluntary organizations of statutory limitations on assistance programs, and a provision giving powers of subpoena to the Auditor General of the Agency for International Development. Insofar as security assistance is concerned, the bill amends the Arms Export Control Act to establish a separate authority for the sale of military design and construction services to foreign countries and international organizations, reflecting the essential difference in nature between such sales and other sales of defense articles and services under the Foreign Military Sales (FMS) program.

Developments over the past year, and in particular in recent months, have underscored perhaps more than ever before the importance of affording the President the ability to employ, promptly and effectively, foreign assistance to meet unforeseen foreign policy and security emergencies. As a consequence, the bill contains a number of provisions to this end. The authorization of fiscal year 1981 appropriations for the economic support fund includes \$50,000,000 unallocated to any particular program and activity, and which would be available to meet currently unexpected situations where the provision of economic support fund assistance would be appropriate in furtherance of the national interests of the United States. The difficulties and delays occasioned by the need to reprogram such assistance from planned country programs over the past year indicates the importance and usefulness of such an unallocated amount under the economic support fund. The bill

would also make available a comparable amount for military contingencies by increasing from \$10 million to \$50 million the scope of the President's emergency authority to draw upon the Department of Defense for military assistance in a fiscal year.

In addition, the bill makes the special authority of section 614(a) of the Foreign Assistance Act of 1961, as amended, applicable to programs under the Arms Export Control Act, and to "free-standing" provisions of law contained in annual development and security assistance authorization acts. This change restores the scope of the President's authority under section 614(a) as it existed prior to 1968, when the military sales provisions of the Foreign Assistance Act of 1961 were removed from that act and included in the Foreign Military Sales Act (now the Arms Export Control Act). As a consequence, this change removes an anomaly from present law, whereby the President may use his authority under section 614(a) to authorize grants under the Foreign Assistance Act of 1961, but not sales or financing under the Arms Export Control Act.

The bill also amends the Arms Export Control Act to eliminate the requirements for advance certification to the Congress of all major FMS sales, and proposed third-party transfers, to NATO, any NATO member, Japan, Australia, and New Zealand. This change would facilitate vital military supply cooperation with important allies, and would render third-party transfer procedures less cumbersome by conforming those requirements to those applicable to major direct transfers under FMS. In addition, the bill amends the Arms Export Control Act to clarify the limitations upon the performance of defense services for a country in the event such country becomes engaged in self-defense or other military operations.

The programs authorized by this bill are essential components of our foreign and national security policies, and of our commitment to the advancement in freedom, dignity and development of peoples in nations far less fortunate than our own. These programs have been formulated to achieve these ends in as effective

THE WHITE HOUSE

WASHINGTON

Dear Mr. Speaker:

I herewith transmit a bill to authorize international development and security assistance programs for the fiscal years 1981 and 1982. The programs authorized by this bill are essential for an effective United States contribution to the reduction of hunger, poverty, and other developmental problems of the peoples of the less-developed countries. The United States economy and our political and economic leadership will be enhanced by the bill's programs. The bill will also provide for the achievement of a secure international environment, and for the attainment of our own foreign policy and security goals in a greatly troubled world. Through these programs, the United States assists friendly and allied nations in fostering their economic development and progress, in acquiring and maintaining the capability for their own defense, and in addressing political, military, and economic crises.

This year I am transmitting a single bill, incorporating authorizations for both development and security assistance. Title I of the bill consists of amendments to the Foreign Assistance Act of 1961 and to the International Development Cooperation Act of 1979. It includes all the fiscal year 1981 authorizations for the development assistance programs and related activities provided for in those statutes. Title I also includes fiscal year 1981 authorizations for the economic support fund. In addition, this title provides fiscal year 1981 authorization for peacekeeping operations, disaster assistance, international narcotics control, military assistance and grant military training programs carried out under the Foreign Assistance Act of 1961.

The Honorable

Thomas P. O'Neill, Jr.,

Speaker,

House of Representatives.

Title II consists of fiscal year 1981 authorizations for programs and related activities under the Arms Export Control Act. Title III comprises provisions applicable to the bill as a whole, including the fiscal year 1982 authorizations required by the Congressional Budget Act of 1974.

In addition to authorizations of appropriations, the bill makes certain substantive changes to the statutory authorities under which development and security assistance programs are carried out. With respect to development assistance programs, these changes include a clarification of the applicability to United States support for private and voluntary organizations of statutory limitations on assistance programs, and a provision giving powers of subpoena to the Auditor General of the Agency for International Development. Insofar as security assistance is concerned, the bill amends the Arms Export Control Act to establish a separate authority for the sale of military design and construction services to foreign countries and international organizations, reflecting the essential difference in nature between such sales and other sales of defense articles and services under the Foreign Military Sales (FMS) program.

Developments over the past year, and in particular in recent months, have underscored perhaps more than ever before the importance of affording the President the ability to employ, promptly and effectively, foreign assistance to meet unforeseen foreign policy and security emergencies. As a consequence, the bill contains a number of provisions to this end. The authorization of fiscal year 1981 appropriations for the economic support fund includes \$50,000,000 unallocated to any particular program and activity, and which would be available to meet currently unexpected situations where the provision of economic support fund assistance would be appropriate in furtherance of the national interests of the United States. The difficulties and delays occasioned by the need to reprogram such assistance from planned country programs over the past year indicates the importance and usefulness of such an unallocated amount under the economic support fund. The bill

would also make available a comparable amount for military contingencies by increasing from \$10 million to \$50 million the scope of the President's emergency authority to draw upon the Department of Defense for military assistance in a fiscal year.

In addition, the bill makes the special authority of section 614(a) of the Foreign Assistance Act of 1961, as amended, applicable to programs under the Arms Export Control Act, and to "free-standing" provisions of law contained in annual development and security assistance authorization acts. This change restores the scope of the President's authority under section 614(a) as it existed prior to 1968, when the military sales provisions of the Foreign Assistance Act of 1961 were removed from that act and included in the Foreign Military Sales Act (now the Arms Export Control Act). As a consequence, this change removes an anomaly from present law, whereby the President may use his authority under section 614(a) to authorize grants under the Foreign Assistance Act of 1961, but not sales or financing under the Arms Export Control Act.

The bill also amends the Arms Export Control Act to eliminate the requirements for advance certification to the Congress of all major FMS sales, and proposed third-party transfers, to NATO, any NATO member, Japan, Australia, and New Zealand. This change would facilitate vital military supply cooperation with important allies, and would render third-party transfer procedures less cumbersome by conforming those requirements to those applicable to major direct transfers under FMS. In addition, the bill amends the Arms Export Control Act to clarify the limitations upon the performance of defense services for a country in the event such country becomes engaged in self-defense or other military operations.

The programs authorized by this bill are essential components of our foreign and national security policies, and of our commitment to the advancement in freedom, dignity and development of peoples in nations far less fortunate than our own. These programs have been formulated to achieve these ends in as effective

SECTION-BY-SECTION ANALYSIS  
OF THE PROPOSED  
INTERNATIONAL DEVELOPMENT AND SECURITY  
COOPERATION ACT OF 1980

I. INTRODUCTION

The proposed International Development and Security Cooperation Act of 1980 (hereinafter referred to as "the Bill") amends the Foreign Assistance Act of 1961 (hereinafter referred to as "the FAA"), the Arms Export Control Act (hereinafter referred to as the "AECA"), and the International Development Cooperation Act of 1979, in order to authorize appropriations to carry out international development and security assistance programs for the fiscal year 1981, and to make certain changes in the substantive authorities governing those programs. The Bill also contains authorizations for the fiscal year 1982, in accordance with the requirements of the Congressional Budget Act of 1974.

