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## Congress Clears Foreign Aid Authorization Bill

Congress has cleared for the president its first foreign aid authorization bill in four years.

The bill (S 960) gave President Reagan most of the economic, military and development aid he had requested and lifted several major foreign policy restrictions Congress had imposed in recent years. It authorized \$12.77 billion in each of fiscal years 1986 and 1987, plus \$2 billion in emergency economic aid to Israel and Egypt in fiscal 1985.

The Senate adopted the conference report on the bill (H Rept 99-237) on July 30 by a voice vote. The next day, the House cleared the bill for the president on a 262-161 vote, an unusually wide margin for a foreign aid bill. (Vote 249, p. 1562)

House-Senate conferees had drafted the final version of the bill on July 25-26. (Weekly Report p. 1475)

Congressional leaders said they hoped Reagan would sign the measure even though some top administration officials had opposed many of its provisions.

Richard G. Lugar, R-Ind., chairman of the Senate Foreign Relations Committee, said he narrowly averted a potential veto over a provision barring the United States from making an agreement with another country to provide aid to the anti-government "contra" guerrillas in Nicaragua.

Lugar and the provision's sponsor, Claiborne Pell, D-R.I., on July 29 agreed to a modification that merely barred the United States from forcing foreign aid recipients to give help to the contras.

Lugar said he did not understand fully why the administration opposed the original provision. But, he said, Robert C. McFarlane, White House national security adviser, had threatened to recommend that Reagan veto the entire bill if it was not changed.

Earlier, Dante B. Fascell, D-Fla., chairman of the House Foreign Affairs Committee, complained that "some elements" in the administration opposed the bill up until the conferees finished their work.

—By John Felton

The official who had been unhappy about the bill was William Schneider Jr., under secretary of state for security assistance, who for months had lobbied against it. Schneider was particularly critical of the overall amounts voted by both the House and Senate for military and economic aid, arguing that the cutbacks would force the United States to eliminate or reduce substantially aid programs in nearly 20 countries.

Fascell said the administration position amounted to "this question of Congress being an impediment to the execution and implementation" of executive branch policy. "But since we're not ready to reinvent democracy and since we're here and we intend to stay here, we're going to continue to express our opinion, and we did it in the bill."

Fascell and Lugar said both liberals and conservatives would find provisions in the bill to suit their tastes.

Lugar said he detected a "bipartisan spirit" in the room when conferees thrashed out the final bill. He called passage of the bill "a major achievement," especially because "the constituency for this type of legislation is always limited."

Said Fascell: "I don't want to get on top of the roof yet, but we're getting there, in terms of trying to forge a bipartisan effort in foreign policy."

### Aid Amounts

House conferees had set a goal of freezing aid programs in fiscal 1986 at the 1985 level, and they succeeded. Overall authorizations in the bill were about \$1 million below the \$12.775 billion appropriated for 1985 as of July 31. (Chart, p. 1543)

The final bill represented a compromise between the two chambers on priorities.

The House had boosted funding for development aid programs above Reagan's request while cutting back sharply on military programs. The Senate trimmed both categories, but voted to give Reagan substantially more military aid than had the House.

In the conference committee, the Senate agreed to the higher development aid figures while the House accepted the higher military aid figures.

### Military Aid

Most of the bill's overall reduction from Reagan's request came from military assistance, always the most



More on the way: The foreign aid bill authorized a multi-year economic, development and military assistance program for Central America.

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"I don't want to get on top of the roof yet, but we're getting there, in terms of trying to forge a bipartisan effort in foreign policy."

—Rep. Dante B. Fascell, D-Fla.

Passage of the bill is "a major achievement," especially because "the constituency for this type of legislation is always limited."

—Sen. Richard G. Lugar, R-Ind.



controversial section of the bill.

Reagan had requested \$6.7 billion for military aid programs in fiscal 1986, a 13 percent increase over the \$5.9 billion appropriated for fiscal 1985. The House had voted only a slight increase, while the Senate had granted most of Reagan's request. Conferees approved slightly under \$6.3 billion, a 5 percent increase.

The bulk of the cuts came in the Foreign Military Sales loan program, which subsidizes arms purchases by foreign countries. But the bill also froze spending at 1985 levels for the grant Military Assistance Program, used by the administration to provide weapons and military services to economically hard-pressed countries.

Other military aid provisions:

- Retained the traditional 7-10 ratio of military aid between Greece and Turkey. The bill earmarked \$500 million in military loans for Greece and \$714.28 million in military aid for Turkey (of which \$215 million was in grants and the rest in loans). It also required comparable interest rates on the loans for the two countries. Reagan had requested \$500 million for Greece and \$785 million for Turkey.

- Established a 5 percent minimum on interest rates charged for "concessional" loans under the Foreign Military Sales program. The standard rate for military loans is about 10 percent.

- Gave the administration the discretion to determine what portion of military loans would be made at concessional rates; the Senate bill had set a \$2.4 billion limit on such loans.

- Allowed military aid to Paraguay only if the president certified to Congress that the government had ended the torture and abuse of prisoners and had instituted procedures to ensure prompt trials. Military training aid was exempted from this prohibition.

- Authorized on a permanent basis 30-year arms loans for Greece, South Korea, Portugal, Spain, Thailand, the Philippines and Turkey. Those countries had been receiving the special loans on a year-to-year basis. Standard loans must be repaid in 12 years.

- Earmarked \$15 million in Military Assistance Program grants for Tunisia. Conferees recommended, but did not require, providing another \$25 million, for a total of \$40 million.

- Made several changes in the president's special authority (under section 614 of the foreign aid law) to waive congressionally imposed restrictions on foreign aid and arms sales. Using that authority, the president can waive such limits as prohibitions on aid to specific countries or requirements that all aid recipients meet minimum human rights standards.

The bill allowed the president to waive restrictions on up to \$750 million a year in foreign arms sales and up to \$250 million a year in foreign aid. Using his waiver authority, the president could provide no more than \$50 million in aid and arms sales annually to any country.

However, in the case of a country that was the victim of "active communist or communist-supported aggression," the annual limit was \$500 million. This provision was prompted by reports in 1981 that Reagan would use his special authority to sidestep congressional objections to the sale of AWACS radar planes to Saudi Arabia; Congress approved that sale, making the issue moot. The provision would prevent him from avoiding congressional controls in the future.

- Authorized the president to use Foreign Military Sales loans to replenish the Guaranty Reserve Fund, which paid for loan defaults by foreign countries. It also required the president to

make recommendations to Congress on how the Foreign Military Sales loan program could be protected against future defaults.

- Required the president to return to Congress for approval of any decision to upgrade the level of technology to be included in a foreign arms sale after Congress had approved the original sale. This provision was spawned by the Reagan administration's decision to aid sensitive radar equipment to F-16s warplanes sold to Pakistan.

### Philippines Aid

The bill included a compromise \$70 million figure for arms aid to the Philippines in each fiscal year. Reagan had requested \$100 million, and the House had voted to impose a \$25 million limit. Of the \$70 million, \$50 million was earmarked in Military Assistance Program grants and \$20 million in Foreign Military Sales loans.

In a concession to House conferees who opposed the \$70 million figure, the bill specified that all military aid was to buy only "non-lethal" equipment, such as trucks, communications gear and uniforms. The administration had said it was planning to provide only non-lethal military aid to the Philippines, but the conferees put that requirement in law and included in their report the administration's proposed equipment list.

The Philippines also was to receive \$100 million in economic aid.

Conferees adopted the bulk of a statement in the Senate bill calling for reforms in the Philippines. It said that in determining future aid, Congress would consider whether the Philippine government had permitted free and honest elections, had guaranteed a full trial in the case of those accused of murdering opposition leader Benigno S. Aquino Jr., had ensured

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freedom of the press, had released political prisoners and had made substantial progress in curbing illegal killings by the security forces.

Sen. John Kerry, D-Mass., prime sponsor of the language, called it "a very important statement by the Congress about our expectations."

#### Middle East

As in the past, Israel and Egypt were to receive the bulk of aid authorized in the bill. For each fiscal year, Israel was to receive \$1.8 billion in military aid and \$1.2 billion in economic aid, and Egypt was to receive \$1.3 billion in military aid and \$815 million in economic aid. All aid to the two countries was to be in the form of grants. Israel was to receive all of its economic aid as a direct cash transfer, meaning that the money did not have to be linked to specific programs. Up to \$115 million of Egypt's economic aid was to be a cash transfer.

Of Israel's military aid, \$400 million a year was set aside for development of that country's new warplane, the Lavi. At least \$250 million of that had to be spent in Israel.

The bill also authorized supplemental economic aid of \$1.5 billion to Israel, \$500 million to Egypt and \$8 million for Mideast regional programs.

One of the most important compromises worked out quietly by House and Senate negotiators was on the issue of arms sales to Jordan. The House bill would have made it almost impossible under current circumstances for the president to sell advanced weapons to Jordan, as he had planned to do later in 1985.

The conference version stated congressional opposition to such sales and required that any notification to Congress "with respect to a proposed sale to Jordan of U.S. advanced aircraft, new air defense systems or other new advanced military weapons, must be accompanied by a presidential certification of Jordan's public commitment to the recognition of Israel and to negotiate promptly and directly with Israel under the basic tenets of United Nations Security Council resolutions 242 and 338."

The bill also included a provision, originally adopted by both houses, that put into law several promises that Reagan made in 1981 when he was seeking congressional approval of the sale of AWACS radar planes to Saudi Arabia. (1981 *Almanac* p. 129)

Under that provision, the United States can transfer the planes, as

scheduled this year, only if the president certified to Congress that Saudi Arabia had signed agreements protecting their technology and allowing U.S. access to information obtained by the planes. The president also was required to certify, before sending the planes, that Middle East peace initiatives "either have been successfully completed or that significant progress toward that goal has been accomplished with the substantial assistance of Saudi Arabia." Opponents of the AWACS sale insisted that, under current conditions, the president would not be able to certify that the latter condition had been met.

The bill also barred the administration from conducting any negotiations with the Palestine Liberation Organization (PLO). It had been U.S. policy since 1975 not to negotiate with or recognize the PLO; this provision put the policy into law, with an exemption for talks for emergency or humanitarian reasons.

#### 'Contra' Aid

The bill authorized \$27 million for "humanitarian" or non-military aid through March 31, 1986, for the guerrillas who are battling the leftist government of Nicaragua. But in a major rebuke to the administration, the conferees agreed to bar the CIA or the Defense Department from administering the aid. Reagan had wanted to funnel the aid through the CIA, which had administered the original military aid program to the rebels.

Fascell said the administration never adequately explained why it wanted freedom for the CIA and the Pentagon to administer the aid. "There's no magic in this," he said. "You don't have to have a bunch of four-star generals and guys with flying cloaks and stuff like that to administer \$27 million for humanitarian reasons."

Conferees said in their report that the ban on CIA and Defense Department involvement did not prevent those agencies from giving the contras advice or intelligence information.

Actual appropriations for the contra aid were included in a fiscal 1985 supplemental appropriations bill (HR 2577) that was worked out in conference committee shortly after the foreign aid conferees finished. (Supplemental p. 1568)

Other contra aid provisions:

- Barred the administration from entering into an agreement that forced a country receiving U.S. foreign aid or weapons to provide aid to the Nicaraguan contras.

