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*Last Updated: 8/8/2025*

## MEMORANDUM

## NATIONAL SECURITY COUNCIL

April 10, 1981

MEMORANDUM FOR:

ALLEN LENZ

FROM:

RUTHERFORD POATS  
ROBERT SCHWEITZER

SUBJECT:

New Resource Commitments to  
Foreign Governments*RP*  
*13 April 2045 hrs.*  
*(Dalen for concurrences)*

We have reviewed the subject memoranda and provided specific changes and comments.

Recommendation

That you sign the memorandum at Tab I to Dusault.

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

Horace Russell concurs *HR*  
Henry Nau concurs *HN*  
Bob Kimmitt concurs *BK*



## NATIONAL SECURITY COUNCIL

April 13, 1981

MEMORANDUM FOR PHILIP A. DUSAULT, OMB

FROM: ALLEN J. LENZ

SUBJECT: New Resource Commitments to Foreign  
Governments

The NSC staff has reviewed the subject memoranda and recommend the specific changes shown at attachment A. In addition to incorporating the specific changes, you should confirm that the process outlined in the first full paragraph on page 4 of Stockman's memorandum to the agencies will enable the Assistant to the President for National Security Affairs to participate in the review process and to present his views to the President, as in the past.

Another concern is the procedure to be employed when events require a quick Presidential decision. We recommend that the last paragraph on page 4 of Stockman's memorandum to the Agency Heads be expanded to include the proposed procedure and particular basic elements that must be adhered to under crisis conditions.

We also recommend that comments be solicited from State and Defense.

15 A

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Recommended Changes to OMB Memoranda on  
New Resource Commitments to Foreign Governments

David Stockman to the President

- (1) Subject should be changed to read: "New Budgetary Resource Commitments to Foreign Governments"
- (2) Delete the following sentences of the first full paragraph on page 2:

"Recently, the need for an orderly review system was demonstrated once again in the case of military sales to Saudi Arabia and Israel. In that instance, a near-term foreign policy decision had future year foreign aid consequences which were not defined at the time that issue was presented to you."

- (3) The first sentence of the second paragraph on page 2 should read:

"An independent Presidential mechanism to check the other elements of the policy-development system will help to ensure that new budgetary resource commitments to foreign governments are..."

President to Agency Heads

- (1) Subject should be changed to read: "New Budgetary Resource..."
- (2) The first sentence of the last paragraph should read:

"Therefore, all proposals or promises to provide resources to foreign governments or international organizations beyond or in addition to approved budget allocations, or to institute or expand cooperative programs which would have this effect should be submitted to me for approval."

David Stockman to Agency Heads:

- (1) The first sentence of the first full paragraph on page 2 should read:

"A commitment means any communication between a United States official acting within the scope of his responsibility and an official of a foreign government...or to provide funds, goods, or services requiring additional budgetary authorizations or appropriations from the Congress."

(2) The first line on page 4 should read:

"advance of the desired decision date. Agency procedures should be designed to keep OMB and NSC staff informed of evolving future commitment situations and to provide adequate time for OMB and NSC staff review and Presidential decision. The following supporting material should be included: (1) projected..."





MEMORANDUM FOR: THE PRESIDENT

[ATTACHMENT 1]

FROM: David A. Stockman

SUBJECT: New Resource Commitments to Foreign Governments

Attached for your signature (Tab A) is a memorandum to agency heads on processing new resource commitments to foreign governments. It reaffirms the standing instructions from every President since Truman on the need to avoid financial promises to foreign officials without your prior approval, and it instructs agency heads to submit proposals to make such commitments through OMB for your approval. Also attached (Tab B) is the memorandum that I would issue to implement your guidance.

Background:

Since July, 1945, when President Truman directed his Secretary of State not to make formal or informal commitments beyond approved budgets to other governments without consulting with the Bureau of the Budget, Presidents have found it necessary to take similar steps to control such commitments. President Truman included "moral" commitments, which can create binding political pressures, and mandated full consultation with the Director of the Bureau of the Budget in advance of giving "formal or informal assurances." President Eisenhower approved a similar policy in NSC Action 1550, and reaffirmations of this policy were also made by Presidents Nixon and Ford.

President Carter restated this long-standing policy in a memorandum of April 15, 1977 (Tab C). Most recently, on October 10, 1979, due to pressures created in U.S. base-access negotiations and in anticipation that commitments would arise from negotiations on international financial institutions, President Carter again expressed concern on this matter. OMB Director McIntyre then reissued implementing instructions to agency heads (Tab D), stating:

"...the President directed that all proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should be submitted to him for approval jointly through the Director of the Office of Management and Budget and the Assistant to the President for National Security Affairs before any commitments, formal or informal, are made."

