

AF



DEPARTMENT OF STATE
ACTION MEMORANDUM

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S/S *plw*

August 28, 1975

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Copies to:

- S (LPB)
- P
- AF
- EB
- H
- PM
- AID
- AID/IDC
- RF (cht)

TO: The Secretary

FROM: AF - Edward W. Mulcahy, Acting *lwm*

Congressional Strategy for Zaire Program Loan

The Problem

You authorized informal consultations to seek early Congressional approval of the \$20 million AID program loan included in the Zaire assistance package approved by the President. These consultations have been inconclusive. While we have found some Congressional sympathy for our proposal, we have also encountered resistance to our implementing it without further legislative examination. The August 1 letter to you from Senators Humphrey and Clark at Tab 3 asks that the Administration not proceed with a program loan to Zaire without Congress' consideration and approval through the regular authorization and appropriation process. Mr. McCloskey has transmitted the interim response at Tab 4. Congressman Passman too said he would "hold hearings on your proposal." Senator Inouye said he would study a specific proposal with sympathy.

Background

If you agree to Clark and Humphrey's request, the timing of the loan could be delayed considerably depending on when the Congress holds hearings and votes on the Security Supporting Assistance package which the Administration plans to submit early in September. This package includes the Zaire loan (but not the Mideast Security Supporting Assistance programs). We believe that mid-December is the outer politically acceptable limit for authorization of a program loan for Zaire; any delay beyond December would separate the AID element from the Zaire assistance package and undermine our

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political objectives in Zaire. During this three months' time lapse, we will be making available to President Mobutu other elements of the U.S. assistance package (CCC and Exim-credits and a PL-480 Title I program). The bulk of these elements, however, involve money on near-commercial terms.

Basically, then, we are left with four options:

-- proceed to notify the Appropriations Committees of both houses of our intentions regarding Zaire in accordance with Section 113 of the Appropriation Act and, after a 15-day delay, legally authorize a program loan for Zaire under existing Continuing Resolution Authority despite any opposition the Committees have or are likely to express.

-- try to dissuade Humphrey, Clark, Inouye, and Passman from insisting on hearings on the Zaire loan and, if successful, proceed to authorize the loan under the Section 113 procedure. If these efforts are not successful, reconsider use of the Section 113 procedure as you deem it to be necessary in the national interest.

-- agree only to Congressional hearings and following their completion, implement the loan under Continuing Resolution Authority.

-- agree to the full legislative process requested by Humphrey and Clark.

The Options:

Option 1: Authorize the loan under the Section 113 procedure despite Congressional opposition.

PRO: This is legal and would be the most timely and politically effective response to Zaire's need.

CON: Such disregard of Congressional sentiment would be costly in terms of your overall Congressional interests and could have a damaging impact on other AID legislative requests.

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Option 2: Try to dissuade Humphrey, Clark, Inouye and Passman from hearings and, if successful, approve a program loan under the Section 113 procedure.

PRO: This could be a quick way to authorize a program loan and could therefore be a timely and politically effective response to Zaire's need.

CON: This option would require you or a sufficiently high level designee (e.g., Deputy Secretary Ingersoll, AID Administrator Parker, or Deputy Administrator Murphy) to attempt to persuade Senators Humphrey, Inouye, and Clark and Congressman Passman that our interests in Zaire do not permit deferring loan approval until regular hearings are held.

-- There is no assurance that this renewed Department or AID intervention would be successful. It might highlight the issue and result in a confrontation between you and the Congress sparked by Senator Clark.

Option 3: Agree to hearings on the Security Supporting Assistance package before the appropriate Congressional Committees. If the hearings are favorable, proceed with the loan under Continuing Resolution Authority.

PRO: This timing could permit a fairly prompt response to Zaire's need if the Congress moves expeditiously on hearings.

-- If no hearings take place by the end of October, you are strengthened in your case for then reverting to Option 2 by having first attempted to be responsive to the wishes of Senators Humphrey and Clark and Congressman Passman for hearings.

CON: This option might entail a lengthy delay before hearings would take place; in the meantime, having agreed to them, we could be "locked into" a position from which it could be difficult to disengage in terms of our Congressional relations. ||

Option 4: Await hearings by the four Committees and final action by the Congress on the Security Supporting Assistance bill.

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PRO: This would respond to the Congressional desire for normal legislative consideration and would in no way highlight the Zaire loan.

-- If legislative action is not completed by the Christmas recess, you could revert to Option 2, with prospects strengthened for Congressional acceptance.

CON: Although it would still have a useful impact on Zaire's financial situation, a mid-December authorization would not be a prompt follow-up to Ambassador Vance's July promise to Mobutu.

Recommendation:

That you approve Option 3 and sign the attached letters at Tab 1 to Senators Humphrey and Clark advising them of your intention to proceed with this course of action.

Clearing offices unanimously recommend this option because it is partially responsive to the request of Senators Humphrey and Clark, holds prospects for timely loan authorization, and leaves you free to revert to other options as circumstances may require.

Approve _____ Disapprove _____

ALTERNATIVELY, notify the appropriate Committees of our intention to approve a program loan under Section 113 of the Appropriation Act and the Continuing Resolution Authority. After a 15-day delay, authorize the loan despite the likely negative Congressional response to the notification (Option 1).

Approve _____ Disapprove _____

ALTERNATIVELY, immediately seek to dissuade the Congressional leaders from hearings and seek their concurrence to use the Section 113 procedure using the talking points at Tab 2. If successful, authorize the loan by this method (Option 2 -- preferred alternative to recommended option).

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_____ Will call Senators Inouye, Humphrey,
Clark, and Congressman Passman

_____ Will not call above

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_____ Have someone else contact above
H/K TSr. SISCO
_____ Deputy Secretary Ingersoll

_____ AID Administrator Parker

_____ Deputy AID Administrator Murphy

_____ Other

ALTERNATIVELY, await hearings by the four Committees
and final action by the Congress (Option 4).

Approve _____ Disapprove _____

Attachments:

- Tab 1 - Letters to Senators Humphrey and Clark
- Tab 2 - Talking Points for use with Senators Humphrey,
Clark, and Inouye and Congressman Passman
- Tab 3 - Letter from Senators Humphrey and Clark
- Tab 4 - H interim response to Senators Humphrey and Clark

RBD
Drafted: AF/EPS:RBDuncan:jg
x 23502 8/28/75

Concurrences: A/NM - Ambassador Vance (draft) *RBD*
EB/ODF - Mr. Winder (draft) *RBD*
DA/AID - Mr. Murphy (draft) *RBD*
PM/SAS - Mr. McClintock (draft) *RBD*
H - Mr. Schnee (draft) *RBD*

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By *MC* NARA Date *6/2*