The provision stated: "The United States shall not enter into any agreement conditioning, expressly or impliedly, the provision of assistance under this act, or the purchase of defense articles and services under the Arms Export and Control Act, on the provision of assistance by a recipient country to persons or groups engaged in an insurgency or other act of rebellion against the government of Nicaragua."

In their report, the conferees said that provision was not intended to prohibit administration officials from discussing U.S. policy in Central America with foreign aid recipients, or to prohibit those recipients from giving aid to the contras on their own volition from their own resources.

This was the modified version of a provision, originally passed by the Senate, that barred the United States from making an agreement or understanding that provided for another country to aid the contras. The original provision, strongly opposed by the administration, was aimed at preventing the administration from asking El Salvador or other Central American countries to use their U.S. foreign aid on behalf of the contras.

- Divided the \$27 million into three parts, to be provided every 90 days upon the president's submission to Congress of reports on Nicaragua.

- Allowed the provision to the contras of food, clothing, medicine or other humanitarian aid, but expressly barred weapons, weapons systems, ammunition, vehicles or "material which can be used to inflict serious bodily harm or death."

- Required the president to establish procedures to prevent the humanitarian aid from being diverted to military purposes.

- Required the president to suspend aid to the contras if he determined that they were engaged in a consistent pattern of human rights abuses.

- Authorized \$2 million in fiscal 1986 to help implement a regional peace accord resulting from talks led by the "Contadora" countries: Colombia, Mexico, Panama and Venezuela.

- Established a procedure for expedited congressional consideration of any future request by the president for additional aid to the contras.

#### Kissinger Commission Plan

One little-noticed section of the aid bill implemented the heart of the once-controversial recommendations by the Kissinger commission on Cen-

## Foreign Aid Authorizations, 1986-1987

Following are the authorizations made in S 960 for foreign aid programs in fiscal 1986. Identical amounts were authorized for fiscal 1987. Not included in these figures are supplemental authorizations in fiscal 1985-86

for Economic Support Fund aid to Israel (\$1.5 billion), Egypt (\$500 million) and Middle East regional programs (\$8 million). (Figures in thousands of dollars)

Program	Reagan Request	House Amount	Senate Amount	Final Amount
Foreign Military Sales forgiven loans	\$ 3,100,000	\$ 3,100,000.0	\$ 3,100,000.0	\$ 3,100,000
Foreign Military Sales concessional and market-rate loans	2,555,000	2,128,384.4	2,364,500.0	2,271,000
Military Assistance Program grants	949,350	761,648.0	805,100.0	805,100
Military Education and Training	65,650	54,421.9	56,221.0	56,221
Peacekeeping	37,000	35,816.0	37,000.0	37,000
<b>Subtotal, Military Aid</b>	<b>\$ 6,707,000</b>	<b>\$ 6,080,270.3</b>	<b>\$ 6,362,821.0</b>	<b>\$ 6,269,321</b>
Economic Support Fund	\$ 4,024,000	\$ 3,775,587.2	\$ 3,841,000.0	\$ 3,800,000
Agriculture aid	792,352	766,996.7	755,551.0	760,000
Population aid	250,017	309,760.0	270,017.0	290,000
Health aid	146,427	215,997.6	186,427.0	205,000
Child Survival Fund	0	48,400.0	25,000.0	25,000
Education aid	183,533	182,790.3	177,100.0	180,000
Selected development programs	223,071	215,932.7	200,000.0	207,000
Sahel Development	80,500	91,476.0	80,500.0	87,750
Africa Development Foundation	1,000	3,872.0	1,000.0	3,872
<b>Subtotal, Development Aid</b>	<b>\$ 1,676,900</b>	<b>\$ 1,835,225.4</b>	<b>\$ 1,695,595.0</b>	<b>\$ 1,758,622</b>
Anti-terrorism	5,000	9,840.0	5,000.0	9,840
American Schools and Hospitals Abroad	10,000	38,720.0	30,000.0	35,000
International organizations	196,211	275,787.1	267,675.5	270,000
Narcotics control	57,529	55,688.1	50,217.0	57,529
Disaster aid	25,000	24,200.0	25,000.0	25,000
Trade and development	20,000	20,328.0	20,000.0	20,000
AID operating expenses	387,000	379,004.1	387,000.0	387,000
Peace Corps	124,400	131,744.8	128,600.0	130,000
Inter-American Foundation	8,699	11,616.0	11,969.0	11,969
<b>Subtotal, Other Programs</b>	<b>\$ 833,839</b>	<b>\$ 946,928.1</b>	<b>\$ 925,461.5</b>	<b>\$ 946,338</b>
<b>TOTAL</b>	<b>\$ 13,241,739</b>	<b>\$ 12,638,011.0</b>	<b>\$ 12,824,877.5</b>	<b>\$ 12,774,281</b>

tral America. The panel, headed by former Secretary of State Henry A. Kissinger, issued a report in January, 1984, recommending long-term economic, development and military aid to the region. (1984 *Almanac* p. 93)

The most important commission recommendation included in the bill was for a long-term authorization of economic and development aid to

Central America. The bill authorized regular aid programs totaling nearly \$1 billion annually for the region in fiscal 1986-87, and \$1.2 billion annually in fiscal 1988-89. That four-year authorization was highly unusual for foreign aid programs, normally authorized one or two years at a time.

House conferees had opposed the multi-year authorization. But when

Senate conferees insisted on it, Rep. Lee H. Hamilton, D-Ind., suggested a compromise: The House would accept the four-year aid program for Central America if the Senate would accept the House proposal for a two-year, rather than a one-year, authorization for the entire foreign aid bill. The senators immediately accepted that deal.

Another Kissinger commission





As in the past, the bulk of the military and economic assistance authorized in the foreign aid bill will go to two recipients in the Middle East: Egypt...

recommendation included in the aid bill authorized the president to negotiate with other countries for the creation of a Central American Development Organization. That agency would make recommendations for U.S. and other aid programs. The organization would not have a veto over U.S. aid, but one-fourth of U.S. aid to Central America in any fiscal year would be held up pending the organization's recommendations.

#### Other Central America Issues

In a major departure from longstanding congressional policy, the bill exempted El Salvador and Honduras from a prohibition against U.S. aid to foreign police forces. The only conditions were that the president must notify Congress 30 days before providing such aid, giving a description of the aid and stating that each country had made significant progress in curbing human rights violations.

Also exempted were countries that were longtime democracies, that had no standing armed forces and that did not violate human rights. That provision was intended to allow police aid to Costa Rica.

Reagan had requested a blanket exemption from the police aid ban for all Central American countries. Congress had imposed the ban in 1974 in response to reports that U.S. aid was being used by repressive police forces in several Latin American nations.

In a related provision, the aid bill authorized the president to provide up to \$20 million each year in aid to strengthen the administration of jus-

tice in Latin American and Caribbean countries. Included under the authorization were seminars, training and other programs aimed at improving "prosecutorial and judicial capabilities" and to protect participants in court cases.

The aid bill dropped a requirement, in effect under various guises since 1981, that the president could aid El Salvador only if he certified to Congress that various conditions had been met. Instead, the bill stated that the United States was providing aid to El Salvador "in the expectation that" several conditions would be met, including a willingness by the government to conduct a dialogue with the opposition, and demonstration of progress by the government in curtailing death squads, reforming the judicial system and implementing land reform programs.

Conferees made it clear that their willingness to loosen specific conditions on El Salvador's aid stemmed from their support of President José Napoleón Duarte, who was elected in 1984 with U.S. backing. As evidence of that support, they kept in the bill a fiscal 1985 appropriations provision barring any U.S. aid to El Salvador in the event of a military coup.

In discussing the issue, Rep. Stephen J. Solarz, D-N.Y., said the rights conditions "would send a very powerful signal to elements on the right in El Salvador that this is still a matter of grave concern in Congress."

But Henry J. Hyde, R-Ill., made a case for eliminating all conditions: "I give President Duarte some little

micrometer of sovereignty."

The bill retained a House-passed provision requiring the president to notify Congress 15 days before providing El Salvador with any helicopters or other aircraft. That provision was a response to reports that the Salvadoran military had conducted indiscriminate bombing that killed civilians as well as leftist guerrillas; the government had denied those reports.

In another departure from past practice, the bill did not specify the amount of aid for El Salvador. Reagan had requested \$350 million in economic and development aid and \$132.6 million in military aid for El Salvador in fiscal 1986. The House bill had set aside \$195 million in economic aid, but the conference report eliminated that provision.

The bill barred military aid to Guatemala until an elected civilian government was in power and had made demonstrated progress in controlling the military and eliminating kidnappings and other human rights abuses, particularly against Indians.

Once those conditions had been met, Guatemala could receive up to \$10 million per year in military aid, to be used only for construction equipment and mobile medical facilities. No U.S. aid could be used to buy weapons or ammunition, and all aid would have to be suspended in the event of a military coup.

Military training aid to Guatemala was exempted from the pre-elections ban.

Conferees also adopted a House provision requiring U.S. economic and development aid to Guatemala to be channeled through private organizations to the maximum extent possible, and barring that aid from being used for the government's rural resettlement program there.

Conferees eliminated from the bill a requirement that the Pentagon report to Congress 30 days before beginning any military exercises in Central America. However, the conferees stated in their report that they expected such reports anyway.

#### Anti-Narcotics Aid

The bill contained the toughest provisions ever voted by Congress against countries that fail to curtail illicit narcotics production. Bolivia and Peru were the prime targets, but the bill also included a direct warning to Jamaica and an implied warning to other countries.

For fiscal 1986, the provision al-

lowed the president to provide half of the intended economic and military aid to Bolivia after he certified to Congress that the government there had enacted legislation to limit production of coca, which is used to make cocaine. The president could provide the rest of the aid after he certified to Congress that Bolivia had achieved its calendar year 1985 targets for eradication of illegal coca production.

For fiscal 1987, the president could provide half of Bolivia's aid after he certified that half of its coca eradication targets for calendar year 1986 had been met. The remaining half could be provided once the president certified that Bolivia had achieved all of its eradication targets.

The bill conditioned all economic, development and military aid to Peru for 1986 on a presidential report to Congress that Peru had made "substantial progress" in developing a plan to establish legal limits on coca production. For 1987, the aid was conditioned on a presidential certification that Peru was implementing its plan to limit coca production.

Peru also was barred from getting aid for its project to reduce coca production in the Upper Huallaga Valley unless the administration certified that the project would be effective.

The bill also stated that any aid withheld from Bolivia or Peru would be reallocated to other countries that had taken steps to curb narcotics production.

For Jamaica, the bill required the president to take into consideration, in allocating economic aid, whether that country was developing a plan to curtail marijuana production.

A broader provision in the bill prohibited aid to any country found by the president to have failed to take "adequate steps" to prevent production of or trafficking in narcotics.

Another important provision repealed, on a case-by-case basis, the so-called "Mansfield amendment," which barred U.S. government officials from participating in drug-related arrests overseas. Under the new provision, U.S. officials could be present at such arrests if the U.S. ambassador and the country involved agreed, and if the incident was reported to Congress.