Structurally, the Bill is composed of three titles. Title I amends the FAA and the International Development Cooperation Act of 1979. Title II amends the Arms Export Control Act. Title III consists of miscellaneous provisions applicable to the Bill as a whole.

## II. PROVISIONS OF THE BILL

### Section 1. Short Title

This section provides that the Bill may be cited as the "International Development and Security Cooperation Act of 1980".

## TITLE I

### Section 101. Agriculture, Rural Development and Nutrition

This section amends section 103 of the FAA, which authorizes programs in agriculture, rural development and nutrition. Section 103(a)(2) of the FAA is amended to authorize \$729,273,000 for the fiscal year 1981 to carry out programs under section 103. Agriculture, rural development and nutrition will continue to receive primary emphasis under this authorization.

### Section 102. Population and Health

This section amends section 104 of the FAA, which authorizes programs of population planning and health. Section 104(g) of the FAA is amended to authorize \$238,015,000 for the fiscal year 1981 for population planning programs and \$164,213,000 for the fiscal year 1981 for health programs.

Section 103. Education and Human Resources Development

This section amends section 105 of the FAA, which authorizes programs of education and human resources development. Section 105(a) of the FAA is amended to authorize \$122,069,000 for the fiscal year 1981 for programs relating to education and human resources development.

Section 104. Technical Assistance, Energy, Research, Reconstruction and Selected Development Problems

This section amends section 106 of the FAA, which authorizes programs relating to technical assistance, energy, research, reconstruction and selected development problems. Section 106(b) of the FAA is amended to authorize the appropriation of \$160,632,000 for the fiscal year 1981 for such programs.

Section 105. Sahel Development Program - Implementation

This section amends section 121(c) of the FAA to authorize \$113,442,000 for fiscal year 1981 for the Sahel Development program. Section 121(c) of the FAA currently authorizes on a "no-year" basis a total amount of \$225,000,000 for the Sahel Development program in Africa. Amounts appropriated for the program through fiscal year 1979 plus the pending appropriation level for fiscal year 1980 supported by the Executive Branch total \$225,000,000. Authorization is now requested on a fiscal year basis.

Section 106. Private and Voluntary Organizations and Cooperatives

This section amends section 123 of the FAA in order to recognize specifically the private and independent nature of private and voluntary organizations and cooperatives in their assistance programs overseas. These organizations have demonstrated a unique ability to work at the "grass roots" level to help poor people in the developing countries. Their work is strongly supported by private contributions from the American people and is a praiseworthy effort best characterized as "people to people" development assistance.

In section 123 of the FAA the Congress has urged AID to provide greater financial support for private and voluntary organizations and cooperatives without jeopardizing their independence. As a reflection of that independence and the non-governmental nature of the programs carried out abroad by private and voluntary organizations and cooperatives, this section exempts programs of these private groups from statutory prohibitions in the Act or other laws on assistance in or to the countries in which they are being carried out. The exemption would extend only to the continuance of support for already existing programs being supported as of the point in time when a given prohibition would otherwise become applicable. Any such prohibitions would continue to apply to the official U.S. government-to-government assistance program.

The section also provides that the President will review any such exempted treatment in order to ensure that any such exemption is not automatic and that under the circumstances the interests of the United States are served by continued contributions of funds authorized under the FAA.

Section 107. Relatively Least Developed Countries

This section amends section 124(c) of the FAA to provide retroactive terms adjustment during fiscal year 1981 for relatively least developed countries on outstanding loans made under part I of the FAA. Pursuant to the provisions of section 124(c) of the FAA, the President may on a case-by-case basis allow relatively least developed countries to deposit local currency into special accounts for development uses, in amounts equivalent to payments due to the United States in a given year, in place of repayment. Authorization for implementation of this provision for eligible countries is included in the amount of \$10,845,000 for the fiscal year 1981.

Section 108. American Schools and Hospitals Abroad

This section amends section 214 of the FAA, which authorizes assistance to schools and hospitals located outside the United States which serve as demonstration centers for American ideas and practices and are sponsored or founded by United States citizens.

Section 214(c) of the FAA is amended to authorize \$15,000,000 for the fiscal year 1981 for the American Schools and Hospitals Abroad program.

Section 109. International Organizations and Programs

This section amends section 302 of the FAA, which authorizes grants to international organizations for their programs. Section 302(a)(1) of the FAA is amended to authorize appropriations for grants in the amount of \$244,050,000 for the fiscal year 1981 for these programs.

Section 110. International Narcotics Control

This section amends section 482(a) of the FAA to authorize appropriations of \$38,613,000 to carry out international narcotics control programs for the fiscal year 1981.

Section 111. International Disaster Assistance

This section amends section 492 of the FAA, which authorizes funds for international disaster assistance. Section 492 of the FAA is amended to authorize \$25,000,000 for the fiscal year 1981.

Section 112. Economic Support Fund

This section consists of two subsections, as follows:

(a) This subsection amends section 532(b) (1) of the FAA to authorize \$2,080,500,000 in appropriations to carry out economic support fund programs for the fiscal year 1981.

(b) This subsection repeals various earmarkings and related provisions applicable to economic support fund programs for the fiscal year 1980.

#### Section 113. Peacekeeping Operations

This section amends section 552(a) of the FAA to authorize \$25,000,000 in appropriations to carry out peacekeeping operations and other programs in furtherance of the national security interests of the United States for the fiscal year 1981.

#### Section 114. Military Assistance

This section consists of three subsections, as follows:

(a) This subsection amends section 503(a) of the FAA to permit military assistance funds from a given country program to be transferred to, and merged with, funds provided by that country for FMS purchases under the AECA, for obligation and expenditure under the latter act. This would facilitate those transactions exceeding available military assistance funds and which accordingly must be financed with supplementary funds furnished by the recipient under the AECA. No substantive provision of the AECA would be affected.

(b) This subsection amends section 504(a)(1) of the FAA to authorize \$105,000,000 in appropriations to carry out military assistance programs in the fiscal year 1981. The amount of such assistance which may be provided is specified with respect to each of three designated recipients; these allocations may be increased by not more than 10% if deemed necessary for the purposes of the chapter. With respect to these three countries, section 504(a)(1) constitutes the specific authorization required by section 516(a) of the FAA. The military assistance program for the fiscal year 1981 is made up of new budget authority plus reimbursements to the military assistance account. It is estimated that approximately \$56,000,000 of the total program will be used for administrative and related expenses. The total program of \$135,600,000 in the fiscal year 1981 will require the appropriation of \$105,000,000. The amount requested includes funds to reimburse the Department of Defense for those costs of overseas management of security assistance programs for which reimbursement from the military assistance account is required by section 505 of the FAA.

(c) This subsection amends section 506(a) of the FAA to increase from \$10,000,000 to \$50,000,000 the dollar value of the amount of defense articles and services that the President may draw from the Department of Defense to furnish emergency military assistance in any fiscal year. No other change is made to section 506(a).