An example of the kind of situation this process is intended to address was the decision of former Secretaries Blumenthal and Schlesinger without appropriate budgetary review to establish a five-year \$100 million cooperative program in solar energy applications with Saudi Arabia, for which the Department of Energy was committed to paying \$50 million. Recently, the need for an orderly review system was demonstrated once again in the case of military sales to Saudi Arabia and Israel. In that instance, a near-term foreign policy decision had future-year foreign aid consequences which were not defined at the time the issue was presented to you. Establishment of an efficient review system will enable us to provide you with informed advice on which you can base decisions balancing budgetary and foreign policy goals.

An independent Presidential mechanism to check the other elements of the policy-development system will help to insure that new resource commitments to foreign government are kept under control and will complement the work of the National Security Council and other cabinet councils. It will also apply to lesser matters unlikely to be raised in those forums. In brief, this assures that your interests are protected.

Recommendation:

Given the pressures that U.S. officials will continue to experience, with attendant temptations to offer U.S. aid beyond your approved budget, I urge that you to (1) sign the memorandum at Tab A and (2) authorize me to issue the attached implementing instructions (Tab B).

Attachments

C

MEMORANDUM FOR: THE SECRETARY OF STATE  
THE SECRETARY OF TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF ENERGY  
THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
THE SECRETARY OF THE INTERIOR  
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
THE SECRETARY OF TRANSPORTATION  
ADMINISTRATOR, NATIONAL AERONAUTICS  
AND SPACE ADMINISTRATION  
THE DIRECTOR OF ACTION  
DIRECTOR, AGENCY FOR INTERNATIONAL DEVELOPMENT  
DIRECTOR, NATIONAL SCIENCE FOUNDATION  
UNITED STATES TRADE REPRESENTATIVE  
CHAIRMAN, NUCLEAR REGULATORY COMMISSION  
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: New Resource Commitments to Foreign Governments

United States participation in international negotiations and organizations may require the commitment of resources beyond approved budgets and outside the regular annual budget review cycle. Prudent management and effective control of our budgetary resources require in such circumstances that commitments to provide foreign aid, other assistance, or new or expanded programs for international cooperation be subject to the same careful review and competition for resources as are applied to all claims on our resources in the annual budget review.

Budgetary resources may be committed by formal or informal promises of assistance or cooperation, even though these promises are qualified as being subject to future authorization and appropriation. Commitments of this kind may preempt decisions on future-year budgets and reduce flexibility to

respond to new requests. For these reasons, a specific Presidential determination to seek additional funds is essential before promises or commitments are made or implied.

Therefore, all proposals, to provide resources to foreign governments or international organizations beyond or in addition to approved budget allocations, or to institute or expand cooperative programs <sup>which were</sup> ~~not previously~~ ~~approved in the budget process~~ should be submitted to me for approval. I am instructing the Director of the Office of Management and Budget to establish procedures to process requests for new resource commitments in pursuance of this policy.

Signed,

DRAFT - March 11, 1981

TAB B

[ATTACHMENT 3]

[date]

MEMORANDUM FOR: THE SECRETARY OF STATE  
THE SECRETARY OF TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF ENERGY  
THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
THE SECRETARY OF THE INTERIOR  
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
THE SECRETARY OF TRANSPORTATION  
ADMINISTRATOR, NATIONAL AERONAUTICS  
AND SPACE ADMINISTRATION  
THE DIRECTOR OF ACTION  
DIRECTOR, AGENCY FOR INTERNATIONAL DEVELOPMENT  
DIRECTOR, NATIONAL SCIENCE FOUNDATION  
UNITED STATES TRADE REPRESENTATIVE  
CHAIRMAN, NUCLEAR REGULATORY COMMISSION

FROM: David A. Stockman  
Director

SUBJECT: New Resource Commitments to Foreign Governments

The President has reaffirmed the long-standing policy on new resource commitments to foreign governments in his memorandum of [ date ] (copy attached), and has directed the Office of Management and Budget to establish procedures for processing requests for such commitments from departments and agencies that are likely to be involved in discussions with foreign

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governments. This memorandum establishes procedures for processing new commitment proposals which apply to all U.S. funding sources and to all agencies. The process established here is required in all cases, including those which may have been brought to the President's attention in the National Security Council or other cabinet councils and in most cases presentations of proposed commitments to the President by these councils should be preceded by appropriate review with these procedures.