#### Foreign Airport Security

The foreign aid bill included a series of provisions expanding the administration's authority to prohibit service between the United States and foreign airports found to have inade-

quate security against hijacking and other terrorist acts. The provisions were prompted by the June 14 hijacking of a TWA airliner outside Athens, Greece, which resulted in 39 Americans being held hostage for 17 days. (Weekly Report p. 1327)

The airport provisions:

- Required the secretary of transportation to assess security at foreign airports to determine whether they met international standards, and to report the results to Congress and to nations where those airports are located.

- In a case where the security was found to be inadequate, the country involved was to be given 90 days to correct any deficiencies. If the security was not improved within 90 days, the secretary of transportation, after consulting with the secretary of state, was to issue a public notice stating that the airport did not meet security standards; the notice was to be posted at U.S. airports and to be included on airline tickets. The secretary could waive the 90-day waiting period if he determined that conditions threatened the safety of passengers or airline crew members. The secretary of state also was authorized to issue a travel advisory concerning any airport that failed to meet the security standards.

- Authorized the president to invoke a U.S. boycott of any foreign airport that did not meet international standards and that did not correct deficiencies within the 90 days.

- Required the president to suspend U.S. aid to any country that had refused to correct security problems at

any of its airports within the 90 days. However, the president could waive this requirement if doing so was in the U.S. "national security interest."

- Required the secretary of state to seek international agreements on ways to improve compliance with minimum safety standards at airports.

- Authorized a Transportation Department study of an expanded program to put air marshals aboard U.S. flights.

#### Anti-Terrorism

The bill included provisions intended to combat international terrorism. The major provisions:

- Authorized \$9.84 million in each fiscal year for the State Department's anti-terrorism program, which provided training to help other countries. The bill also repealed a "sunset provision" in previous law that would have terminated the anti-terrorism program at the end of fiscal 1985, and authorized the United States to provide up to \$325,000 per year worth of small arms and munitions to foreign countries under that program.

- Required the president to prohibit trade with Libya, and authorized the president to prohibit imports of goods and services from countries found by the State Department to be supporting terrorism.

- Prohibited aid to countries that harbored terrorists or that otherwise supported international terrorism. The president could waive this ban if he reported to Congress that doing so was justified by national security or humanitarian reasons.



... and Israel. In addition to the billions of dollars for these two countries, the measure authorizes \$8 million for regional programs in the Middle East.

• Called for an international civil aviation boycott of countries that harbored terrorists or that otherwise supported international terrorism.

#### Mozambique

Both houses had adopted amendments by conservatives barring or restricting aid to the Marxist government of Mozambique, and conferees approved a blend of those provisions. The administration, which has moved to improve ties with Mozambique, opposed the restrictions.

The final bill included a Senate provision that barred any arms aid to Mozambique (Reagan had requested \$3 million) unless the president certified to Congress that the government was making a concerted effort to comply with international human rights standards, was making progress in implementing economic and political reforms, had implemented a plan by Sept. 30, 1986, to reduce the number of foreign military personnel to 55, and was committed to holding free elections by Sept. 30, 1986.

The bill also allowed economic and development aid for Mozambique solely to help the private sector "to the maximum extent practicable." The aid also must be provided through non-governmental agencies.

#### Development Aid

Major development aid provisions:

• Set aside \$50 million in development aid funds for the U.S. contribution to the International Fund for Agricultural Development. Reagan had requested no money for that agency, pending action by Saudi Arabia and other oil-producing countries to follow through on their promises of increased contributions. (*Weekly Report* p. 1330)

• Required that "a substantial percentage" of development aid go to improve the lives of the poor, especially those living in "absolute poverty."

• Required that at least 13.5 percent of all economic and development aid be channeled through private, voluntary organizations.

• Required the administration to reduce U.S. contributions to international organizations by the proportionate U.S. share of their spending on programs aiding the P.L.O., the South West Africa Peoples' Organization, Libya, Iran and Cuba.

#### Other Provisions

Other provisions of the bill:

- Set a limit of \$7 million annually

on military grants to Zaire, and barred military loans to that country. The House had voted a \$4 million limit on grants. The bill also required that economic aid to Zaire be used for development and be channeled through private agencies, rather than through the government, to the maximum extent practicable.

• Declared that U.S. policy was to support a "negotiated settlement" of the war in the Western Sahara between Morocco and a local guerrilla organization called the Polisario. However, conferees deleted House-passed language that called for U.S. "direct contacts" with all parties to the war and that barred U.S. military advisers from operating in the Western Sahara during the war.

• Barred use of Economic Support Fund aid by foreign countries to build or operate nuclear power facilities, except for countries that had signed the Nuclear Non-Proliferation Treaty or had taken other non-proliferation steps consistent with U.S. policy.

• Earmarked \$15 million in Economic Support Fund aid for Cyprus and stated congressional support for a special \$250 million reconstruction fund for that country if the Greek and Turkish communities made substantial progress toward resolving their disputes. However, the \$250 million would have to be authorized in future legislation.

• Authorized economic, development and military training aid for Haiti on the condition that the president certify to Congress annually that Haiti was attempting to stop illegal immigration into the United States, was implementing U.S. conditions on its aid program and was making progress on human rights. The bill also allowed training of Haitian police to stop illegal immigration into the United States, and military aid for that purpose and to control narcotics production.

• Barred economic aid to Ethiopia except for disaster relief or aid that directly benefited needy people. The bill also required the president to report to Congress on whether the Ethiopian government was conducting a policy of deliberately starving people in areas controlled by rebel forces; if the president found that the government was conducting such a policy, and Congress agreed by passing a joint resolution, all U.S. trade with that country would be suspended.

• Avoided the issue of economic aid to Lebanon. Reagan had requested

\$10 million in fiscal 1986, and the House had approved \$2.5 million on the condition that all seven remaining U.S. hostages in that country were released. Conferees deleted the House condition, but called on the administration to give a "higher priority" to obtaining release of hostages. Conferees also expressed their "regret" at the administration's decision to divert economic aid, originally appropriated for Lebanon in 1983, to other countries. (*Weekly Report* p. 1476)

• Established new minimum levels for regular, non-emergency shipments of free food under Title II of the PL 480 Food for Peace Program. In fiscal 1986, the government would be required to ship at least 1.8 million metric tons, of which 1.3 million must be distributed through private agencies and the World Food Program. In fiscal 1987, the comparable figures would be 1.9 million tons, with 1.425 million to be distributed through private agencies. The bill also encouraged the president to enter into multi-year agreements to provide food through private agencies, and authorized private agencies to sell or barter PL 480 food so they could provide other services.

• Authorized military and economic aid to Pakistan only if the president certified to Congress that Pakistan did not possess a nuclear weapon and that the aid would "reduce significantly" the risk that Pakistan would acquire such weapons.

• Stated the sense of Congress in favor of increasing the number of Peace Corps volunteers to 10,000 by 1989; in 1985 the figure was about 5,000. The bill also allowed a limited number of Peace Corps staff members to serve for 7½ years, rather than the previous five years.

• Earmarked \$5 million annually for economic or arms aid to the non-communist resistance forces in Cambodia. This provision barred any aid to the communist Khmer Rouge.

• Repealed the "Clark amendment" that had placed restrictions on U.S. support for military or paramilitary operations in Angola. However, conferees said in their report that the action should "not necessarily be construed to be an endorsement by the Congress" of aid to the South African-backed guerrillas in Angola.

• Earmarked \$15 million in economic aid for food, medicine and other aid to the people of Afghanistan. This was in addition to covert arms aid provided by the CIA to the Moslem guerrillas battling the Soviet occupation.

#### State Department Labels Movement Terrorist:

## 22 Members' Names Turn Up As 'Supporters' of Iran Group

An Iranian resistance movement that claims the endorsement of 22 members of Congress has been denounced by the State Department as a Marxist-oriented terrorist group "masquerading" as freedom fighters.

Several lawmakers, when questioned about their alleged support of the People's Mojahedin Organization of Iran, disavowed any knowledge or backing of the group. But it was not clear whether some of their staffers might have authorized the group to use the members' names.

One member, Rep. Bob Wise, D-W.Va., defended his endorsement and questioned the validity of the State Department's allegations.

State Department officials say that the People's Mojahedin has duped public and private officials all over the world because of its opposition to the Ayatollah Ruhollah Khomeini, leader of Iran. Department officials say the organization was responsible for assassinating several Americans during the 1970s and for helping prolong the 1979 hostage-taking of U.S. diplomats in Tehran.

The group could not be reached for comment. No one answered repeated calls to its Washington, D.C., telephone number, and its listed address turned out to be a mailbox at a Washington shopping mall.

The Mojahedin, in a full-page anti-Khomeini advertisement in the July 28 *New York Times*, listed hundreds of public, private and religious officials who "have declared their support" for the group. Among those listed were 22 House members spanning a broad political spectrum, from conservative G. V. "Sonny" Montgomery, D-Miss., chairman of the Veterans' Affairs Committee, to moderate William H. Gray III, D-Pa., chairman of the Budget Committee, to liberal Edward J. Markey, D-Mass.

Don Roberts, economic and political officer of the State Department's Bureau of Near Eastern and South Asian Affairs, said the ad was designed to build "respectability," adding, "If you're respectable, cor-

—By Steve Blakely

porations are willing to cough up a few thousand dollars out of petty cash."

Several members queried about the Times ad voiced surprise that their names were on the list. "I don't remember signing it," said Gray. Echoed Montgomery: "I didn't sign this."

"If my name is on there, it's by mistake or misrepresentation," said freshman Helen Delich Bentley, R-Md. "I sure don't support any Marxists anywhere in the world."

The name of Bentley's colleague,



"If my name is on there, it's by mistake or misrepresentation," said Rep. Helen Delich Bentley, R-Md.

fellow Maryland Republican Marjorie S. Holt, also appeared in the ad. "That's a lie," she said, after reading the page. "I never signed this."

Two Democrats from West Virginia do remember signing the ad.

Nick J. Rahall II said his office had received an earlier letter from the group in 1984 soliciting his opposition to the Khomeini regime. "It was a [letter] that came around the office and asked you to check off if you were opposed to Khomeini," Rahall said. "I supported that. I still do."

And Wise challenged the charges against the organization. "State wasn't accurate about the assassinations," he said. "The tenor of the [Mojahedin] message is the opposite of what State

is saying." Wise added that "I support resistance to Khomeini."

But Roberts said the "Mojahedin do not deny responsibility for the deaths [of the Americans]... They are proud of what they've done."

"These people go around looking like Mormon missionaries, in suits and ties and clean-shaven, talking about human rights and peace. We felt people needed to know who they are," Roberts added.

In congressional testimony July 24, Assistant Secretary of State Richard W. Murphy said the Mojahedin and its "front" group, the National Council of Resistance, are "masquerading" as freedom fighters opposing Khomeini. He said some U.S. citizens may be confusing them with the rebels in Afghanistan who are fighting Soviet occupation forces there.

"This group has no connection with the Afghan Mujahideen and [they] should not be confused," Murphy said. According to Murphy, the Iranian Mojahedin are Marxist Shiite Moslems opposed to "U.S. imperialism" and "criminal Zionism." They were the group "most engaged in anti-U.S. and anti-Western terrorism," which included the assassination of at least seven Americans, he said.

They also "took a measure of credit for the prolonged holding of American diplomats as hostages," Murphy added, and advocated putting the Americans on trial as spies.