(d) This subsection would amend section 516(a) of the FAA to extend, from three to five years, the period within which deliveries under military assistance programs authorized for the fiscal

year 1977 and in any subsequent fiscal year must be made. This would reduce the possibility that an authorized military assistance program would be frustrated by failure to make deliveries, for whatever cause, during the period provided for by section 516(a).

Section 115. Stockpiling of Defense Articles for Foreign Countries

This section amends section 514(b) (2) of the FAA to establish a ceiling of \$85,000,000 on the aggregate value of additions made in the fiscal year 1981 to overseas stockpiles of defense articles (other than in NATO countries) which are designated as war reserve stocks for allied or other foreign forces. The United States retains title to any stocks so designated, the transfer of which to a foreign country may take place only under the authority of the FAA or of the AECA, and within the limitations and funds available under those Acts. This provision permits additions to U.S.-owned stockpiles in the Pacific for Korea.

Section 116. International Military Assistance and Sales Program Management

This section consists of four subsections, as follows:

(a) This subsection amends section 515(b) (1) of the FAA to authorize the assignment, in the fiscal year 1981, of more than six

military personnel to perform security assistance management functions in each of thirteen countries: Portugal, Spain, Jordan, the Philippines, the Republic of Korea, Panama, Greece, Turkey, Indonesia, Thailand, Morocco, Egypt and Saudi Arabia. Each of these is a country for which a current or recently authorized military assistance program is being carried out, or with which an FMS program is being carried out under the AECA of such significance as to warrant the assignment of more than six military personnel for program management purposes. The assignment of in excess of six military personnel will continue to be governed by the terms and conditions set forth in section 515 of the FAA.

(b) This subsection amends section 515(b) (3) of the FAA to remove Iran and Kuwait from the list of three countries (the third being Saudi Arabia) to which personnel may be assigned under section 515(b) (1) only on a reimbursable, (FMS) basis. No authorization to assign in excess of six military personnel to either country is being requested for the fiscal year 1981.

(c) This subsection amends section 515(f) of the FAA to authorize the assignment, under that section, of up to six defense attaches more than the number of such attaches authorized for a given country on December 31, 1979, in order to perform security assistance management functions. In addition, this subsection further amends section 515(f) to permit the assignment of the eight additional defense attaches authorized for assignment on a worldwide basis under that section to countries where a one- to six-man

Office of Defense Cooperation is assigned under section 515(c) of the FAA. This will permit the consolidation, in selected countries, of security assistance management groups with defense attache' offices in accordance with Administration plans to promote the efficiency, and reduce the cost, of overseas program management.

Section 117. International Military Education and Training

This section amends section 542 of the FAA to authorize appropriations of \$32,500,000 to carry out international military education and training programs in the fiscal year 1981, and to remove the requirement for matching contributions from countries participating in Latin American regional training programs.

Section 118. Procurement

This section amends section 604(e) of the FAA by adding language to make clear that section 604(e) is meant to apply only in cases where the procurement in question can feasibly be supplied from the United States. In some agricultural development projects, financing of the purchase of locally-produced agricultural commodities is an integral element of indigenous production and marketing elements of the projects. Such activities do not involve the competitive substitution of local or third country commodities in place of U.S. commodities and thus are outside the intended scope

but not the actual language of current law. This section is designed to preserve the protective intent of current section 604(e) of the FAA but at the same time to introduce needed flexibility in its application to development assistance projects which do not contain a potential for the financing of agricultural commodities exported from the United States.

Section 119. Special Authority

This section amends section 614(a) of the FAA to permit the President's general waiver authority under that section to be used with respect to limitations under the AECA and under annual authorization legislation, as well as with respect to limitations under the FAA. In part, this change restores the original scope of section 614(a) as it existed prior to 1968, when the statutory basis for foreign military sales was removed from the FAA and reconstituted as the Foreign Military Sales Act (now the AECA). Extending the scope of section 614(a) to reach provisions of annual authorizing legislation takes into account limitations on programs and activities under the FAA or the AECA that may take the form of "free standing" provisions in such annual legislation. The amount of funds that could be made available in any fiscal year under this provision for assistance under the FAA may not exceed \$250,000,000, no more than \$50,000,000 of which may be allocated to any one country, unless that country is a victim of Communist aggression. This provision could not be used to waive

the limitations of section 610(a) (transfers between accounts) of the FAA.

Section 120. Participant Training

This section amends section 617 of the FAA to provide that orderly termination of assistance programs for any given country during the eight-month "winding up" period may include final obligation and expenditure of funds sufficient to finance completion of training programs or courses of study for students and participant trainees who began their programs prior to the termination of assistance to their home countries. At the discretion of the President, this would allow the agency primarily responsible for administering part I of the FAA to allow AID-financed foreign students or trainees in the United States or third countries to complete their studies in order to prevent undue personal hardship to the individuals affected. Since the students or trainees in such cases would have been brought to the United States at the invitation of the U.S. Government, they should not be terminated part way through their studies unless important foreign policy interests of the United States call for such action. The President would continue to have that discretionary termination authority.

Section 121. Auditor General

This section amends section 624(g) of the FAA to provide subpoena

power to the AID Auditor General for the more effective discharge of his audit and investigative responsibilities. The subpoena power granted extends only to the production of documents and is patterned after that provided to Inspectors General by the Inspector General Act of 1978. The Auditor General of AID has statutory duties for audit and investigation and reports directly to the head of the Agency.

Section 122. Reimbursable Development Programs

This section amends section 661 of the FAA, which authorizes use of a specified amount of funds made available for the purposes of part I of the FAA in order to stimulate reimbursable development programs. Section 661 of the FAA is amended to allow use of up to \$4,000,000 of the funds made available for the purposes of the FAA for the fiscal year 1981.

Section 123. Operating Expenses

This section amends section 667 of the FAA, which authorizes funds for operating expenses of the International Development Cooperation Agency and the Agency for International Development. Section 667(a) of the FAA is amended to authorize \$293,800,000 for the fiscal year 1981 for operating expenses.

Section 124. Institute for Scientific and Technological  
Cooperation

This section amends section 410 of the International Development Cooperation Act of 1979 to authorize \$95,000,000 for fiscal year 1981 for the Institute for Scientific and Technological Cooperation. The Institute will carry out programs of assistance in the fields of science and technology.

TITLE II

Section 201. Defense Services

This section clarifies section 21(c) of the AECA by eliminating an inaccurate and overly broad characterization of "combatant" duties for the purposes of that section.

Section 202. Nonrecurring Research and Development Costs

This section amends section 21(e)(2) of the AECA to eliminate the authority to waive reimbursement for a proportionate share of nonrecurring research and development costs in the case of sales of defense articles under the AECA which sales, if made, would encourage foreign procurement in the United States under foreign coproduction arrangements. This amendment would not affect the authority to waive such reimbursement in cases which would significantly advance United States interests in NATO standardization.

Section 203. Military Construction

This section consists of five subsections, as follows:

(a) This subsection adds a new chapter 2A to the AECA, relating to foreign military construction sales. This new chapter, consisting of new section 29, authorizes the President to make sales of design and construction services, and to procure such services for sale, to eligible foreign countries and international organizations on terms comparable to those on which sales of defense articles and defense services are authorized by sections 21 and 22 of the AECA. The design and construction services authorized to be sold under this new chapter are identical to those heretofore sold as "defense services" under the AECA. This new chapter would have no material effect on the cost of such services to the purchaser, or on the manner in which such design and construction services are implemented.

