

State Dept. review completed

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ON-FILE NSC RELEASE INSTRUCTIONS APPLY

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FM THE SITUATION ROOM TOHAK134

T O AMEMBASSY MADRID

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T O HAK134
TO RALPH SIGLER FOR DELIVERY TO LARRY EAGLEBURGER

DECEMBER 18, 1973

TO: HENRY A. KISSINGER
FROM: BRENT SCOWCROFT

PRIOR TO THE CHRISTMAS RECESS CONGRESS WILL COMPLETE ACTION ON BOTH THE DEFENSE AND FOREIGN AID APPROPRIATIONS. AT THIS POINT THE OUTLOOK IS AS FOLLOWS:

DEFENSE APPROPRIATION. OUR PRINCIPLE CONCERNS WERE IN STRATEGIC PROGRAMS (TRIDENT, SCAD, SITE-DEFENSE) AND MASF. WE WERE SUCCESSFUL IN GETTING ACCEPTABLE RESTORATIONS ON ALL OF THE STRATEGIC PROGRAMS IN THE SENATE EXCEPT FOR TRIDENT. THE SENATE APPROPRIATIONS COMMITTEE EXPRESSED A WILLINGNESS TO RECEIVE A REQUEST FOR SUPPLEMENTAL APPROPRIATIONS TO INCLUDE UP TO \$42 MILLION FOR TRIDENT "AT A LATER TIME". ON MASF, THE SENATE APPROPRIATIONS COMMITTEE CUT THE HOUSE LEVEL (\$1.0085 BILLION) BY \$358 MILLION TO A FIGURE OF \$650.5 MILLION. THE HOUSE/SENATE CONFERENCE IS NOW IN SESSION AND HAVE APPARENTLY AGREED ON A FIGURE OF \$900 MILLION FOR MASF, WHICH IS NOT BAD. IN SUM, IT APPEARS THAT WE WILL RECEIVE A BILL CONTAINING ACCEPTABLE FUNDING FOR ALL STRATEGIC PROGRAMS EXCEPT TRIDENT AND ACCEPTABLE FUNDING FOR MASF.

FOREIGN AID. THE FOREIGN AID AUTHORIZATION BILL WAS SIGNED BY THE PRESIDENT YESTERDAY. THE FOREIGN AID APPROPRIATION HAS PASSED BOTH CHAMBERS AND GOES TO CONFERENCE TOMORROW. THERE ARE THREE PRINCIPLE ISSUES.

MAP. THE HOUSE FIGURE (\$500 MILLION) IS marginally acceptable. THE SENATE LEVEL (\$300 MILLION) IS EXTREMELY BAD. A COMPROMISE FIGURE OF \$400 MILLION APPEARS PROBABLE. SUCH A FIGURE WOULD NECESSITATE REDUCTION TO TAKEN LEVELS IN SEVERAL PROGRAMS. FOR EXAMPLE, GRANT MATERIAL PROGRAMS TO INDONESIA, THE PHILIPPINES, THAILAND, ETHIOPIA, TUNISIA AND LATIN AMERICA WOULD BE CUT IN HALF.

INDOCHINA RECONSTRUCTION. THE HOUSE PASSED AN APPROPRIATION OF

***** W H S R C O M M E N T *****

SCOWCROFT, MCFARLANE, SECFILE

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\$504 MILLION (COMPARED TO THE ADMINISTRATION REQUEST OF \$634 MILLION). ANYTHING BELOW \$500 MILLION WILL MAKE IT EXTREMELY DIFFICULT TO AVOID A MAJOR IMPACT IN VIETNAM IN TERMS OF CONTINUING ON-GOING PROGRAMS, AVOIDING SEVERE UNEMPLOYMENT AND ATTRACTING THIRD COUNTRY INVESTMENT. THE SENATE PASSED A FIGURE OF \$300 MILLION. THIS WOULD INDICATE A DISASTROUS COMPROMISE FIGURE OF \$400 MILLION.

CAMBODIA. THE AUTHORIZATION BILL PROVIDED AUTHORITY TO SUPPLY COMBODIA OUT OF DOD STOCKS UP TO A LEVEL OF \$200 MILLION. THE HOUSE PASSED AN APPROPRIATION OF \$150 MILLION TO PAY BACK DOD FOR THIS DRAW DOWN. THE SENATE HAS APPROPRIATED \$100 MILLION BUT HAS ATTACHED LANGUAGE WHICH MAKES IT INCOMPATIBLE WITH THE AUTHORIZING LEGISLATION

WE WILL TRY TO GET THIS WORKED OUT IN CONFERENCE AND ARE HOPEFUL FOR GETTING APPROVAL FOR THE HOUSE PASSED FIGURE OF \$150 MILLION.

OUR HOPES FOR REVERSING THE SENATE CUTS IN CONFERENCE WERE SERIOUSLY IMPAIRED BY THE APPOINTMENT OF A FAIRLY ANTAGONISTIC LIST OF SENATE CONFEREES (MATHIAS, HATFIELD, BROOKE, PROXMIRE, CHILDS, INDUYE, AND MCGEE). THUS OUR HOPES ARE RIDING ON THE ABILITY OF CHAIRMAN PASSMAN TO HOLD FIRM TO THE HOUSE-PASSED FIGURES. WHILE WE MIGHT EXPECT HIM TO DO WELL ON COMBODIA AND INDOCHINA RECONSTRUCTION, I AM PESSIMISTIC ON THE OUTCOME OF MAP, ABSENT DIVINE INTERVENTION.

WARM REGARDS.

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