According to the State Department, the Mojahedin initially supported Khomeini but fell out with the fundamentalist clergy who took control of the revolution.

#### Risks of Name-Lending

The flap illustrates the trouble lawmakers can get into when they or their aides lend their names to a cause. In some cases, members' staff sign innocuous-sounding letters without the lawmaker's knowledge. Other times, colleagues solicit a signature without giving a detailed explanation.

"There were a couple of cases where my name got on things I had no intention of supporting," said Bentley. "I've issued a new rule to my staff that nothing gets signed until the whole office has a chance to review it."

Her colleague, Holt, added: "I got caught once signing something for Mexico that caused me some trouble, and I decided I'd never sign without seeing a copy of it in my hand. I'm really very careful now."

(More Foreign Policy on Page 1526)

Aug. 3, 1985—PAGE 1547

file of Foreign Assistant  
copy: 2  
Lynn

THE WHITE HOUSE  
WASHINGTON

August 5, 1986

NOTE TO RON SABLE

FROM: KARNA✓

Note the interesting combination  
of authors on this one...  
perhaps this is something you  
might wish to get around regarding  
consideration of our foreign aid  
request.



By Stephen J. Solarz and Henry J. Hyde

**F**OREIGN aid is an early fatality of the budget triage taking place under the Gramm-Rudman-Hollings Act. While Congress and the country have focused on the consequences of reduced funding for domestic programs and for defense, the fallout from relatively deeper cuts in foreign aid has been ignored. Such inattention is understandable — foreign aid is unpopular and no domestic lobby exists to make the case for it — but it also courts disaster for our national interests.

Even though the Supreme Court has declared the automatic-sequestration provision of the Gramm-Rudman budget-balancing act unconstitutional, the essential framework remains intact and Congress remains under a political obligation to demonstrate that it is serious about staunching the flood of red ink. Yet Congress should take the opportunity for one last look at the damage the budget law would do to foreign aid before eviscerating this vitally important program.

Recently, the House Appropriations Committee voted \$12.98 billion for economic and security assistance, as well as for contributions to international development institutions for fiscal year 1987, which starts Oct. 1. This represents a 10 percent cut from the FY '86 base line, which itself was a 10 percent reduction from FY 1985.

The heedless approach Congress is taking to foreign aid reflects a failure of understanding. Foreign aid funds are spent for everything from agricultural projects in India to jet fighters for South Korea, from peacekeeping in the Sinai to Peace Corps volunteers in Africa, and from food aid in the Philippines to expanded capital for international development banks. Most of the funds provided are not a giveaway but an investment.

Security assistance is an investment in deterrence. United States access to military facilities in countries like Turkey, Greece, and the Philippines contributes to regional balances of military power, thus making a Soviet military advance less likely. Helping countries like Pakistan and Thailand defend themselves reduces the chance that American troops will have to do it for them.

Economic assistance is an investment in global prosperity and political stability. Third-world economic development opens export markets for the US and offers goods to Americans at reasonable prices. Moreover, it reduces the appeal of revolutionary movements that have no commitment to personal freedom, and are more likely to be aligned with the Soviet Union than with the United States.

Even humanitarian assistance is an investment. We are a better nation — in our own eyes and in the eyes of others — for our willingness to help those in need.

Nor, strictly speaking, is foreign aid a gift. Much of it is in the form of loans that are ultimately repaid. Almost all of it is spent on goods and services produced in the US, thus creating American jobs.

Because foreign aid to some countries is likely to be maintained at more-or-less current levels for a combination of strategic and political reasons, the cuts will be all the more draconian for nations that are not protected. One scenario calls for holding at constant levels Israel, Egypt, and six nations with which the US has special security arrangements — the Philippines, Turkey, Portugal, Spain, Pakistan, and Oman.

If these countries were not protected, vital US security interests could be jeopardized, ranging from continued access to Clark Field and Subic Bay Naval Station in the Philippines to our ability to sustain the resistance in Afghanistan. If these countries are protected, there

would be no foreign military sales credits left for any other country.

To take but two examples of many: South Korea and Thailand, to which the United States has made security commitments, would get no loans for buying American military equipment, after receiving \$162.7 million (Korea) and \$80.5 million (Thailand) this year. With 850,000 North Korean troops offensively deployed just north of the demilitarized zone, it cannot be in the interest of the United States to weaken South Korea's indigenous capacity to defend itself. With 140,000 Vietnamese troops in Cambodia, neither can it be in America's interest to diminish Thailand's ability to protect its territorial integrity.

The projected cuts also undermine the prospects for a solution to the international debt crisis. If the debt burden is to be eased, not only must debtor countries make radical reforms in their fiscal policies, but multilateral and commercial banks must be willing to stretch out repayment schedules and provide new loans.

Yet the United States is already \$200 million behind in its contributions to the multilateral banks. New cuts in US funds would represent a further failure to meet our responsibilities to the countries of the developing world.

To avoid disinvestment in our national security and economic prosperity, foreign aid should at the very least be restored to previous levels. At a time of continuing deficits, coupled with the constraints of Gramm Rudman, that will require further cuts in defense or domestic spending, an increase in revenues, or some combination of both. Yet the task is relatively modest: Returning to FY 1986, budget-authority levels would require only \$1.6 billion, equal to a 0.145 percent reduction in total spending, or a 0.184 percent increase in total revenues.

It will be up to Congress to decide how to make the trade-off. What is essential is that it recognizes that our national security requires that the trade-off be made. Even modest adjustments along these lines will inflict some pain, but will be nothing compared with that felt by our friends and allies around the world if they are forced to absorb radical reductions in United States assistance.

If Congress fails to reverse itself, foreign government and peoples will have just cause to doubt their trust and confidence in the US. What leverage we have over the domestic and external policies of those countries will diminish if not disappear. The only party that stands to gain from our retreat from responsibility is the Soviet Union. Foreign aid may not be popular, but it is an essential element in the protection of our strategic interests and the promotion of our humanitarian ideals.

*Rep. Stephen J. Solarz (D) of New York and Rep. Henry J. Hyde (R) of Illinois are senior members of the House Foreign Affairs Committee.*



**DRAFT**

5768

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

ACTION

August 5, 1986

MEMORANDUM FOR JOHN M. POINDEXTER

THRU: STEPHEN I. DANZANSKY

FROM: STEPHEN P. FARRAR

SUBJECT: International Affairs Funding Strategy

Attached at Tab I is a paper outlining a proposed strategy for obtaining adequate funding for international affairs in 1987.

Under this strategy, the Administration would commit now to seek the level for Function 150 included in the Mid-Session Update (\$19.2 billion, compared to the initial request of \$22.6 billion). A supplemental appropriation would be required later in the year, but no decision would be made now on the source of the outlay offset. That decision will be best made against the backdrop of a possible fix to G/R/H and a tax reform bill.

This strategy can easily be extended to include the defense budget.

RECOMMENDATION

That you use the talking points at Tab II to discuss this strategy with George Shultz, the first step in preparing to raise the issue with the President.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Ron Sable, Rick Saunders, and Mike Donley concur.

Attachments

Tab I Strategy Paper  
II Talking Points

**DRAFT**

# WITHDRAWAL SHEET

## Ronald Reagan Library

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*File Folder*

FOREIGN ASSISTANCE 08/01/1986-8/13/1986

*FOIA*

F25-049

SANDBERG

*Box Number*

6

5

<i>ID</i>	<i>Document Type</i> <i>Document Description</i>	<i>No of</i> <i>pages</i>	<i>Doc Date</i>	<i>Restric-</i> <i>tions</i>
263671	PAPER  STRATEGY PAPER ON INTERNATIONAL AFFAIRS FUNDING	3	ND	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



## International Affairs Funding

### Major Upcoming Events

August 20	OMB and CBO report on 1987 spending reductions required under G-R-H sequestration rules.
September 2	Congress returns
early/mid September	Senate appropriations bills passed. Debate continues on G/R/H fix.
mid September	House/Senate appropriations bills are conferenced.
mid/late September	Drafting of Continuing Resolution Approved appropriations bills to President for signature.
December 1	New decision point if 60-day CR is adopted
1st week of February	President's 1988 Budget transmitted to Congress

Impact of 1987 Congressional Budget Resolution

Budget Authority (\$ Billions)

	<u>1987</u>	<u>1988</u>	<u>1989</u>
National Defense Function (050)			
President's Budget Request	320.3	341.6	363.2
Congressional Resolution	292.1	304.1	316.7
Difference	-28.2	-37.5	-46.5
Foreign Assistance (150)			
President's Budget Request	22.6	21.5	21.5
Congressional Resolution	17.4	17.7	16.6
Difference	-5.2	-3.8	-4.9
Net Interest			
President's Budget Request	147.0	145.1	136.0
Congressional Resolution	143.6	152.3	150.7
Difference	-3.4	+7.2	+14.7
All Other			
President's Budget Request	612.0	657.7	687.2
Congressional Resolution	640.2	692.3	731.9
Difference	+28.2	+34.6	+44.7



## INTERNATIONAL AFFAIRS FUNDING STRATEGY

### Talking Points

- George, we at NSC have been giving a great deal of thought to ways to get out of the funding box we find ourselves in on the international affairs programs. We must design a strategy that will provide us with more adequate resource levels.
- I believe our objective should be to achieve the funding levels you have agreed to include in OMB's Mid-Session Update. This would mean aiming for \$19.2 billion in budget authority for Function 150, down from the \$22.6 billion in the President's initial request. It is, however, significantly above the budget resolution figure of \$17.4 billion.
- The President would publicly commit to obtain the Mid-Session level for Function 150, if not in the initial appropriations action then later in the year through a supplemental appropriation.
- His public commitment would free the Administration to work on two fronts:
  - o First, we must try to get the best deal possible out of the current Congressional process. By standing back and allowing Congress to work its will, we risk being faced with a bill the President must veto. That could lead to a sequestration, which would hit defense extremely hard.
  - o Second, we must prepare the ground for a supplemental. The key may be to ensure that we do not take care of Israel, Egypt, and other high priority recipients entirely in the initial appropriation. State would need to design its country allocations in two stages so as to keep some of its powder dry. We would need the

support of the major recipient countries, but I should think they would see international political advantages in helping fight for the smaller, poorer countries.

-- Under this strategy, we would not decide now on the source of the outlay offsets needed to make the supplemental acceptable under G/R/H rules. There are three options:

1) We can cut domestic programs--an unlikely outcome.

2) We can offer no offset--if the G/R/H fix comes to nothing.

3) We can offer a revenue increase.

The main thing now is to recognize that a final decision on offsets is better made later.

-- If you agree with this approach, I suggest we talk next to Jim Miller, Jim Baker, and Don Regan.

-- We should also consider extending this strategy to include the defense budget. I'm confident Cap would be pleased to participate.



MSG FROM: NSLSS --CPUA TO: NSBLP --CPUA  
To: NSBLP --CPUA

08/14/86 11:29

\*\*\* Resending note of 08/12/86 18:08  
To: NSRKS --CPUA  
please print  
NOTE FROM: Rick Saunders  
SUBJECT: Security Assistance Group Mtg (State-H)

The following points of interest were brought up at today's meeting:

CONTRA AID PACKAGE: H thinks we're in good shape, largely because of White House, State & DoD calls. There is a potential problem in the proposed source of funding for the economic package, though. There is resistance to additional aid outlays, and the funding may have to come out of other programs.