The remaining subsections of this section make certain conforming and other changes to the AECA to reflect new chapter 2A:

(b) This subsection consists of three paragraphs, as follows:

Paragraph (1) amends section 21(h) of the AECA to continue the inclusion of construction sales among those sales for which reciprocal quality assurance, inspection, and contract audit services are authorized.

Paragraph (2) amends section 22(c) of the AECA to provide that the Renegotiation Act of 1951 does not apply to procurement contracts entered into under new section 29.

Paragraph (3) amends sections 23, 24, and 31(c), relating to the extension of credits, the issuance of loan repayment guaranties, and financing for Israel, to include sales of design and construction services.

(c) This subsection amends section 36(a) of the AECA to add a new paragraph (9) requiring quarterly report to the Congress concerning sales of design and construction services under new section 29. No conforming amendment to section 36(b) of the AECA is proposed.

(d) This subsection consists of three paragraphs, as follows:

Paragraph (1) amends section 37(a) of the AECA to make the fiscal provisions of that section applicable to sales of design and construction services under new section 29.

Paragraph (2) amends section 39 of the AECA to make the requirements of that section regarding the reporting of agents' fees and other payments applicable to sales of design and construction services under new section 29.

Paragraph (3) amends sections 42(d) and (e) of the AECA, relating to the responsibilities of the Secretary of Defense and the suspension or cancellation of sales contracts respectively, to make those sections applicable to sales of design and construction services under new section 29.

(e) This subsection amends section 47 of the AECA to exclude design and construction services under new section 29 from the definition of "defense services" contained in subsection 4 of that section, and to add a new subsection (8) defining "design and construction services" for the purpose of sales under the AECA.

Section 204. Foreign Military Sales Authorization and  
Aggregate Ceiling

This section consists of two subsections, as follows:

(a) This subsection consists of three paragraphs, each amending section 31 of the AECA:

Paragraph (1) amends section 31(a) to authorize \$734,000,000 in appropriations to carry out FMS credit and loan guaranty programs in the fiscal year 1981;

Paragraph (2) amends section 31(b) to establish a ceiling of \$500,000,000 on the total of credits extended under the AECA for

the fiscal year 1981, a ceiling of \$2,340,000,000 on the principal amount of loans guaranteed under FMS for the fiscal year 1981, and an allocation of not less than \$1,200,000,000 of the aggregate total of those ceilings to Israel, \$200,000,000 of which is available only for Sinai relocation costs. In view of new budgetary practices, separate ceilings for FMS credits and FMS-guaranteed loans are provided for the fiscal year 1981;

Paragraph (3) amends section 31(c), relating to terms and conditions governing repayment by Israel of financing extended pursuant to the AECA, to make that subsection applicable, without substantive change, to the fiscal year 1981. As in past years, repayment by Israel of \$500,000,000 in such financing is to be forgiven.

(b) This subsection, which does not amend the permanent provisions of the AECA, provides for certain repayment terms for Federal Financing Bank loans to be guaranteed under section 24(a) of the AECA for Egypt, the Sudan, and Turkey for the fiscal year 1981.

#### Section 205. Reports to the Congress

This section consists of three subsections, each amending the AECA, as follows:

(a) This subsection amends section 3(d) of the AECA to require advance certification to the Congress of only those proposed

third-country transfers of FMS or MAP-origin major defense equipment valued at \$7,000,000 or more, or of any defense article, related training, or other defense service valued at \$25,000,000, based on original acquisition cost. No such certification would be required for any proposed third-party transfer to NATO; any NATO member, Japan, Australia, or New Zealand. Under present section 3(d), most third-party transfers, regardless of value, must be certified to the Congress in advance. This change would conform the criteria for certification under section 3(d) to those applicable to direct FMS sales under section 36(b) of the AECA.

(b) This subsection amends section 36(b) of the AECA to exempt proposed major FMS sales to NATO, any NATO member, Japan, Australia, and New Zealand from the advance certification requirements of that section.

(c) This subsection amends section 36(c) of the AECA to exempt proposed licenses for major exports of Munitions List articles and services to NATO, any NATO member, Japan, Australia, and New Zealand from the advance certification requirements of that section.

### TITLE III

#### Section 301. Authorizations for the Fiscal Year 1982

This section authorizes appropriations for the fiscal year 1982 of

such sums as may be necessary to carry out programs and activities for which fiscal year 1981 appropriations are authorized by the Bill. This section is necessary in order to comply with the Congressional Budget Act of 1974.

Section 302. Effective Date

This section provides that the Bill shall be effective upon enactment, except that authorizations of appropriations and limitations of authority applicable to the fiscal year 1980 under provisions of law amended by the Bill are to take effect on October 1, 1980. The latter savings provision is necessary in the event the Bill is enacted prior to the end of the fiscal year 1980.



1           "(1) \$238,015,000 for the fiscal year 1981 to carry  
2 out subsection (b) of this section; and

3           "(2) \$164,213,000 for the fiscal year 1981 to carry  
4 out subsection (c) of this section."

5           EDUCATION AND HUMAN RESOURCES DEVELOPMENT

6           SEC. 103. The second sentence of section 105(a)  
7 of the Foreign Assistance Act of 1961 is amended to  
8 read as follows: "There are authorized to be appro-  
9 priated to the President for purposes of this section,  
10 in addition to funds otherwise available for such pur-  
11 poses, \$122,069,000 for the fiscal year 1981, which are  
12 authorized to remain available until expended."

13           TECHNICAL ASSISTANCE, ENERGY, RESEARCH,

14           RECONSTRUCTION AND SELECTED DEVELOPMENT

15           PROBLEMS

16           SEC. 104. Section 106(d) of the Foreign Assist-  
17 ance Act of 1961 is amended to read as follows:

18           "(d) There are authorized to be appropriated to  
19 the President for purposes of this section, in addi-  
20 tion to funds otherwise available for such purposes,  
21 \$160,632,000 for the fiscal year 1981, which are auth-  
22 orized to remain available until expended."

23           SAHEL DEVELOPMENT PROGRAM -- IMPLEMENTATION

24           SEC. 105. Section 121(c) of the Foreign Assit-  
25 ance Act of 1961 is amended to read as follows:

1           "(c) There are authorized to be appropriated to  
2 the President for purposes of this section, in addition  
3 to funds otherwise available for such purposes, \$113,442,000  
4 for the fiscal year 1981, which are authorized to remain  
5 available until expended."

6           PRIVATE AND VOLUNTARY ORGANIZATIONS

7                           AND COOPERATIVES

8           SEC. 106. Section 123(a) of the Foreign Assist-  
9 ance Act of 1961 is amended by adding the following at  
10 the end thereof:

11           "Prohibitions on assistance to countries contained  
12 in this or any other Act shall not be construed to pro-  
13 hibit assistance by the agency primarily responsible  
14 for administering this part in support of any existing  
15 programs of private and voluntary organizations and  
16 cooperatives already being supported prior to the date  
17 any such prohibition becomes applicable. The President  
18 shall take into consideration, in any case where statu-  
19 tory prohibitions on assistance are applicable but for  
20 this section, whether or not continuation of support  
21 for such programs is in the national interest of the  
22 United States."

23           RELATIVELY LEAST DEVELOPED COUNTRIES

24           SEC. 107. The last sentence of section 124(c)(2)  
25 of the Foreign Assistance Act of 1961 is amended by

1 striking out "1980" and inserting in lieu thereof "1981",  
2 and by striking out "\$18,800,000" and inserting in lieu  
3 thereof "\$10,845,000".