A commitment means any communication between a United States<sup>①</sup> official of a foreign government or international organization which could reasonably be interpreted as obligating the United States Government to forego revenues (e.g., debt rescheduling) or to provide funds, goods, or services beyond approved budget allocations <sup>or</sup> requiring additional <sup>military</sup> authorizations or appropriations from the Congress. Such commitments relate to proposals which would require increases over current budget requests or to reallocations of funds to activities not approved during the regular budget process.

While the requirement for Presidential approval of new commitment proposals does not preclude preliminary planning and discussions with other governments, agency officials should avoid raising expectations or making implied commitments that could adversely affect relations if not fulfilled. It is especially important that U.S. officials make clear that no commitment can be made until approved by the President. It is not sufficient merely to qualify undertakings as being subject to future authorization and appropriations by the Congress, as such qualifications do not preserve the President's flexibility in future budget decisions.

Commitments which involve only the exchange of technical information or limited exchange (i.e., travel) of personnel with a foreign government or international organization occurring within one year and which can be funded from approved resources are exempt from this review process.

Wherever possible, new commitment proposals should be submitted to the President during the course of the annual budget review as set forth in OMB Circular A-11, "Preparation and Submission of Budget Estimates". When circumstances do not permit the submission of a new commitment proposal during the annual budget cycle, the proposal will still be reviewed in a manner similar to the annual budget process. Accordingly, the review process for such proposals should parallel as closely as possible the steps in the annual budget review, including a budget hearing when necessary to ensure adequate review. Any new commitments should be funded to the extent possible by reducing lower priority programs within existing or proposed budget levels.

During each annual budget review, all agencies will include in their budget requests an updated list of existing commitments that have already been made or approved by the President together with estimates of any likely new commitments for which specific proposals are not yet available. Whenever possible, funds required to support such commitments should be included in the President's budget. In cases where negotiations are not yet concluded or it would otherwise be inappropriate to include specific amounts in the budget, agencies will provide estimates and justifications in sufficient detail for the President to consider the contemplated commitments during the annual budget review and to approve budget targets as guidance for negotiations. For approved commitments, the specific programs, amounts, years covered, date, form, and authority for the commitments, and the status of the commitment where dependent upon congressional action or action by the recipient should be provided in each case.

In those cases where it is not possible to consider proposed new resource commitments to foreign governments during the annual budget review, the procedure will be as follows:

- a) The process should begin with a letter from the agency head to the President through the Director of OMB -- normally at least 30 days in



advance of the desired decision date -- and include the following supporting material: 1) projected change in program level, budget authority, and outlays for each year of the proposed commitment; 2) justification of the proposal, including benefits expected; 3) other forms of assistance or U.S. actions that should be considered in evaluating the need for a particular commitment; 4) discussion of alternatives, including reprogramming options to absorb all or part of the costs within the budget or planning ceiling totals; 5) whether the proposed activity would be funded entirely by the U.S., jointly funded, or funded on a reimbursable basis; and 6) where negotiating latitude is required, the range of negotiating authorities being sought and discussion of factors that would warrant going to higher levels. The required discussion of reprogramming options will be supported by a ranking which shows the priority of the new program element in relation to program elements already approved.

- b) Upon receipt of the proposal, OMB will hold a budget hearing, when necessary, and prepare or ensure that the appropriate Executive Office agency prepares a memorandum for the President which presents a summary of all relevant agency views and options for his consideration.
- c) The OMB Director will obtain the President's decision, inform the agencies of the result, and provide an opportunity to appeal if appropriate.

There may arise circumstances where ongoing negotiations or other events may impel quick decisions by the President. OMB will process these requests as rapidly as possible. However, the basic elements of the process must be adhered to in order to assure appropriate Executive Office review.

Attachment

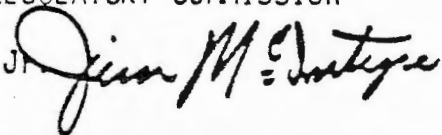
OCT 10 1979

## MEMORANDUM FOR:

THE SECRETARY OF STATE  
THE SECRETARY OF TREASURY  
THE SECRETARY OF DEFENSE  
THE SECRETARY OF AGRICULTURE  
THE SECRETARY OF COMMERCE  
THE SECRETARY OF ENERGY  
THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
THE SECRETARY OF THE INTERIOR  
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
THE SECRETARY OF TRANSPORTATION  
ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY  
ADMINISTRATOR, NATIONAL AERONAUTICS  
AND SPACE ADMINISTRATION  
THE DIRECTOR OF ACTION  
DIRECTOR, INTERNATIONAL DEVELOPMENT COOPERATION  
AGENCY  
ASSISTANT TO THE PRESIDENT FOR SCIENCE  
AND TECHNOLOGY POLICY  
ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY  
AFFAIRS  
SPECIAL TRADE REPRESENTATIVE  
CHAIRMAN, NUCLEAR REGULATORY COMMISSION

## FROM:

James T. McIntyre, Jr.  
Director



## SUBJECT:

Procedures for processing new commitments to foreign governments

1. Background. The President has reaffirmed his policy on future commitments to foreign governments as set forth in his memorandum of April 15, 1977 (copy attached), and has directed the Office of Management and Budget to reissue its implementing directive to all departments and agencies that are likely to be involved in discussions with foreign governments that could lead to such commitments.
2. Purpose. This memorandum establishes procedures for the timely and expeditious processing of new commitment proposals not already provided for in the budget or specifically approved.