CYPRUS EARMARK WAIVER CONSULTATION: It did not go well. Schneider will make decision soon as to the results of the consultation and will start a memo on its way to the President.

IRELAND: The 87 and 88 earmarks will probably be set at \$30 million. This is below the 86 level of \$50 million and is good news for other programs.

EMBASSY SECURITY: State wants to arrange a signing ceremony and use it as a forum for addressing cuts in the foreign assistance accounts.

THE OBEY MARKUP: H says that Obey didn't get a rule and that his markup will not come to the floor.

NARCOTICS BILL: DoD is very concerned about the Hse proposal to take \$10 million out of MAP and \$2 million out of IMET to fund this bill. They say the transfer will severely hurt other programs.

cc: NSHRT	--CPUA	HOWARD TEICHER	NSJRS	--CPUA	JAMES STARK
NSKAK	--CPUA		NSSPF	--CPUA	STEPHEN FARRAR
NSLSS	--CPUA				

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

August 13, 1986

~~CONFIDENTIAL~~

MEMORANDUM FOR PETER RODMAN  
RICK SAUNDERS  
RON SABLE/LYNN SACHS  
WALTER RAYMOND  
ROD MCDANIEL  
RON ST. MARTIN  
PAUL HANLEY  
KARNA SMALL

FROM: JUDYT MANDEL *Jm*  
SUBJECT: State Department Public Diplomacy Plan for Foreign  
Affairs Budgets

Attached is a preliminary outline of State's proposed plan to build public and congressional support for the foreign affairs budgets (150 account). It envisions a two-pronged approach:

1. a long-term educational effort to build wider public support for our foreign policy programs in general, and to mobilize the traditional foreign affairs constituencies to more actively lobby for the foreign affairs budgets; and
2. a more intense Administration effort to persuade Congress to restore budget cuts for foreign affairs programs.

The first stage of this gameplan is to begin now and build momentum in January and February to set the stage for the second stage FY88 budget submissions.

State will hold a working group meeting tomorrow to flesh out the gameplan and begin implementation, which I will attend. I would appreciate any comments on the gameplan or suggestions by 2 p.m. Thursday.

Attachment

DECLASSIFIED

Authority NSE/DOS WAIVERS  
BY LM NARA DATE 6/30/25



## PROPOSED ACTION PLAN

August 6: Release of President's mid-term review  
(Presidential statement).

Op-ed piece in major newspaper with  
Secretary's by-line. (Sent to Wall  
Street Journal)

11: Deputy Secretary appears at noon briefing.

Followup: Washington Post article, nightly news.  
Mailing of Deputy Secretary's text to  
1800 selected persons on mailing list,  
1086 retired FSOs, Washington NGO  
representatives (582), World Affairs  
Council Presidents and Executive  
Directors (88 Councils), Committee on  
Foreign Relations Secretaries (38),  
Editor of DACOR Bulletin and Washington  
Representative of World Affairs Councils  
for newsletter.

Mailing to former Peace Corps volunteers?

Initial contact is being sought with  
specialized and mass audience  
publications regarding placement of  
article(s) by Secretary and/or other  
senior officials during December  
1986-March 1987 time frame. TASKED:

Timing to be Determined:

\* --Requesting the President to speak out publicly (Saturday radio address? Signing of Diplomatic Security bill?)

\* --Requesting the President to invite key members of Congress to the White House together with heads of affected agencies. Absent a Presidential meeting, the Secretary and key agency directors, possibly with private sector supporters meet with Congressional leaders on the Hill.

--Heads of all affected agencies make at least one major public pronouncement on the entire budget, not just their portion thereof.

--Secretary enlists aid of all former Secretaries in joint statement/appearance to support budget.

--Deputy Secretary requests all Principals to include budget remarks in all public presentations.

--Deputy Secretary directs all bureaus to include budget remarks in all public presentations; heads of affected agencies do likewise. Fact sheet drafted for use by all speakers. TASKED:

--Deputy Secretary requests USIA to develop plan for utilizing Embassies.

--Deputy Secretary and Spokesman hold "sundowner" with selected members of the press.

after September 8: Secretary calls employees together in Dean Acheson auditorium to underscore potential damage (with possible involvement of other agency heads in show of unity) Action Memo TASKED: PA/PP

Followup: text of Secretary's remarks sent to selected mailing list (see above plus additions).

16: Secretary addresses in-house conference for key business executives.

22: Secretary addresses issue in UNGA speech and in bilaterals with affected nations.

October-Mid November:

October 15: Deputy Secretary addresses in-house conference for nongovernmental organization leaders. Luncheon with leaders from National Council of World Affairs organizations.



18: Under Secretary Armacost at Salt Lake  
City Regional Foreign Policy Conference

October: Counselor Derwinski at Indianapolis  
Economic Club

by October 31: Media-Diplomat Seminar for regional  
editors, Department.

November 6/7: Executive-Diplomat Seminar, Department

Mid-November: Secretary delivers major address  
assessing the painful impact of cuts on  
foreign policy.

November: Under Secretary Armacost at Miami Chamber  
of Commerce

Outreach to new members of Congress.

December: Under Secretary Wallis addresses National  
Farmers Organization in Nashville.

Special Briefing: National Conference of  
State Legislatures, Department

Early January 1987: Secretary holds reception for Freshmen  
Congressmen on Eighth Floor: Brief  
remarks asking for their help in  
repairing the damage. Followup with  
printed material.

*Need Shultz  
to begin wide  
range of groups  
that have  
interest in  
for assistance -  
ask to them  
help across  
the country  
in educating  
public + MC.*

Speaker(s) are identified to undertake 4-6 weeks intensive domestic regional programming effort.

19: State of the Union

23: A Department official addresses Orlando Regional Foreign Policy Conference co-sponsored with Florida Regional Alliance.

26: Budget Presentation

February: President convenes White House Conference on Foreign Affairs.

*too late*

Special Briefing in-house for Washington nongovernmental organization representatives.

*← This should be second meeting.*

Direct-Line (telephone) effort to arrange BACKGROUND interviews between Department officials and major market newspaper editors.

Secretary interviewed by US News and World Report.

Articles published in specialized and mass audience publications.

February-March: Full engagement on the Hill by all Department Principals and heads of all affected agencies: Early, concerted, united effort essential.

Briefings for Congressional staff on the Hill.

Speaking effort across country: groups identified as having a stake in budget, state and local government, traditional foreign affairs supporters, media.

April: National Conference for Leaders in Higher Education, Department.

Special Briefing for Foreign Policy Association, Department.

To support this effort, we recommend that you convene an interagency group with you as chairman to coordinate the activities of all affected agencies. Our informal working group is getting in touch with USIA and AID to bring them into our planning efforts. Other cabinet members will be sought out as speakers.

We will shortly provide you with memoranda tasking the bureaus to include references to the budget in all public presentations and to develop language for inclusion in those speeches specific to the topic being addressed (terrorism, security, humanitarian aid, consular services).



Our working group will also identify groups with a stake in foreign affairs funding for the January-April effort, e.g., state and local government, ethnic groups, agriculture, business.

PA/PP:JColbert/JCollinge  
647-2133/647-2234 8/13/86 0807D

OMB  
Director's Review  
1988 Budget  
INTERNATIONAL AFFAIRS

INTRODUCTION

This review book addresses the programs in the International Affairs function (150) of the budget. The five components, or subfunctions, of this function are (in the order they are normally arrayed in the budget),

- International Security Assistance (152) - grants and loans for military aid and related economic support for developing countries,
- International Development and Humanitarian Assistance (151) - Agency for International Development (AID) programs, food aid under Public Law 480, and other activities including contributions to the multilateral development banks (MDBs),
- Conduct of Foreign Affairs (153) - State Department operating and construction expenses and mandatory UN contributions,
- Foreign Information and Exchange Activities (154) - programs of the U.S. Information Agency (USIA) along with Board for International Broadcasting (BIB) grants to Radio Free Europe/Radio Liberty (RFE/RL), and
- International Financial Programs - Export-Import Bank and certain financing items.

While the Export-Import Bank's budget request has normally raised an issue significant enough for discussion, it is not treated as a major issue this year. The Division recommendation -- that the bank receive an appropriated interest subsidy for its direct loans -- coincides with the recently announced government-wide credit reform decisions and, thus, has already been accepted. Under these reforms, the direct loan program could continue rather than being terminated in favor of the I-Match arrangement. As a result, the Bank may not appeal the OMB mark strongly. (The direct loan issue paper is behind Tab 6 and other Ex-Im papers are behind Tab 7.)

For the remainder of this overview, program trends will be discussed in terms of subfunction 151-154 discretionary programs. Items such as permanent appropriations, trust funds, receipts, and others have been extracted from these subfunctions. These items, which operate independently and distort program trends, are included in an "other" category in the tables below.

### Past Trends

Last year's overview pointed out the rapid growth of international affairs programs during 1980-1985, despite their general unpopularity with the public. With the advent of Gramm/Rudman controls in 1986 and 1987, this trend reversed dramatically.

- As the chart and Table I following show, budget authority for subfunctions 151-154 plummeted from a high of \$22.5 billion in 1985 to \$17.0 billion enacted to date for 1987.
- Much of the decrease was between 1985 and 1986. A substantial portion of that \$3.7 billion cut reflected the nonrecurrence of the one-time 1985 increases for Middle East aid and African famine relief, but the 1986 reduction in ongoing programs was still nearly \$1 billion.
- The cuts have affected nearly every component of 151-154, with the relative stability of the 154 numbers masking stringencies on RFE/RL due to exchange rate losses and sharp reductions in USIA's radio construction program.

### Congressional Staff Views on the Future

The prospects for reversing this recent trend are not particularly bright. Discussions between NSC/OMB staff and key congressional staff reveal a probable strong sentiment,

- against a 1987 international affairs supplemental, at least one of any significant size, and
- against an increase in 1988 appropriations above the 1987 enacted level.