4 AMERICAN SCHOOLS AND HOSPITALS ABROAD

5 SEC. 108. Section 214(c) of the Foreign Assist-  
6 ance Act of 1961 is amended to read as follows:

7 "(c) To carry out the purposes of this section,  
8 there are authorized to be appropriated to the Presi-  
9 dent \$15,000,000 for the fiscal year 1981, which are  
10 authorized to remain available until expended."

11 INTERNATIONAL ORGANIZATIONS

12 AND PROGRAMS

13 SEC. 109. Section 302(a)(1) of the Foreign Assist-  
14 ance Act of 1961 is amended to read as follows:

15 "(a)(1) There are authorized to be appropriated  
16 to the President for grants to carry out the purposes  
17 of this chapter, in addition to funds available under  
18 any other Acts for such purposes, \$244,050,000 for the  
19 fiscal year 1981."

20 INTERNATIONAL NARCOTICS CONTROL

21 SEC. 110. Section 482(a) of the Foreign Assistance  
22 Act of 1961 is amended to read as follows:

23 "(2) To carry out the purposes of section 481,  
24 there are authorized to be appropriated to the Presi-  
25 dent \$38,613,000 for the fiscal year 1981. Amounts

1 appropriated under this subsection are authorized to  
2 remain available until expended."

3 INTERNATIONAL DISASTER ASSISTANCE

4 SEC. 111. Section 492 of the Foreign Assistance  
5 Act of 1961 is amended by striking out "\$21,800,000  
6 for the fiscal year 1980" and inserting in lieu thereof  
7 "\$25,000,000 for the fiscal year 1981".

8 ECONOMIC SUPPORT FUND

9 SEC. 112. (a) Section 531(b)(1) of the Foreign  
10 Assistance Act of 1961, relating to authorization, is  
11 amended by striking out "for the fiscal year 1980,  
12 \$1,935,000,000" and inserting in lieu thereof "for  
13 the fiscal year 1981, \$2,080,500,000".

14 (b) Sections 532 through 536 of such Act are re-  
15 pealed.

16 PEACEKEEPING OPERATIONS

17 SEC. 113. Section 552(a) of the Foreign Assist-  
18 ance Act of 1961, relating to authorization, is amended  
19 by striking out "\$21,100,000 for the fiscal year 1980"  
20 and inserting in lieu thereof "\$25,000,000 for the fiscal  
21 year 1981".

22 MILITARY ASSISTANCE

23 SEC. 114. (a) Section 503 of the Foreign Assist-  
24 ance Act of 1961, relating to general authority, is  
25 amended in subsection (a) by--

1 (1) striking out "or" at the end of paragraph  
2 (1);

3 (2) striking out the period at the end of  
4 paragraph (2) and inserting in lieu thereof a semi-  
5 colon followed by "or"; and

6 (3) inserting at the end thereof a new para-  
7 graph (3) to read as follows:

8 "(3) transferring such of the funds authorized  
9 to be appropriated or otherwise made available  
10 under this chapter as the President may deter-  
11 mine for assistance to a recipient specified in  
12 section 504(a) (1) of this Act within the limit  
13 therein to the account in which funds for the  
14 procurement of defense articles and defense ser-  
15 vices under section 21 and section 22 of the Arms  
16 Export Control Act have been deposited for  
17 such recipient, to be merged with such deposited  
18 funds, and to be used solely to meet obligations  
19 of the recipient for payment for sales under  
20 that Act."

21 (b) Section 504(a) (1) of the Foreign Assistance  
22 Act of 1961, relating to authorization, is amended to  
23 read as follows:

24 "(a) (1) There are authorized to be appropriated  
25 to the President to carry out the purposes of this

1 chapter not to exceed \$105,000,000 for the fiscal  
2 year 1981. Not more than the following amounts of  
3 funds available to carry out this chapter may be  
4 allocated and made available for assistance to each  
5 of the following countries for the fiscal year 1981:

Portugal.....	\$51,000,000
Spain.....	3,600,000
The Philippines.....	25,000,000

6 The amount specified in this paragraph for military  
7 assistance to any such country may be increased by  
8 not more than 10 per cent of such amount if the Presi-  
9 dent deems such increase necessary for the purposes of  
10 this chapter."

11 (c) Section 506(a) of the Foreign Assistance  
12 Act of 1961, relating to special authority, is am-  
13 ended by striking out "\$10,000,000" and inserting  
14 in lieu thereof "\$50,000,000".

15 (d) Section 516(a) of the Foreign Assistance Act  
16 of 1961, relating to termination of authority, is  
17 amended by--

18 (1) striking out "September 30, 1980" and  
19 inserting in lieu thereof "September 30, 1982";  
20 and

21 (2) striking out "three" and inserting in  
22 lieu thereof "five".

1 STOCKPILING OF DEFENSE ARTICLES

2 FOR FOREIGN COUNTRIES

3 SEC. 115. Section 514(b)(2) of the Foreign Assist-  
4 ance Act of 1961 is amended by striking out "\$95,000,000  
5 for the fiscal year 1980" and inserting in lieu thereof  
6 "\$85,000,000 for the fiscal year 1981".

7 INTERNATIONAL MILITARY ASSISTANCE

8 AND SALES PROGRAM MANAGEMENT

9 SEC. 116. Section 515 of the Foreign Assistance  
10 Act of 1961 is amended--

11 (a) in subsection (b)(1)--

12 (1) by striking out "fiscal year 1980" and  
13 inserting in lieu thereof "fiscal year 1981";

14 (2) by striking out "the countries specified  
15 in section 504(a)(1) and in" and inserting in lieu  
16 thereof "Portugal, Spain, Jordan, the Philippines,";  
17 and

18 (3) by striking out "Iran, Kuwait," and inserting  
19 in lieu thereof "Egypt";

20 (b) in subsection (b)(3)--

21 (1) by striking out "Iran, Kuwait, and";

22 (2) by striking out "countries" and inserting in  
23 lieu thereof "country"; and

24 (3) by striking out the word "each";

25 (c) in subsection (f)--

1 (1) by inserting immediately after "may not ex-  
2 ceed" the words "six more than";

3 (2) by striking out "December 31, 1978" and in-  
4 serting in lieu thereof "December 31, 1979"; and

5 (3) by inserting immediately after "such countries"  
6 the words "and countries to which military personnel  
7 have been assigned pursuant to subsection (c) of  
8 this section".

9 INTERNATIONAL MILITARY EDUCATION

10 AND TRAINING

11 SEC. 117. The first sentence of section 542 of the  
12 Foreign Assistance Act of 1961, relating to authorization,  
13 is amended by striking out all that follows after "the  
14 purposes of this chapter" and inserting in lieu thereof  
15 "\$32,500,000 for the fiscal year 1981.".

16 PROCUREMENT

17 SEC. 118. Section 604(e) of the Foreign Assistance  
18 Act of 1961 is amended by inserting the following imme-  
19 diately before the period at the end thereof:

20 "unless the commodity to be financed could not  
21 reasonably be procured in the United States in fulfillment  
22 of the objectives of a particular assistance program under  
23 which such commodity procurement is to be financed".