3. Presidential policy. In his April 1977 memorandum, the President directed that all proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should be submitted to him for approval jointly through the Director of the Office of Management and Budget and the Assistant to the President for National Security Affairs before any commitments, formal or informal, are made.

4. Definitions. A commitment means any communication between a United States official acting within the scope of his responsibility and an official of a foreign government or international organization which could reasonably be interpreted as obligating the United States Government to provide funds, goods, or services requiring additional authorizations or appropriations from the Congress.

Such commitments relate both to proposals which would require increases over current budget requests and to proposals which entail future year funding not already approved. The new commitments procedures do not apply to reprogramming of current year funds which can be accomplished within approved budget totals, except that they do apply where reprogramming actions involve explicit or implied commitments for the future. The procedures apply to all U.S. funding sources, not just foreign aid.

5. Discussions with other governments. While the requirement for Presidential approval of new commitment proposals does not preclude preliminary planning and discussions with other governments regarding possible programs prior to review by the President, agency officials should avoid raising expectations or making implied commitments that could adversely affect relations with foreign governments if not fulfilled. It is especially important that officials of other governments understand that no commitment can be made until approved by the President. It is not sufficient merely to qualify undertakings as being subject to future authorization and appropriations by the Congress as such qualifications do not preserve the President's flexibility in future budget decisions.

6. Basic principles.

a) Wherever possible, new commitment proposals should be submitted to the President during the course of the annual budget review in line with the procedures set forth in OMB Circular A-11, "Preparation and submission of budget estimates." This procedure is intended to permit orderly and comprehensive review by the President and the Congress.

b) When circumstances do not permit the submission of a new commitment proposal during the annual budget cycle, the proposal will

still be reviewed in a manner similar to the annual budget process. Accordingly, the review process for such proposals should parallel as closely as possible the steps in the annual budget review, including a budget hearing when necessary to ensure adequate review.

c) Any new commitments should be funded to the extent possible by reducing lower priority programs within existing or proposed budget levels.

7. Identification of new commitments. During each annual budget review, agencies will include in their budget requests an updated list of existing commitments that have already been made or approved by the President together with estimates of any likely new commitments for which specific proposals are not yet available. Whenever possible, funds required to support such commitments should be included in the President's budget. In cases where negotiations are not yet concluded or it would otherwise be inappropriate to include specific amounts in the budget, agencies will provide estimates and justifications in sufficient detail for the President to consider the contemplated commitments during the annual budget review and to approve budget targets as guidance for negotiations. For approved commitments, the specific programs, amounts, years covered, date, form, and authority for the commitment, and the status of the commitment where dependent upon congressional action or action by the recipient should be provided in each case.

8. The review process for proposals not included in regular budget submissions.

a) Agencies will submit to OMB in a timely manner all future commitment proposals in order to permit staffing for Presidential decision. Normally, commitment proposals should reach OMB at least 30 days in advance of the desired decision date. Agency procedures should be designed to keep OMB and NSC staff informed of evolving future commitment situations and to provide adequate time for OMB and NSC staff review and Presidential decision.

(b) The proposal should begin with a letter from an appropriate agency official to the President through the Director of OMB and include the following supportive material: (1) projected program level, budget authority, and outlays for each year of the proposed commitment; (2) justification of the proposal, including benefits expected; (3) other forms of assistance or U.S. actions that should be considered in evaluating the need for a particular commitment; (4) discussion of alternatives, including reprogramming options to absorb all or part of the costs within budget or planning ceiling totals; and (5) where negotiating latitude is required, the range of negotiating authorities being sought and discussion of factors that would warrant going to higher levels.

(c) The required discussion of reprogramming options will be supported by a ZBB ranking which shows the priority of the new program element in relation to program elements already approved.

(d) Upon receipt of the proposal, OMB will hold a budget hearing, when necessary, and prepare or see that the appropriate Executive Office agency prepares a memorandum for the President which presents options for his consideration and summary of all relevant agency views.