TRENDS IN INTERNATIONAL AFFAIRS - BUDGET AUTHORITY  
Subfunctions 151-154, Discretionary

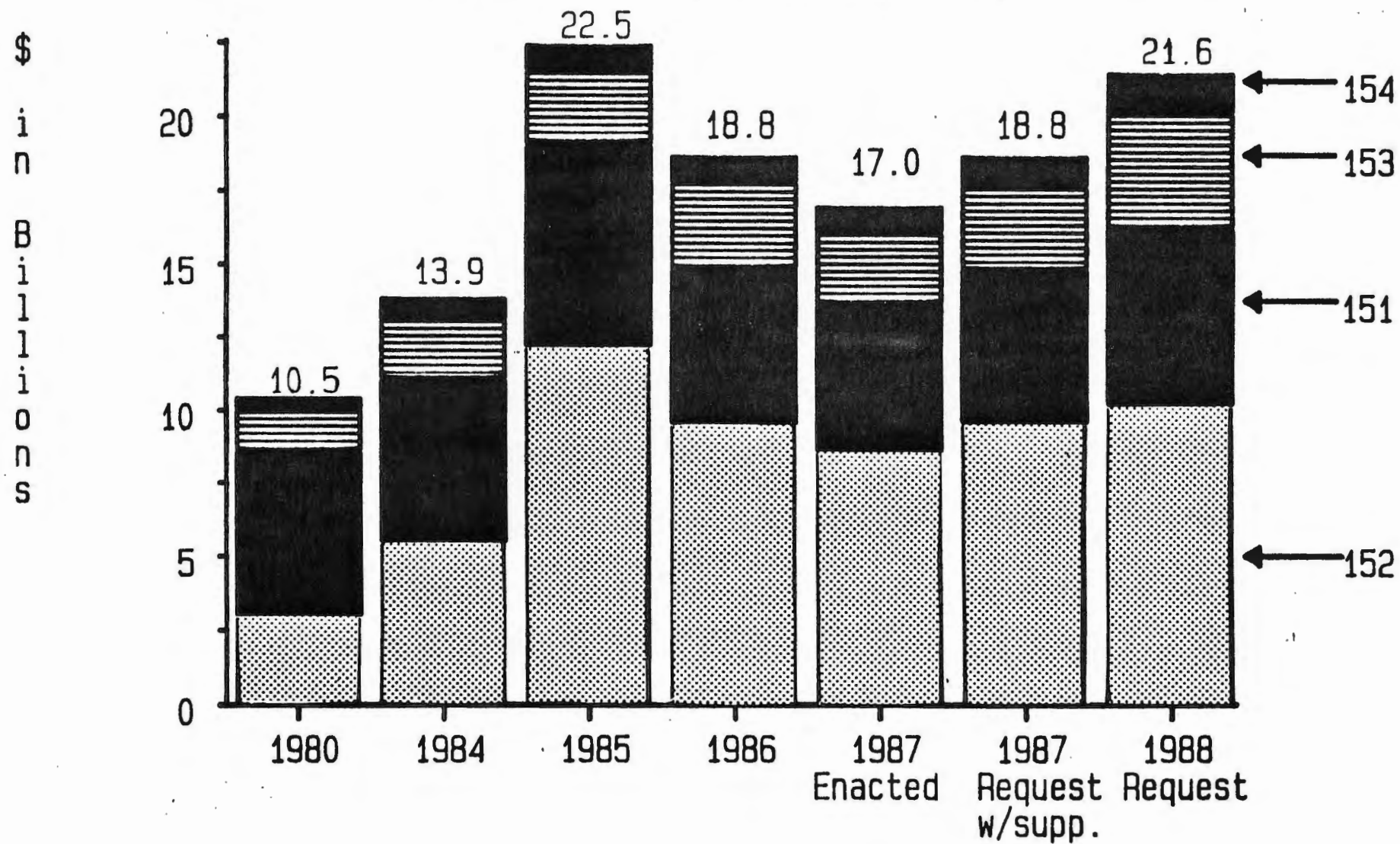




Table I  
Trends in International Affairs - Budget Authority  
(\$ in billions)

SUBFUNCTIONS	1980	1984	1985	1986	1987			1988
	ACTUAL	ACTUAL	ACTUAL	ACTUAL Preliminary	ENACTED	AGENCY SUPP. REQ.	AGENCY TOTAL REQ.	AGENCY REQ.
INTERNATIONAL SECURITY ASSISTANCE - 152.....	3.0	5.5	12.1	9.6	8.6	1.0	9.6	10.1
INTERNATIONAL DEVELOPMENT AND HUMANITARIAN ASSISTANCE - 151.....	5.7	5.6	7.0	5.2	5.0	0.3	5.3	6.1
Subtotal, Foreign Aid.....	8.7	11.1	19.1	14.8	13.6	1.3	14.8	16.3
CONDUCT OF FOREIGN AFFAIRS - 153.....	1.3	2.0	2.5	3.0	2.5	0.3	2.8	3.8
FOREIGN INFORMATION & EXCHANGE ACTIVITIES - 154.	0.5	0.8	0.9	1.0	1.0	0.1	1.1	1.5
Total, 151 + 152 + 153 + 154.....	10.5	13.9	22.5	18.8	17.0	1.8	18.8	21.6
EXPORT-IMPORT BANK OF WASHINGTON.....	1.8	0.8	0.0	0.0	0.0	0.0	0.0	1.3
All other International Affairs.....	5.6	9.8	3.9	(0.7)	0.4	0.0	0.4	0.4
TOTAL, INTERNATIONAL AFFAIRS - 150.....	18.0	24.6	26.5	18.0	17.4	1.8	19.2	23.3

For the supplemental, Hill staff indicate that items repeatedly rejected in the past should not be resubmitted and that offsets must be credible. The offsets should not be gimmicks and, in the view of some, should not be cuts in domestic programs. There was sentiment that any offsets (particularly those most credible) might be captured to supplement domestic programs. For 1988 the staffers advised seeking reprogramming flexibility in foreign aid legislation to make the probable low appropriations more livable.

#### The Issue

In contrast to these congressional warnings, the international affairs agencies, as a group, are seeking massive budget increases for 151-154: (See Table II)

- a \$1.75 billion supplemental and
- a 1988 budget request which is
  - 14 percent over the guidance figure, (which is the 1988 amount in the 1987 mid-session budget), and
  - 27 percent above the 1987 enacted amount.

Within the totals, the largest increases are for

- Conduct of foreign affairs, 51 percent above 1987 enacted, and
- Foreign information activities, 58 percent above 1987 enacted.

As these figures reveal, the major issue during this budget review will be reconciling these widely divergent agency and congressional views in a manner consistent with overall presidential budget policy.

TABLE II

International Affairs Agency Requests  
(Budget Authority, \$ in Billions)

Subfunctions	1986 Act. Prelim.	1987		1988		Difference		
		Enact.	Agcy. Req.	Mid- Session Guid.	Agcy. Req.	Req./ Guid.	Req./ 87 Req.	Req./87 Enact.
Internat'l Security Assist. - 152.....	9.6	8.6	9.6	8.8	10.1	1.3 (15%)	0.6 (6%)	1.5 (17%)
Internat'l Development and Humanitarian Assist. - 151.....	5.2	5.0	5.3	5.2	6.1	1.0 (18%)	0.9 (16%)	1.2 (24%)
Total Foreign Aid.....	14.8	13.6	14.9	14.0	16.3	2.3 (16%)	1.5 (10%)	2.7 (20%)
Conduct of Foreign Affairs - 153.....	3.0	2.5	2.8	3.6	3.8	0.3 (7%)	1.0 (35%)	1.3 (51%)
Foreign Information and Exchange Act. - 154.....	1.0	1.0	1.1	1.3	1.5	0.2 (16%)	0.4 (40%)	0.6 (58%)
Total, 151, 152, 153, 154.....	18.8	17.0	18.8	18.9	21.6	2.7 (14%)	2.8 (15%)	2.9 (27%)
Export-Import Bank of Washington.....	0.0	0.0	0.0	0.0	1.3	1.3	1.3	1.3
All Other Internat'l Affairs.....	(0.7)	0.4	0.4	0.9	0.4	(0.5)	.0	1.1
Total, Internat'l. Affairs - 150.....	18.0	17.4	19.2	19.8	23.3	3.5 (18%)	4.2 (22%)	5.3 (34%)

## Major Budget Issues

### A. 1987 Supplemental (Issue #1)

The \$1.75 billion 1987 supplemental request would appear to go well beyond the amount that Congress will accept, based on consultations to date. Per agreement with the Director, Secretary Shultz is discussing prospects for a supplemental with key members of Congress, and a final judgment awaits his findings.

For purposes of this review OMB staff have developed a tentative mark. The staff review process was based on a priority ranking prepared by State of the twenty component packages of the supplemental. State made the ranking at the Director's request, and, while not flawless, it represents a constructive input into the budget process. As a result, OMB staff have tried to adhere to the priorities but cut portions of some of the high ranked packages where

- the need for an item does not appear urgent,
- the item was over-priced, or
- Congress had clearly rejected an item the past.

Nevertheless, some previously rejected items were so critical that they are included in the recommendation.

For simplicity and brevity, the table and narrative below present OMB action on the supplemental in terms of large aggregates which are not in the precise priority order. A more detailed, priority-ordered table serves as the issue paper.

1987 Supplemental  
(Budget Authority, \$ in millions)

<u>Programs</u>	<u>Request</u>	<u>Recommendations</u>
State Department/AID Operations	195	85
UN Contributions	134	0
Base Rights/Access	558	458
Central America	190	<del>190</del> 300.
African Aid	150	60
USIA and Board for Int'l Broadcasting	135	30
Multilateral Development Banks	293	198
Other Low Ranked Items	<u>103</u>	<u>0</u>
Totals	1,758	1,021



In summary, the OMB recommendation is as follows:

- State Operations - provides most foreign exchange loss offsets, an overseas inflation premium, and initial costs for a new embassy in El Salvador; denies RENT increase (should be absorbed in the base), actual construction costs for the embassy (put in 1988) and several activities unlikely to begin in 1987.
- UN Contributions -- proposes release of funds already appropriated for the UN but impounded by Congress; denies further restorations, which Congress is unlikely to accept.
- Base Rights/Access -- allows nearly all of the proposed security assistance restorations which are critical in meeting U.S. obligations; denies a low-ranked \$100 million increment for Turkey (\$125 million already allowed), which Congress is most unlikely to approve.
- Central America -- provides the full request to meet Central American needs and the expectations of congressional supporters.
- African Aid -- provides partial funding for Southern African program which is in line with Administration policy, but poorly planned, and partial funding for an economic reform initiative elsewhere in Africa.
- USIA and BIB -- allows offsetting funds for exchange rate losses; does not allow restoration of funds for radio construction which were firmly denied by Congress and which, in USIA's case, are not needed.
- Multilateral Development Banks -- provides part of request to begin wiping out U.S. arrears in contributions to the MDB's; this item may have congressional support, but full request would crowd out higher priority items.
- Other Low-Ranked -- denies proposals such as locust control research and an anti-narcotics program which is ranked last and is not yet designed.

## B. 1988 Request

The large request is of concern not only because of its size, but because of the somewhat haphazard preparation of some of its components, notably foreign aid. A formal request for that component was not received until November 24, although most of the detail on foreign aid was provided a week earlier. In part, because of the difficulties caused by the large 1987 reductions, the foreign aid review process within State was less rigorous than in the past.

In October OMB provided State with the guidance figures (the 1988 column of the 1987 mid-session budget) and stressed that they should be regarded as ceilings, an admonition which was obviously ignored. At State's request OMB provided a breakdown of the guidance by subfunction. This breakdown, however, was determined by relatively early congressional action on the 1987 budget, and in the light of final action may be regarded as too low for foreign aid and too high for conduct of foreign affairs and international information programs.

