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Memorandum of Conversation

Date JUN 11 1978
Initial

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DATE: May 10, 1976
TIME: 12:15 p.m.
PLACE: The Secretary's Office

SUBJECT: Secretary's Meeting with OMB Director Lynn on Future Commitments to Foreign Governments

Handwritten notes:
V for assist
L for assist
G. Lynch

PARTICIPANTS: The Secretary
Deputy Secretary Robinson
James T. Lynn, Director of OMB
Donald G. Ogilvie, Associate Director for National Security and International Affairs, OMB
Monroe Leigh, Legal Adviser
Lawrence S. Eagleburger, Deputy Under Secretary for Management
Robert M. Beecroft, D (Notetaker)

S

NODIS REVIEW

- Cat. A - Caption removed; transferred to O/FADRC
- Cat. B - Transferred to O/FADRC with additional access controlled by S/S
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Reviewed by: *[Signature]*
Date: 10/6 1978

Lynn: As you are aware, the President has signed an Executive Order on future commitments to foreign governments and the necessity of consulting OMB first.

The Secretary: Why are you here, Monroe?

Leigh: I'm here because I understand that we are to consider an Executive Order.

The Secretary: An Executive Order? Have we lost our minds?

Leigh: You saw it in March before it was promulgated.

The Secretary: An Executive Order is not the problem.

Leigh: It is the proposal for a funding aspect in the Executive Order.

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D-RMBeecroft:edh

(Drafting Office and Officer)
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- The Secretary: After two weeks in Africa I understand the State Department better. Monroe, I admire you but the subject is not an Executive Order -- I wanted to discuss the periodic outbursts of feeling on insufficient clearances. Jim, you and I have worked for seven years and we have always been allies. Anyway there is no way I can slip anything past you.
- Lynn: Oh yes there is, if it is to your advantage.
- The Secretary: I can't carry out a program produced by endless wrangling. My problem is that I come back here and find to my astonishment that things I proposed in Africa have not been properly cleared. Chuck, you can attest that I said two months ago I didn't want to hear this after the fact. I can't go around checking everything.
- Robinson: I was told that our UNCTAD proposals were cleared at every step.
- Lynn: You never heard any grumbling from us on UNCTAD. What bothered us were the Lusaka speech and the Dakar toast.
- The Secretary: Dakar was one of those nutty things that happen. First, I had no intention of doing anything dramatic. As a result of the defeat in Angola the process in Southern Africa accelerated. There was a risk of the same situation in Namibia and Rhodesia. Our economic interests were in jeopardy. Second, our African friends like Zaire and the Ivory Coast were being driven to take positions as radical as those of the radicals. Third, we had to come up with a program as radical as the Soviets'. That is why we stressed Africa for the Africans. Fourth, we had to group the Africans into acting together constructively.

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I got significant concessions: no Soviet or Cuban arms will go to the insurgents; there will be no Soviet contact with the insurgents; and Africans have declared a willingness to negotiate if majority rule is recognized. We are tripling our aid to Southern Africa. I was told AID had OK'd a figure of \$75 million with OMB.

Ogilvie: AID had proposed this on the staff level, but it hadn't even gotten to me.

The Secretary: I didn't need it from the point of view of strategy. I could have just as well said we would announce a figure after my return.

Ogilvie: As I said, AID had proposed it but it hadn't even reached me.

The Secretary: I would have been as well off describing the needs and proposing ways to meet them. In Lusaka I could have gotten by by indicating the direction to take. In Dakar I was trapped by the press. What I said in the toast was unexceptional. If it hadn't been for the \$7.5 billion figure it would never have made the US press. I wanted to reach the African press. As I was walking out of the luncheon a journalist asked how much it would cost. I said I didn't know but had seen figures postulating as much as \$7.5 billion. I wanted to give Senghor something to organize Zambia and the Sahel states with. I don't even know if that was the correct figure. If I had it to do over I would have said that I had no idea.

I am willing to work out a system. I have no problem having financial implications go to the President with a chop by you. A concurrent OMB memo would go in too. If we had a disagreement we would have it out in front of the President.

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Lynn: I think we should. The basic problem is totals. We always reserve the right in OMB to challenge figures in any field, whether we are expert in it or not.

The Secretary: That doesn't bother me.

Lynn: I would rather have a basic understanding with the President going across the whole spectrum - military assistance, energy, bilateral relations, economics - with guidance from him. We might even have some contingency "mad money". But that would be it unless war were declared. At present there is no way I can make long-range plans for the President.

The Secretary: Our problem is that Angola has created an unnecessary priority for Africa. If we don't move this year we will be run out of there. As for cuts, I thought 120 people on our UNCTAD delegation was a national disgrace. It must have cost \$300,000. Only ten there were working. I have never seen an international conference before; it was mind-boggling.

Robinson: We will find out how much UNCTAD cost us. Remember that Congress was well represented too.

Ogilvie: 120 people is not an unusual figure.

The Secretary: From now on it will be unusual. I have two questions: can we set a figure and should it be my responsibility to stay with it? I must report to the NSC tomorrow. The current debate is insane - Zaire is facing 350 Soviet tanks and 60 heavy-lift helicopters. We are debating \$19 million in military assistance funds.