24 SPECIAL AUTHORITY

25 SEC. 119. Section 614(a) of the Foreign Assistance

1 Act of 1961, relating to special authority, is amended  
2 to read as follows:

3 "(a) The President may authorize the furnishing  
4 of assistance under this Act and may make sales, extend  
5 credit, and issue guaranties under the Arms Export Con-  
6 trol Act, without regard to any provision of this Act,  
7 the Arms Export Control Act, any law relating to re-  
8 cepts and credits accruing to the United States, and  
9 any Act authorizing or appropriating funds for use  
10 under this Act or the Arms Export Control Act, in fur-  
11 therance of any of the purposes of such Act, when the  
12 President determines that to do so is important to the  
13 security of the United States. The authority of this  
14 subsection may not be used to authorize the use of more  
15 than \$250,000,000 of funds made available for use under  
16 this Act, or the use of more than \$100,000,000 of for-  
17 eign currencies accruing under this Act or any other  
18 law, in any fiscal year. Not more than \$50,000,000 of  
19 the funds available under this subsection for use under  
20 this Act may be allocated to any one country in any fis-  
21 cal year, unless such country is a victim of active Com-  
22 munist or Communist-supported aggression. The authority  
23 of this section shall not be used to waive the limit-  
24 ations of transfers contained in section 610(a) of  
25 this Act."

PARTICIPANT TRAINING

SEC. 120. Section 617 of the Foreign Assistance Act of 1961 is amended by adding the following new sentence at the end thereof:

"In order to ensure the effectiveness of assistance under this Act, such expenses for orderly termination of programs may include the obligation and expenditure of funds to complete the training or studies outside their countries of origin of students whose course of study or training program began before assistance was terminated."

AUDITOR GENERAL

SEC. 121. Section 624(g) of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new paragraph:

"(6) The Auditor General shall have the authority to require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of functions assigned by this section, which subpoena, in the case of contumacy or refusal to obey, shall be enforceable by order of any appropriate United States district court: Provided, That procedures other than subpoenas shall be used to obtain documents and information from agencies of the United States Government."

REIMBURSABLE DEVELOPMENT PROGRAMS

SEC. 122. Section 661 of the Foreign Assistance Act of 1961 is amended in the first sentence by striking out "\$3,800,000 of the funds made available for the purposes of this Act for the fiscal year 1980" and inserting in lieu thereof "\$4,000,000 of the funds made available for the purposes of this Act for the fiscal year 1981".

OPERATING EXPENSES

SEC. 123. Section 667(a) of the Foreign Assistance Act of 1961 is amended--

(1) by striking out "fiscal year 1980" and inserting in lieu thereof "fiscal year 1981"; and

(2) in paragraph (1), by striking out "\$263,000,000" and inserting in lieu thereof "\$293,800,000".

INSTITUTE FOR SCIENTIFIC

AND TECHNOLOGICAL COOPERATION

SEC. 124. The first sentence of section 410 of the International Development Cooperation Act of 1979 is amended by striking out "\$23,750,000 for the fiscal year 1980" and inserting in lieu thereof "\$95,000,000 for the fiscal year 1981".

TITLE II - AMENDMENTS TO THE ARMS EXPORT CONTROL ACT

DEFENSE SERVICES

SEC. 201. Section 21(c) of the Arms Export Control Act is amended to read as follows:

1           "(c) Personnel performing defense services sold under  
2 this Act may not perform any duties of a combatant nature  
3 outside the United States in connection with the performance  
4 of those defense services."

5                   NONRECURRING RESEARCH AND DEVELOPMENT COSTS

6           SEC. 202. Section 21(e)(2) of the Arms Export Control  
7 Act is amended by striking out all that follows after the  
8 word "standardization" and inserting a period in lieu thereof.

9                   MILITARY CONSTRUCTION

10          SEC. 203. (a) The Arms Export Control Act is amended  
11 by inserting immediately after chapter 2 thereof a new  
12 chapter to read as follows:

13               "Chapter 2A -- Foreign Military Construction

14                       Sales Authorizations

15               "Sec. 29. Foreign Military Construction Sales.--

16 The President may sell design and construction services  
17 to any eligible foreign country or international organ-  
18 ization if such country or international organization  
19 agrees to pay in United States dollars not less than  
20 the full cost to the United States Government of fur-  
21 nishing such services. Payment shall be made to the  
22 United States Government in advance of the performance  
23 of such services by officers or employees of the United  
24 States Government. The President may, without require-  
25 ment for charge to any appropriation or contract

1 authorization otherwise provided, enter into contracts  
2 for the procurement of design and construction services  
3 for sale under this section if such country or  
4 international organization provides the United States  
5 Government with a dependable undertaking (1) to pay  
6 the full amount of such contract which will assure the  
7 United States Government against any loss on the  
8 contract, and (2) to make funds available in such amounts  
9 and at such times as may be required to meet the payments  
10 required by the contract and any damages and costs that  
11 may accrue from the cancellation of such contract, in  
12 advance of the time such payments, damages, or costs are  
13 due."

14 (b)(1) Section 21(h) of such Act is amended by  
15 striking out "for defense articles or defense services"  
16 each place it appears and inserting in lieu thereof  
17 "for defense articles, defense services, or design  
18 and construction services".

19 (2) Section 22(c) of such Act is amended to read  
20 as follows:

21 "(c) The provisions of the Renegotiation Act of  
22 1951 do not apply to procurement contracts heretofore  
23 or hereafter entered into under this section, section  
24 29, or predecessor provisions of law."

25 (3) Sections 23, 24(a), and 31(c) of such Act

1 are each amended by striking out "defense articles and  
2 defense services" each place that it appears and insert-  
3 ing in lieu thereof "defense articles, defense services,  
4 and design and construction services".

5 (c) Section 36(c) of such Act, relating to reports  
6 to the Congress, is amended--

7 (1) by striking out "and" immediately after the  
8 semicolon at the end of paragraph (7);

9 (2) by striking out the period at the end of  
10 paragraph (8) and inserting in lieu thereof a  
11 semicolon immediately followed by "and"; and

12 (3) by adding at the end thereof a new  
13 paragraph (9) to read as follows:

14 "(9) a listing of each sale under section 29  
15 during the quarter for which such report is made,  
16 specifying (A) the purchaser, (B) the United States  
17 Government department or agency responsible for  
18 implementing the sale, (C) an estimate of the dollar  
19 amount of the sale, and (D) a general description  
20 of the real property facilities to be constructed  
21 pursuant to such sale."

22 (d)(1) Section 37(a) of such Act, relating to  
23 fiscal matters, is amended by striking out "sections 21 and  
24 22" and inserting in lieu thereof "sections 21, 22, and 29".

25 (2) Section 39 of such Act, relating to fees of

1 agents and other payments, is amended--

2 (A) in subsection (a), by inserting immediately  
3 after "section 22" a comma followed immediately by  
4 "or of design and construction services under section  
5 29,"; and

6 (B) in subsection (c), by inserting "or section  
7 29 of this Act" immediately after "section 22 of  
8 this Act".

9 (3) Section 42 of such Act, relating to general  
10 provisions, is amended--

11 (A) in subsection (d), by striking out "and  
12 24," and inserting in lieu thereof "24, and 29,";  
13 and

14 (B) in subsection (e), by striking out "and  
15 22" each place that it appears and inserting in lieu  
16 thereof a comma followed immediately by "22, and 29".