Overall, OMB staff aimed for a 150 mark at the guidance level. The 1988 recommendation for 151-154: (See Tables III and IV)

### -- for outlays

- is at the guidance level for 151-154 providing 4.6 percent real growth for these programs above 1987 including the recommended supplemental
- calls for 150 outlays \$555 million above guidance due to uncontrollable programs and the 1988 impact of 1987 congressional action on Export-Import Bank

### -- for budget authority

- is \$269 million above guidance for 151-154 providing 2.5 percent real growth
- for 150 as a whole is \$190 million below guidance due to uncontrollable 155 items

Table III

INTERNATIONAL AFFAIRS - 150  
BUDGET AUTHORITY  
DOLLARS IN MILLIONS

	1986	1987			1988			RECOM. vs. REQUEST	RECOM. vs. GUIDANCE
	ACTUAL	ENACTED	SUPP. REQUEST	SUPP. RECOM.	GUIDANCE	REQUEST	RECOM.		
INTERNATIONAL SECURITY ASSISTANCE (152)...	9,601	8,588	968	708	8,805	10,120	9,597	(523)	792
INTERNATIONAL DEVELOPMENT AND HUMANITARIAN ASSISTANCE (151).....	5,207	4,978	314	204	5,191	6,149	5,266	(883)	74
Bilateral Development Assistance.....	1,699	1,494	15	0	1,517	1,737	1,442	(295)	(75)
P.L. 480 Title I, Food aid.....	628	549	0	0	573	634	472	(162)	(101)
Other.....	2,880	2,935	299	204	3,101	3,778	3,352	(426)	251
SUBTOTAL, FOREIGN AID (151 & 152).....	14,808	13,566	1,282	912	13,996	16,269	14,863	(1,406)	866
CONDUCT OF FOREIGN AFFAIRS (153)	2,994	2,493	341	79	3,573	3,829	3,188	(641)	(385)
Diplomatic Security Program.....	721	349	0	0	1,036	1,052	660	(392)	(376)
Other.....	2,273	2,144	341	79	2,537	2,777	2,528	(249)	(9)
FOREIGN INFORMATION AND EXCHANGE ACTIVITIES (154).....	955	951	135	30	1,306	1,518	1,093	(425)	(212)
Voice of America Radio Construction...	105	46	46	0	243	384	90	(294)	(153)
Board for Int'l Broadcasting .....	117	140	67	16	172	230	189	(41)	17
Other.....	733	765	22	14	891	904	814	(90)	(77)
SUBTOTAL, (151 - 154).....	18,757	17,010	1,758	1,021	18,875	21,616	19,144	(2,472)	269
% real growth over '87 w/supp. recom*					1.0	16.2	2.5		
% real growth over '87 enacted.....*					7.3	23.4	8.9		
EXPORT-IMPORT BANK (155).....	0	0	0	0	0	1,274	100	(1,174)	100
[Direct loan authorization].....	[576]	[900]	[0]	[0]	[1,800]	[1,800]	[900]	[-900]	[-900]
ALL OTHER INTERNATIONAL AFFAIRS	(716)	400	0	0	903	334	344	10	(559)
TOTAL, INTERNATIONAL AFFAIRS (150)...	18,041	17,410	1,758	1,021	19,779	23,223	19,587	(3,635)	(190)

\* Using 3.7% Midsession deflator.

Table IV

INTERNATIONAL AFFAIRS - 150  
OUTLAYS  
DOLLARS IN MILLIONS

	1986	1987			1988			RECOM. vs. REQUEST	RECOM. vs. GUIDANCE
	ACTUAL	ENACTED	SUPP. REQUEST	SUPP. RECOM.	GUIDANCE	REQUEST	RECOM.		
INTERNATIONAL SECURITY ASSISTANCE (152) ..	9,849	8,782	294	297	9,864	10,009	9,821	(188)	(43)
INTERNATIONAL DEVELOPMENT AND HUMANITARIAN ASSISTANCE (151) .....	5,693	4,924	55	47	5,333	5,747	5,401	(346)	68
Bilateral Development Assistance .....	1,410	1,537	1	0	1,525	1,543	1,519	(24)	(6)
P.L. 480 Title I, Food aid .....	702	549	0	0	573	634	472	(162)	(101)
Other .....	3,581	2,838	54	47	3,235	3,570	3,410	(160)	175
SUBTOTAL, FOREIGN AID (151 & 152) .....	15,541	13,705	349	344	15,197	15,756	15,222	(534)	25
CONDUCT OF FOREIGN AFFAIRS (153)	2,274	2,564	315	148	2,935	3,295	2,967	(328)	31
Diplomatic Security Program .....	45	199	0	0	379	515	435	(80)	56
Other .....	2,229	2,365	315	148	2,556	2,780	2,532	(248)	(24)
FOREIGN INFORMATION AND EXCHANGE ACTIVITIES (154) .....	905	970	51	29	1,118	1,342	1,048	(294)	(70)
Voice of America Radio Construction ...	50	89	0	0	120	234	88	(146)	(32)
Board for Int'l Broadcasting .....	125	136	31	16	169	235	174	(61)	5
Other .....	730	745	20	13	829	873	786	(87)	(43)
SUBTOTAL, (151 - 154) .....	18,721	17,239	715	521	19,251	20,393	19,237	(1,156)	(14)
% real growth over '87 w/supp. recom*					4.7	11.1	4.6		
% real growth over '87 enacted .....					8.0	14.6	7.9		
EXPORT-IMPORT BANK (155) .....	(1,167)	(859)	0	0	(1,453)	(958)	(1,030)	(72)	423
ALL OTHER INTERNATIONAL AFFAIRS .....	(3,210)	(459)	0	0	(769)	(625)	(622)	3	147
TOTAL, INTERNATIONAL AFFAIRS (150) ..	14,344	15,921	715	521	17,029	18,810	17,585	(1,226)	555

\* Using 3.7% Midsession deflator.



-- Within the BA totals

- foreign aid is \$866 million above guidance (redressing the distortion in guidance noted above) but is only \$385 million or 3 percent above 1987 with the recommended supplemental
- conduct of foreign affairs and foreign information and exchange activities are \$598 million below guidance but are \$728 million or 20 percent above 1987

Issues

International Security Assistance - A classified issue for this subfunction will be discussed in a separate session.

International Development Assistance

Issue #2. Bilateral Development Assistance:

BA Request \$1,737 million

BA recommendation \$1,442 million.

The Agency for International Development is seeking a 13 percent increase over 1987 for total available funds. While funding is increased for key areas like Central America, large increases are also proposed for lower priority activities. The OMB recommendation does not allow the latter items.

Issue #3. P.L. 480 Food Aid-Title I Credit Sales:

BA request \$634 million

BA recommendation \$472 million

State proposes a 9 percent increase over 1987 levels, spreading the increase across the board among current recipients. Because of the disincentive effect food aid can have on recipient country agricultural production, OMB recommends an 8 percent cut from 1987 amounts.

## Conduct of Foreign Affairs

### Issue #4. Diplomatic Security Program:

BA request \$1,052 million

BA recommendation \$660 million

The State request for this high priority program is nearly 3 times the 1987 amount, which reflects deep congressional cuts. State wishes to continue its ambitious plan for constructing secure facilities abroad at nearly the originally planned pace in the face of congressional resistance. OMB staff would reduce the request for non-construction items in part because of probable large carryover balances. The recommendation would delay construction of Eastern European embassies until technical security problems can be solved. The OMB mark, while well below State, is still nearly double 1987.

## Foreign Information and Exchange Activities

### Issue #5. Voice of America and Board for International Broadcasting Programs:

BA request \$614 million

BA recommendation \$279 million

These two entities wish to exceed past plans for modernizing and expanding transmitter facilities. OMB staff would point to slow progress to date by USIA and the lack of signed agreements for several major transmitter sites as reasons for stretching the programs out. The OMB mark is nearly 50 percent above 1987.

## Agency Reaction

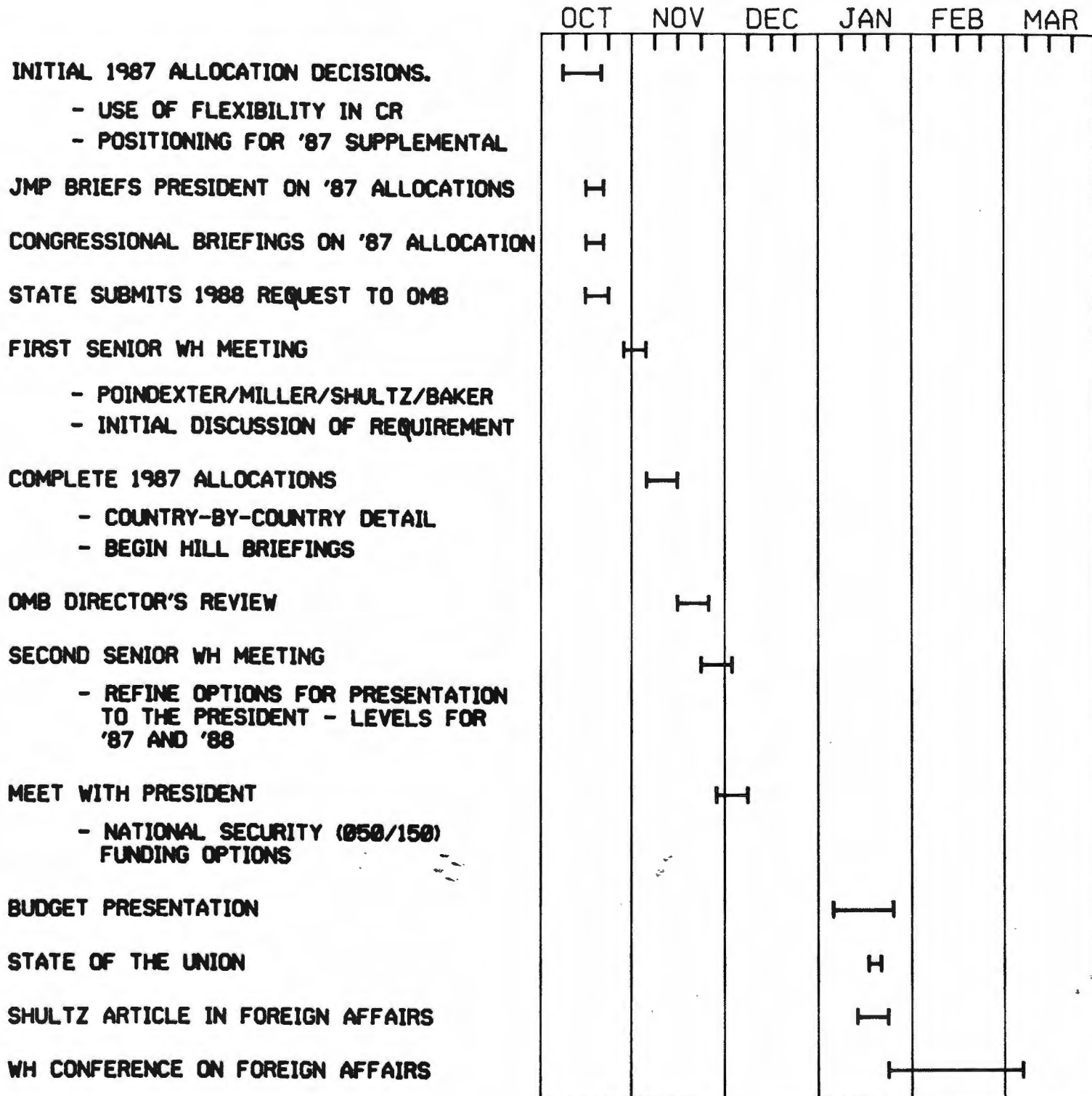
The OMB staff recommendation for budget authority is \$2.5 billion below the agency requests for 151-154. Under the circumstances, Secretary Shultz and USIA Director Wick are likely to make strong appeals to the President. Last year, OMB staff provided relatively more generous marks to these agencies in order to avoid such appeals and was successful. As pointed out above, however, the resulting budget request was rejected out of hand by the Congress, causing embarrassment for the administration and severe disruption in international affairs program management. A case can be made that important needs will not be met without more funds than are recommended. With the domestic side of the 1988 budget even tighter than in 1987, increases above the mark (or even the mark) may stimulate strong congressional reaction.