(e) The OMB Director will obtain the President's decision, inform the agencies, and provide an opportunity to appeal if it should be appropriate.

9. Urgent situations. There will undoubtedly be circumstances where ongoing negotiations or other events may force quick decisions by the President and require some abbreviation of the review process. OMB will process these requests as rapidly as possible. However, the basic elements of the process must be adhered to in order to assure appropriate Executive Office review.

10. Agency procedures. Agencies should review their internal procedures governing the preparation of instructions for negotiations, official visits, and conferences where new commitment situations may arise in order to ensure that all United States officials involved are informed of the President's future commitments policy and these procedures.

Attachments

April 15, 1977

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MEMORANDUM FOR:

SECRETARY OF STATE  
SECRETARY OF THE TREASURY  
SECRETARY OF DEFENSE  
DIRECTOR, OFFICE OF MANAGEMENT  
AND BUDGET  
ASSISTANT TO THE PRESIDENT FOR  
NATIONAL SECURITY AFFAIRS

SUBJECT:

Future Commitments to Foreign  
Governments

United States participation in international negotiations and organizations often requires the commitment of resource beyond approved budgets and outside the regular annual budget review cycle. Prudent management and effective control of our budgetary resources require that commitments to provide foreign aid or other assistance in such circumstances be subject to the same careful review and competition for resources as are applied to all claims on our resources in the annual budget review.

Future budgetary resources may be committed by formal or informal promises of assistance, even though these promises are qualified as being subject to future authorization and appropriation. Commitments of this kind may preempt decisions on future year budgets and reduce flexibility to respond to new requests. For these reasons, a specific Presidential determination to seek additional funds is essential before promises or commitments are made or implied.

All proposals to provide funds beyond or in addition to approved budgets to foreign governments or international organizations should, therefore, be submitted to me for approval jointly through the Director of the Office of Management and Budget and the Assistant to the President for National Security Affairs before any commitment, formal

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or informal, is made. I am further directing the Director of the Office of Management and Budget together with the Assistant to the President for National Security Affairs and the Secretary of State to review existing directives and procedures and make such changes as are necessary to ensure timely and expeditious processing of new commitment proposals.

*Jimmy Carter*



MEMORANDUM

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Anne

NATIONAL SECURITY COUNCIL

April 13, 1981

MEMORANDUM FOR PHILIP A. DUSAULT, OMB

FROM: ALLEN J. LENZ

SUBJECT: New Resource Commitments to Foreign Governments

The NSC staff has reviewed the subject memoranda and recommend the specific changes shown at attachment A. In addition to incorporating the specific changes, you should confirm that the process outlined in the first full paragraph on page 4 of Stockman's memorandum to the agencies will enable the Assistant to the President for National Security Affairs to participate in the review process and to present his views to the President, as in the past.

Another concern is the procedure to be employed when events require a quick Presidential decision. We recommend that the last paragraph on page 4 of Stockman's memorandum to the Agency Heads be expanded to include the proposed procedure and particular basic elements that must be adhered to under crisis conditions.

We also recommend that comments be solicited from State and Defense.





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Recommended Changes to OMB Memoranda on  
New Resource Commitments to Foreign Governments

David Stockman to the President

- (1) Subject should be changed to read: "New Budgetary Resource Commitments to Foreign Governments"
- (2) Delete the following sentences of the first full paragraph on page 2:

"Recently, the need for an orderly review system was demonstrated once again in the case of military sales to Saudi Arabia and Israel. In that instance, a near-term foreign policy decision had future year foreign aid consequences which were not defined at the time that issue was presented to you."

- (3) The first sentence of the second paragraph on page 2 should read:

"An independent Presidential mechanism to check the other elements of the policy-development system will help to ensure that new budgetary resource commitments to foreign governments are..."

President to Agency Heads

- (1) Subject should be changed to read: "New Budgetary Resource..."
- (2) The first sentence of the last paragraph should read:

"Therefore, all proposals or promises to provide resources to foreign governments or international organizations beyond or in addition to approved budget allocations, or to institute or expand cooperative programs which would have this effect should be submitted to me for approval."

David Stockman to Agency Heads:

- (1) The first sentence of the first full paragraph on page 2 should read:

"A commitment means any communication between a United States official acting within the scope of his responsibility and an official of a foreign government...or to provide funds, goods, or services requiring additional budgetary authorizations or appropriations from the Congress."

(2) The first line on page 4 should read:

"advance of the desired decision date. Agency procedures should be designed to keep OMB and NSC staff informed of evolving future commitment situations and to provide adequate time for OMB and NSC staff review and Presidential decision. The following supporting material should be included: (1) projected..."