17 (e) Section 47 of such Act, relating to definitions,  
18 is amended--

19 (1) in subsection (4), by inserting a comma  
20 immediately after "sales" and adding at the end  
21 thereof "but does not include design and construction  
22 services under section 29 of this Act";

23 (2) in subsection (6), by striking out "and"  
24 immediately after the semicolon at the end thereof;

25 (3) in subsection (7), by striking out the period

1 at the end thereof and inserting in lieu thereof a  
2 semicolon followed immediately by "and"; and

3 (4) by adding at the end thereof a new subsection  
4 (8) to read as follows:

5 "(8) 'design and construction services' means, with  
6 respect to sales under section 29 of this Act, the  
7 design and construction of real property facilities,  
8 including necessary construction equipment and materials,  
9 engineering services, construction contract manage-  
10 ment services relating thereto, and technical advisory  
11 assistance in the operation and maintenance of real  
12 property facilities provided or performed by any de-  
13 partment or agency of the Department of Defense or  
14 by a contractor pursuant to a contract with such de-  
15 partment or agency."

16 FOREIGN MILITARY SALES

17 AUTHORIZATION AND AGGREGATE CEILING

18 SEC. 204. (a) Section 31 of the Arms Export Control  
19 Act is amended--

20 (1) in subsection (a), by striking out "\$673,500,-  
21 000 for the fiscal year 1980" and inserting "\$734,000,-  
22 000 for the fiscal year 1981" in lieu thereof, and by  
23 inserting immediately after the first sentence a new  
24 sentence to read as follows: "Credits may be extended  
25 pursuant to section 23 of this Act and the principal

1 amount of loans may be guaranteed pursuant to section  
2 24(a) of this Act only to the extent and in such  
3 amounts as provided in advance in appropriations acts.";

4 (2) by amending subsection (b) to read as follows:

5 "(b) The total amount of credits, or participations  
6 in credits, extended pursuant to section 23 of this Act  
7 for the fiscal year 1981 shall not exceed \$500,000,000.  
8 The total principal amount of loans guaranteed pur-  
9 suant to section 24(a) of this Act for the fiscal year  
10 1981 shall not exceed \$2,340,000,000. Of the aggre-  
11 gate total of such credits, or participations in credits,  
12 and of the total principal amount of such loans guaran-  
13 teed, not less than \$1,200,000,000 shall be available  
14 only for Israel, of which \$200,000,000 shall be avail-  
15 able only for costs associated with the relocation of  
16 Israeli forces from the Sinai."; and

17 (3) in subsection (c), by striking out "the fiscal  
18 year 1980" and inserting in lieu thereof "the fiscal  
19 year 1981", and by striking out "one-half" and insert-  
20 ing in lieu thereof "\$500,000,000".

21 (b) Of the loans guaranteed under section 24(a) of  
22 such Act with respect to Egypt, the Sudan, and Turkey for  
23 the fiscal year 1981, the principal amount thereof shall be  
24 repaid in not less than 20 years, following a grace period  
25 of 10 years on repayment of principal.

REPORTS TO THE CONGRESS

1  
2 SEC. 205. (a) Section 3(d) of the Arms Export Con-  
3 trol Act, relating to third-party transfers, is amended--

4 (1) in paragraph (1), by striking out all that pre-  
5 cedes the word "unless" and inserting in lieu thereof the  
6 following:

7 "(1) The President may not give his consent under  
8 paragraph (2) of subsection (a) of this section or under  
9 the third sentence of such subsection, or under sections  
10 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of  
11 1961, to the transfer of any major defense equipment  
12 valued, in terms of its original acquisition cost, at  
13 \$7,000,000 or more, or of any defense article, related  
14 training or other defense service valued, in terms of its  
15 original acquisition cost, at \$25,000,000 or more, to any  
16 country or international organization other than the North  
17 Atlantic Treaty Organization, any member country thereof,  
18 Japan, Australia, or New Zealand,"; and

19 (2) in paragraph (3)--

20 (A) by inserting "and" immediately after the semi-  
21 colon at the end of subparagraph (A);

22 (B) by striking out "; or" at the end of subpara-  
23 graph (B) and inserting in lieu thereof a period; and

24 (C) by striking out subparagraph (C).

25 (b) Section 36(b) of such Act, relating to sales of

1 defense articles and defense services, is amended in the  
2 first sentence of paragraph (1) by inserting "to any country  
3 or international organization other than the North Atlantic  
4 Treaty Organization, any member country thereof, Japan,  
5 Australia, or New Zealand," immediately after "\$7,000,000  
6 or more,".

7 (c) Section 36(c) of such Act, relating to export  
8 licenses, is amended in the first sentence by inserting  
9 "to any country or international organization other than the  
10 North Atlantic Treaty Organization, any member country  
11 thereof, Japan, Australia, or New Zealand," immediately  
12 after "\$25,000,000 or more,".

13 TITLE III - MISCELLANEOUS PROVISIONS

14 AUTHORIZATIONS FOR THE FISCAL YEAR 1982

15 SEC. 301. There are authorized to be appropriated  
16 for the fiscal year 1982 such sums as may be necessary to  
17 carry out programs and activities for which appropriations  
18 for the fiscal year 1981 are authorized by this Act.

19 EFFECTIVE DATE

20 SEC. 302. This Act shall be effective upon the  
21 date of its enactment, except that authorizations of  
22 appropriations and limitations of authority applicable  
23 to the fiscal year 1981 as contained in this Act and in  
24 provisions of law amended by this Act shall take effect  
25 on October 1, 1980.

THE WHITE HOUSE  
WASHINGTON

2/27/80

Zbig Brzezinski/M. Albright

The attached letters were returned in the President's outbox today and is forwarded to you for delivery.

As discussed, please forward copies of the Sec. Brown letter which will be delivered with these letters to CL, Ev Small.

Rick Hutcheson

cc: Frank Moore/Ev Small

THE WHITE HOUSE  
WASHINGTON

February 26, 1980

C

ACTION

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB*

SUBJECT: MX Letters to Senators Garn, Hatch,  
Laxalt and Cannon

Harold Brown has sent you a memo (Tab B) asking you to sign a short response (Tab A) to the four Senators who wrote you on February 7 regarding MX (Tab C). He will be sending a more detailed response to the Senators himself.

Our staffs have worked together in developing these responses, and I believe that the content of these letters is appropriate. I also think that it is very important that you respond. The appropriateness of your MX decision is not changed by Afghanistan and associated events. Reconfirmation of your decision may help to mute some of the criticism we are hearing of it, and will certainly give needed encouragement to those in the Air Force and elsewhere who must deal with the opposition to the system as they move forward with their efforts to make it a reality.

RECOMMENDATION

That you sign the letters at Tab A. They have been cleared with the Speechwriters.

THE WHITE HOUSE

WASHINGTON

February 27, 1980

Dear Senator Garn:

Thank you for your recent letter, co-signed by Senators Cannon, Laxalt and Hatch, on the MX ICBM missile and its basing mode. Secretary Brown is replying in detail, but I want to take this opportunity to make some observations.