150 - INTERNATIONAL AFFAIRS  
BUDGET AUTHORITY  
SUMMARY (in millions of dollars)

11/23/86

MAJOR PROGRAMS	1986	1987					DIFFERENCE	1988				DIFFERENCE		
	ACTUAL	1987	1987	1987	AGENCY	OMB	OMB/ AGENCY	1987	1987	AGENCY	OMB	OMB REC./	OMB REC./	OMB REC./
	Preliminary	BUDGET	MIDSESSION	ENACTED	SUPP. REQ.	SUPP. REC.		BUDGET	MIDSESSION	REQ.	REC.	OMB 87 REC.	MIDSESSION	AGENCY
	A	B	C	D	E	F	G	H	I	J	K	L = K-(B+F)	M = K-I	N = K-J
<b>INTERNATIONAL SECURITY ASSISTANCE - 152</b>														
Foreign military sales credit.....	4,946.8	5,661.0	4,500.0	4,040.4	200.0	200.0	0.0	5,771.4	4,583.3	4,725.0	4,503.0	262.6	(80.3)	(222.0)
Foreign military sales credit (FFB).....	1,480.9	473.3	622.7	754.3	0.0	0.0	0.0	302.6	894.3	798.8	798.8	44.5	(95.5)	0.0
Military assistance.....	798.4	996.5	700.0	900.0	386.0	261.0	(125.0)	1,015.9	713.0	1,302.8	1,229.8	68.8	516.9	(73.0)
Economic support fund.....	3,761.5	4,093.8	3,350.0	3,550.0	382.0	247.0	(135.0)	4,174.0	3,412.0	3,968.2	3,755.7	(41.3)	343.7	(212.5)
Other.....	94.5	117.7	91.8	97.5	0.0	0.0	0.0	120.6	97.0	123.7	108.2	10.6	11.2	(15.6)
Offsetting Receipts.....	(58.2)	(69.8)	(69.8)	(95.4)	0.0	0.0	0.0	(125.5)	(125.5)	(124.5)	(124.5)	(29.1)	1.0	0.0
<b>Total, International Security Assistance - 152.</b>	<b>11,024.0</b>	<b>11,272.4</b>	<b>9,194.7</b>	<b>9,246.9</b>	<b>968.0</b>	<b>708.0</b>	<b>(260.0)</b>	<b>11,259.0</b>	<b>9,573.9</b>	<b>10,794.0</b>	<b>10,271.0</b>	<b>316.1</b>	<b>697.0</b>	<b>(523.1)</b>
<b>INT'L DEVELOPMENT &amp; HUMANITARIAN ASSISTANCE - 151</b>														
Multilateral Development Banks.....	1,142.5	1,392.0	1,392.0	949.3	292.8	197.8	(95.0)	1,400.0	1,400.0	1,818.7	1,585.6	438.5	185.6	(233.1)
International organizations and programs.....	261.1	186.0	190.5	237.3	0.0	0.0	0.0	189.7	194.0	238.2	194.0	(43.3)	(1.0)	(44.2)
Agency for International Development.....	2,025.5	2,097.7	1,905.7	2,065.6	20.7	5.7	(15.0)	2,114.2	1,923.0	2,252.4	1,929.8	(141.5)	6.8	(322.6)
Public Law 480, food aid.....	1,243.3	1,164.4	1,071.4	1,083.1	0.0	0.0	0.0	1,175.0	1,173.0	1,207.4	1,007.0	(76.1)	(166.0)	(200.4)
Refugee Assistance.....	324.4	372.5	325.0	360.9	0.0	0.0	0.0	330.9	305.6	364.1	306.0	(54.9)	0.5	(58.1)
Other.....	219.1	232.5	212.0	292.3	0.0	0.0	0.0	237.9	216.4	288.4	233.8	(38.5)	37.4	(34.6)
Offsetting Receipts.....	(546.4)	(551.7)	(551.7)	(594.9)	0.0	0.0	0.0	(600.9)	(600.9)	(608.2)	(598.2)	(3.3)	2.7	10.0
<b>Total, Int'l Dev. &amp; Humanitarian Assist. - 151.</b>	<b>4,669.5</b>	<b>4,893.4</b>	<b>4,544.9</b>	<b>4,393.5</b>	<b>313.6</b>	<b>203.6</b>	<b>(110.0)</b>	<b>4,846.8</b>	<b>4,611.1</b>	<b>5,561.0</b>	<b>4,678.1</b>	<b>81.1</b>	<b>66.9</b>	<b>(882.9)</b>
<b>TOTAL, FOREIGN AID (152 + 151).....</b>	<b>15,693.5</b>	<b>16,165.8</b>	<b>13,739.7</b>	<b>13,640.4</b>	<b>1,281.6</b>	<b>911.6</b>	<b>(370.0)</b>	<b>16,105.7</b>	<b>14,185.1</b>	<b>16,355.0</b>	<b>14,949.0</b>	<b>397.1</b>	<b>764.6</b>	<b>(1,446.0)</b>
<b>CONDUCT OF FOREIGN AFFAIRS - 153</b>														
Administration of Foreign Affairs.....	2,439.3	3,238.4	2,411.2	1,997.9	206.8	78.8	(128.0)	2,879.9	3,011.8	3,157.3	2,577.9	501.2	(433.9)	(579.3)
International Organizations and Conferences.....	477.0	493.2	493.2	419.9	134.4	0.0	(134.4)	467.5	466.6	542.6	506.0	86.1	39.4	(36.6)
Other.....	81.2	98.0	102.0	79.4	0.0	0.0	0.0	99.1	99.0	122.9	100.3	28.9	9.3	(14.6)
<b>Total, Conduct of Foreign Affairs - 153.....</b>	<b>2,997.5</b>	<b>3,829.6</b>	<b>3,006.5</b>	<b>2,497.2</b>	<b>341.2</b>	<b>78.8</b>	<b>(262.4)</b>	<b>3,446.5</b>	<b>3,577.4</b>	<b>3,822.8</b>	<b>3,192.2</b>	<b>616.2</b>	<b>(385.2)</b>	<b>(630.6)</b>
<b>FOREIGN INFORMATION &amp; EXCHANGE ACTIVITIES - 154</b>														
Board for International Broadcasting.....	117.1	167.5	161.0	140.0	67.1	16.0	(51.1)	171.6	171.6	230.1	189.3	33.3	17.7	(40.8)
Japan-U.S. Friendship Commission.....	0.7	1.6	1.6	1.4	0.0	0.0	0.0	1.6	1.6	1.4	1.4	(1.0)	(0.2)	0.0
United States Information Agency.....	838.8	959.7	837.8	809.7	68.4	14.5	(53.9)	1,093.8	1,133.8	1,287.0	902.3	78.2	(231.4)	(384.7)
<b>Total, For. Info. &amp; Exchange Activities - 154..</b>	<b>956.6</b>	<b>1,128.7</b>	<b>1,000.4</b>	<b>951.1</b>	<b>135.5</b>	<b>30.5</b>	<b>(105.0)</b>	<b>1,266.9</b>	<b>1,306.9</b>	<b>1,518.6</b>	<b>1,093.1</b>	<b>111.5</b>	<b>(213.9)</b>	<b>(425.5)</b>
<b>Total, 151 + 152 + 153 + 154.....</b>	<b>19,647.6</b>	<b>21,124.2</b>	<b>17,746.5</b>	<b>17,088.7</b>	<b>1,758.2</b>	<b>1,020.8</b>	<b>(737.4)</b>	<b>20,819.1</b>	<b>19,069.4</b>	<b>21,696.4</b>	<b>19,234.3</b>	<b>1,124.8</b>	<b>164.9</b>	<b>(2,462.1)</b>
<b>INTERNATIONAL FINANCIAL PROGRAMS - 155</b>														
Export-Import Bank of the United States.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,274.0	100.0	100.0	100.0	(1,174.0)
Fair export financing program.....	0.0	300.0	300.0	0.0	0.0	0.0	0.0	0.0	0.0	200.0	100.0	100.0	100.0	(100.0)
Foreign military sales trust fund (net).....	(3,034.0)	1,300.0	1,300.0	410.0	0.0	0.0	0.0	800.0	800.0	243.0	243.0	(167.0)	(557.0)	0.0
International monetary programs.....	1,514.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other.....	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Offsetting Receipts.....	(86.9)	(88.7)	(88.7)	(88.7)	0.0	0.0	0.0	(90.4)	(90.4)	(90.4)	(90.4)	(1.8)	0.0	0.0
<b>Total, International Financial Programs.....</b>	<b>(1,606.7)</b>	<b>1,511.3</b>	<b>1,511.3</b>	<b>321.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>709.6</b>	<b>709.6</b>	<b>1,626.6</b>	<b>352.6</b>	<b>31.2</b>	<b>(357.0)</b>	<b>(1,274.0)</b>
<b>TOTAL, INTERNATIONAL AFFAIRS - 150.....</b>	<b>18,040.9</b>	<b>22,635.5</b>	<b>19,257.8</b>	<b>17,410.1</b>	<b>1,758.2</b>	<b>1,020.8</b>	<b>(737.4)</b>	<b>21,528.7</b>	<b>19,779.0</b>	<b>23,323.0</b>	<b>19,586.9</b>	<b>1,156.0</b>	<b>(192.1)</b>	<b>(3,736.1)</b>

# Foreign Affairs Budget Strategy





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NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20506

INFORMATION

October 30, 1986

MEMORANDUM FOR ALTON G. KEEL

THRU:                   STEPHEN I. DANZANSKY *SIF for*  
FROM:                   STEPHEN P. FARRAR *SIF*  
SUBJECT:                Your Meeting with Taft/Whitehead -- Friday,  
                          October 31, 1986

This memorandum offers a checklist of outcomes in the international affairs area that you might usefully seek at the meeting. It supplements Lynn Sachs' October 29 summary of the results of consultations with congressional staff.

National Security Funding Strategy: Agreement to prepare a consolidated strategy for presentation to the President. How we should package the budget proposals for presentation to the Congress (e.g., whether to split 150 from 050) is a separate issue.

1987 Supplemental: Agreement that a supplemental request must be part of the 1988 budget strategy and should not be transmitted in November. The next step in designing a budget strategy should be consultations. In the meantime, public reference to a supplemental should be curbed.

1988 Budget Request: Agreement that State will meet its deadline (agreed in a Whitehead/Wright phone call) to submit its request by November 6.

1987 Country Allocations: Agreement that State will prepare alternative allocation proposals based on the assumptions of:

- o a small supplemental request (\$500M);
- o a larger supplemental request (\$1-1.5B); and
- o a supplemental request that assumes use of Sec. 614 authority to break earmarks.

These alternative allocations should then be reviewed by NSC, State and DOD at a senior level. Initial allocation decisions are critical because they tie directly to the strategy for seeking a supplemental. State has a November 17 deadline for transmitting proposed allocations to the Congress.