I would like a study of a serious program. Then I would decide. The embassies' approach

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is always to try to squeeze something more out of Washington. I am going to recommend a study of aid. I would like to take it away from the Israelis, but you won't let me.

Lynn: By the way, thank you for your quote in the Washington Post that the basic problem is between Israel and the OMB.

The Secretary: When did I say that? They said they could prove a loss of US support and I said there were studies which showed that they didn't need it.

Lynn: We need proposals for 1978-79. The President will be faced with unpleasant choices in June. Carter proposes an aid figure of 1/2 of 1 percent of the GNP. This is very clever because when you figure it out it is approximately what we are doing now.

The Secretary: If Carter gets to be President he will be in the deepest trouble you have ever seen. He will go like JFK. Chuck, how can we get an estimate?

Robinson: We had a meeting on this just this morning. We have to get AID under control.

The Secretary: When I spoke before the San Francisco Business Council I drove another nail in your relations with Littlefield. My staff said his name was Middleton. I asked him what he did and what town he was from. He got cooler and cooler until I finally figured out who he was.

Robinson: You have already assured that we are not very good friends anyway.

Lynn: We need to know the possibilities for reprogramming, for robbing Peter to pay Paul. Also, we still have initiatives on the books from several speeches ago.

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The Secretary: Which initiatives? Give me specific examples.

Lynn: On energy matters and on buffer stocks in the UN speech.

The Secretary: That was cleared.

Lynn: That is not the problem. It is like Rockefeller's Energy Independence Authority proposal. I still have to deal with the budgetary impact even if the idea has no future. It is like barnacles you can't scrape off the ship.

The Secretary: Why not strip them out?

Lynn: The people would say Kissinger has abandoned his own proposals.

The Secretary: If the proposal is not accepted in a reasonable time there should be signals to take it off the books. Our Ambassadors will scream, but I will not. They should come off the books and I am willing to make an inventory now.

Lynn: We also need ideas on the timing and orchestration of getting such proposals off the books.

The Secretary: I would welcome this.

Ogilvie: The Wall Street Journal said that the White But they did get to Seidman.

The Secretary: Yes, but there was no dispute.

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Lynn: So we need an inventory: possibilities for reprogramming; initiatives remaining; what we can expect at OECD in Paris; and the IRB which has to be fleshed out first.

The Secretary: How should we proceed? Maybe we should start with an inventory of all US obligations over three or perhaps five years. We also need to know which obligations are technically on the books. The only new obligations will be for Africa. How much additional can we get by reprogramming?

Eagleburger: You or I should call Dan Parker and tell him to work with Chuck Robinson on this. Isn't AID under us?

Robinson: It hasn't worked out in the past.

Eagleburger: We can change that.

The Secretary: I'll call him if necessary.

Can we do an inventory in two weeks, with a rough estimate of the amount? We need Zambia and Zaire, those are the two urgent ones. I want to get something started on the Sahel to give Senghor an excuse to call a conference of seven or eight states and cause them to work together. McNamara should devise a pilot project.

Lynn: I have been working with people on the State of the Union budget message for next year. Once every four years the President can say something with the least political ramifications. This is especially true for foreign affairs, particularly if foreign affairs will take a larger percentage of the budget. Thought should be given this summer to the budget reviews in the fall. Defense might have to do without two Tridents or the B-1. I haven't made up my mind on the B-1 yet.

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The Secretary: When the facts come out on the shoddy way they have briefed the Defense budget there will be a backlash that won't quit. We are four to one ahead of the Soviets in naval tonnage.

Lynn: Don has been careful on the Hill.

The Secretary: No. Look at the charts. If you ask the right questions they won't lie.

Lynn: I want to ask hard questions. Can our sea access to Europe be assured? Can any surface vessel be protected? Our strategy for the 1990's depends on these answers. One Trident takes care of the budget for you fellows. We will have briefings in the coming weeks. Do we need to replace the B-52?

The Secretary: It makes no sense to have a super-sonic bomber to deliver a sub-sonic cruise missile. I have been pleading for a Defense Review Committee. We have no strategic doctrine. Each service pushes its own pet projects, like the B-1 versus the cruise missile.

Ogilvie: It is the same with the F-18 and vertical and short take off and landing aircraft. Now that the F-18 is locked in, the Navy is pushing for VTOL's.

Lynn: When I ask what a carrier plane does that a missile or a frigate won't do, I am not satisfied with the answers.

The Secretary: I would rather have two 30,000-ton carriers with small, unsophisticated planes than one big carrier. In any war with the Soviet Union, the carriers will be sunk. In any other war, we need unsophisticated planes and more carriers. What good is an F-14 or F-18 in Angola? We would be better off with F-4's. The F-14's are useful against Soviet planes. I assume that the carriers will not survive.

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Lynn: You should bring yourself up to date on the last NSC meeting. You and Chuck were gone and Joe Sisco sat in for State. It was an interesting meeting, and some initiatives are coming out which you may wish to get on.

The Secretary: The Defense budget will escalate and then Congress will take an axe to it. I am willing to do what you say but you should look at Defense. What is our strategy?

Lynn: It is a question of getting caught up with Scowcroft.

The Secretary: Chuck Robinson should work the procedures out with OMB. I want a projection in the next two weeks and a system for overall totals on anything with financial implications going through OMB and us.

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