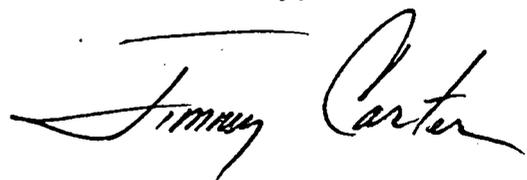
We must have a survivable, land-based ICBM system if we are to maintain essential equivalence with the Soviet Union in strategic forces and if we are to maintain a high confidence in stable deterrence. After many years of exhaustive study by groups inside and outside of government, and as a result of careful review, I remain convinced that the MX missile system with a multiple horizontal protective structure basing mode which allows rapid reshuffling of all missile locations is the best solution to the ICBM survivability problem. I intend to go forward with development and deployment of this missile.

The design of the basing mode for the MX was dictated largely by military considerations; other factors -- such as verifiability -- have influenced the design only in matters of detail. In fact, elements in the MX design that are based upon arms control considerations affect only a very small fraction of the system's total cost.

Finally, I am aware of the environmental concerns that surround the construction and deployment of the MX system. I respect these concerns, but I believe that if all of us plan and work together, we can maximize the advantages of MX to the local area while keeping environmental problems to a manageable level. Let me assure you that my Administration recognizes fully its responsibility and obligations in assisting affected local areas, and I will insure that the Federal Government carries an appropriate share of the burden.

I look forward to your support of this vital defense program.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned below the word "Sincerely,".

The Honorable Jake Garn  
United States Senate  
Washington, D.C. 25010

THE WHITE HOUSE

WASHINGTON

February 27, 1980

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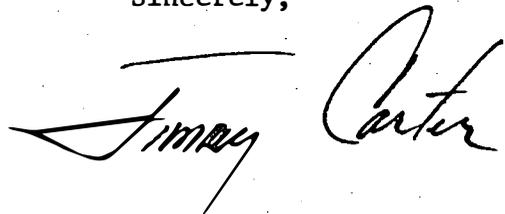
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The Honorable Howard Cannon  
United States Senate  
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 27, 1980

Dear Senator Hatch:

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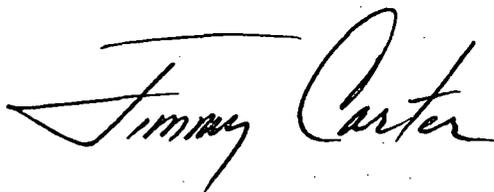
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I look forward to your support of this vital defense program.

Sincerely,



The Honorable Orrin Hatch  
United States Senate  
Washington, D.C. 20510

THE WHITE HOUSE

WASHINGTON

February 27, 1980

Dear Senator Laxalt:

Thank you for your recent letter, co-signed by Senators Cannon, Garn and Hatch, on the MX ICBM missile and its basing mode. Secretary Brown is replying in detail, but I want to take this opportunity to make some observations.

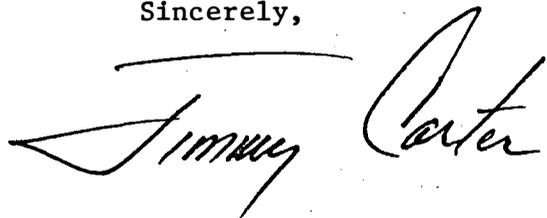
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I look forward to your support of this vital defense program.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Paul Laxalt  
United States Senate  
Washington, D.C. 20510



THE SECRETARY OF DEFENSE

WASHINGTON, D.C. 20301

23 FEB 1980

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Response to Senators Garn, Laxalt, Hatch and Cannon on MX

Attached are responses to the letter from Senator Garn and his colleagues on the MX.

I recommend that you sign a short response to each of the four Senators, along the lines of the attached draft. It emphasizes your continued support of the system, indicates that the principal considerations affecting its design are military (and not derived from arms control requirements), and concludes with the assurance that you intend to deal with environmental concerns.

Also attached are responses from me to the Senators (all identical) along the same lines as the draft prepared for your signature, but in greater detail. I think that the letters should be released at the same time.

Prior to your meeting with the Governors of Nevada and Utah next week, I will send you a background and talking paper on the issues these officials are likely to raise, and a suggested brief statement for the press for use following the meeting.

*Harold Brown*

Attachments

## United States Senate

WASHINGTON, D.C. 20510

February 7, 1980

JEFF M. BINGHAM  
ADMINISTRATIVE ASSISTANTAUK. FM/NSC  
CONGRESSIONAL  
LIAISON

FEB 11 1980

001662CL cc: [unclear]

The Honorable Jimmy Carter  
The White House  
Washington, D. C. 20500

Dear Mr. President:

We heartily concur with your admonition in the State of the Union Address that "we must face the world as it is."

In fact, the world is a good deal different from what it was six months ago. Soviet tanks are in Kabul. SALT II is now on the shelf. We believe it imperative to consider the full significance of these developments as we move toward a new generation ICBM.

As you well know, the so-called "Racetrack" basing mode has not been popular in the Congress. Indeed, this was made very clear by an overwhelming vote on the Stevens Amendment to last year's Defense Appropriations bill that there remains a widely held desire in the Senate to keep other options open on the ultimate basing mode for the MX. The "Racetrack" is also unpopular in our states, because of its substantial social and environmental impacts.

"Racetrack" is clearly a product of an era of presumed U.S.-Soviet cooperation which, if it ever existed, is clearly no longer with us. As we see it, the time has now come to recognize that the changed security environment also provides us with a chance to build a new generation ICBM, and base it in a mode which would be cheaper, more effective, and come on line quicker than would be possible with "Racetrack." This is so because we can now dispense with this basing mode whose design carried with it very high budgetary and environmental costs. If in its place, we can select something strictly for national security reasons, we believe it will be at once more effective and less costly both to the taxpayer and the environment.

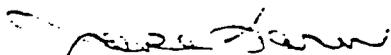
Although a number of studies have been undertaken concerning alternative basing modes in the past, none of these have adequately considered the new world situation. Accordingly,

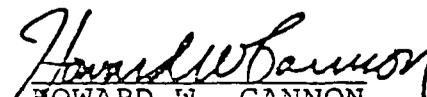
5005

we urge you to direct your senior national security policy makers to undertake a comprehensive new look at alternative MX basing modes, as well as "Racetrack," in light of this situation as quickly as possible.

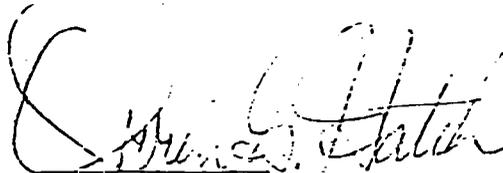
In these trying times, we believe there is a pressing need for a new generation ICBM, with a premium on efficiency, cost effectiveness, and early operational capability.

Sincerely,

  
JAKE GARN

  
HOWARD W. CANNON

  
PAUL LAXALT

  
ORRIN HATCH



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

February 26, 1980

MEMORANDUM FOR THE PRESIDENT

FROM:

Jim McIntyre *Jim*

SUBJECT:

Reorganization Authority

I wanted to pass on some good news. The hearings this morning in Jack Brooks' subcommittee went extremely well. Your record was given a great deal of praise. Even Congressman Erlenborn had some good things to say.

The bill was reported out of subcommittee unanimously. The full committee mark-up is scheduled for next Tuesday.

THE WHITE HOUSE  
WASHINGTON

Phil has seen

THE WHITE HOUSE  
WASHINGTON

2/27/80

Mr. President:

Mayor Stanton of  
Manchester called for  
you at 11:35 pm last  
night. The WH board has  
his number. You won  
Manchester by your state  
wide margin.

Phil

"Chip" <sup>1.c.p.s.</sup>  
J