

[12/7/78-Not Submitted] [CF, O/A 548]

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ID 786099

THE WHITE HOUSE
WASHINGTON

DATE: 06 DEC 78

FOR ACTION: ZBIG BRZEZINSKI

JIM MCINTYRE - **HOLD**

INFO ONLY:

SUBJECT: JOHN GILLIGAN MEMO RE FOREIGN ASSISTANCE LEVELS FOR
FY 1980-1984

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+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 11 DEC 78 +
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ACTION
FYI

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

December 4, 1978

THE ADMINISTRATOR

RL

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Foreign Assistance Budget Levels for FY 1980-1984

Your acceptance of the aid levels recommended by OMB for FY 1980 and the "slipping" from FY 1982 to FY 1984 of the outyear projections of "substantial increases in economic aid levels" will very seriously depress the level of ODA commitments by the United States for the next five years and will almost surely trigger some very unpleasant political repercussions in the international community, among both the industrialized nations and the LDCs.

Not only will we face strong international reaction, but we will all need to moderate substantially what we have been saying about this country's support for the development of the poorer nations of the world.

Although Congress deals with budget requests and appropriations in terms of nominal dollars, ODA as a percentage of GNP is the accepted standard of measurement of resource transfer in the DAC and throughout the international community.

Even assuming that the Congress fully funds Presidential requests throughout the next five years, which is hardly a likely prospect, projected levels of total commitment on the part of the Carter Administration would be significantly below that of the Nixon and Ford Administrations, never mind the Kennedy-Johnson years. If you exclude from the requests the callable capital for the multilateral development banks (which is not really a resource transfer, but a bookkeeping device, and is not counted as ODA), it becomes evident that the level of United States effort would decline even in nominal terms beginning in 1980.

ODA Commitments as % of GNP

<u>Ford-Nixon</u> <u>Years</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
.356	.298	.304	.291	.286	.277	.276	.276

The amounts projected for the next few years in economic security assistance for just two nations, Israel and Egypt (without any allowance for additional outlays because of Camp David) equal or exceed the amounts projected for development assistance in Latin America, Asia and Africa put together, and all of the world clearly recognizes that fact.

	<u>\$ Billions</u>		
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Israel and Egypt	1.5	1.5	1.5
Latin America, Asia and Africa	1.0	1.2	1.6

You have approved full funding for the multilateral development banks in FY 1980 because of international commitments made by this Government, but similar commitments have been made by your Administration with respect to bilateral funding levels, and the Congress has in recent years been far more receptive to bilateral requests than to those for the banks. So, if the objective is to increase and sustain the transfer of resources, it would appear that the current strategy should be the reverse of what it is.

The following table shows the percentage of both Federal budget and GNP represented by four optional funding levels for 1980 A.I.D. bilateral development assistance and the Foundation for International Technological Cooperation (FITC).

	<u>\$ Millions</u>	<u>% of Federal Budget</u>	<u>% of GNP</u>
1. OMB Recommendation	1,678	.28	.067
2. State/A.I.D. Appeal	1,805	.30	.072
3. Spring Planning Ceiling	1,854	.31	.074
4. Full Proposed Level	2,089	.35	.083

The first level represents the tentative decision you reviewed two weeks ago. The dollar figure would not increase over the FY 1979 budget request. The program would decline in real terms.

At the second level, that of the State Department appeal, in which we join, a number of foreign policy goals could be served but some major development objectives would be foregone. The Administration's request

to the Congress would rise by about 8%, perhaps keeping pace with inflation, but assuming Congressional cuts are no deeper than in FY 1979, we would stay no more than even in real terms. The additional \$127 million at this level represents .02% of the Federal budget and .005% of GNP.

At the level of the Spring Planning Ceiling the most important development programs could be funded and the 10% increase over the FY 1979 request would give us at least a small chance of a marginal increase in real terms. The additional \$176 million to achieve this level over the OMB recommendation represents .03% of the budget and .007% of GNP.

At the Full Proposed Level, we could carry out the full range of development programs consistent with your effort to double economic assistance in five years. The difference in funding this level over the OMB recommendation is \$409 million or .07% of the Federal budget and .016% of GNP.

Full funding of the FY 1980 budget request for all economic assistance, including Public Law 480 food aid and other programs in addition to A.I.D. and FITC, would cost an additional .14% of the budget or .032% of GNP over the OMB recommendation. Maintenance of your original planning figures for FY 1980-1982 would ensure continuing growth in the U.S. share of GNP for economic aid.


John J. Gilligan

ID 786099

THE WHITE HOUSE
WASHINGTON

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FOR ACTION: ZBIG BRZEZINSKI

JIM MCINTYRE

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FY 1980-1984

12/7/78
Rick - Jack Gilligan
Made all three points
orally to the Pres. on
Tues. morning. I
don't think we
need any
oversight.
Randy

+++++
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+ BY: 1200 PM MONDAY 11 DEC 78 +
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ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

Letter
Jayne (action)
Sent Sanders