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THE SECRETARY OF DEFENSE

WASHINGTON, THE DISTRICT OF COLUMBIA

11 SEP 1981

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on Defense Activities

Israeli MOD Sharon Visit: Frank Carlucci and I met with General Sharon and discussed at length his strong desires for "Strategic Cooperation" talks, and the long list of facilities, bases, etc. he has offered us. We made clear, and he immediately accepted the fact that, all of these joint efforts would be directed against possible Soviet threats to the Mid-East as a whole.

I also reminded him that we were fully committed to the sale of the AWACS to Saudi Arabia, and that a loss on that issue would make it difficult for us to accomplish much of what we see as both a necessity and an opportunity in the Mid-East.

He said he understood. He wants another meeting with me here in November, and I agreed. Working groups will be established to examine details of the various areas of proposed cooperation between us.

Dedication of the MacArthur Corridor: Your participation in this ceremony was deeply appreciated by the Department, by Mrs. MacArthur, and, of course, by me. I have heard most enthusiastic comments about your speech and the fact that you and Nancy came. Many thanks. (U)

AWACS Sales to Saudi Arabia: The 20 day informal Congressional notification period for AWACS sales to Saudi Arabia began on September 9, and the 30 day formal review period will begin on September 29. Our Legislative Affairs staffs are working closely on a Congressional strategy, and three high-level interagency teams are being established to handle individual and group briefings for Senators and Congressmen. We plan to begin public affairs and Congressional briefing programs on September 14 after Prime Minister Begin departs, and plans for testimony are being developed. I will testify before the Senate Armed Services Committee.

We plan to bring an AWACS to Andrews AFB on September 21-22 for static tours, briefings, and ground demonstrations (no flights) for Senators, Members of Congress, staffers and press. A second Andrews AWACS deployment is planned for October 14-16.

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Sec Def Cont Nr. X-16162

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We desire to get a Senate Foreign Relations Committee vote on the sale before the Columbus Day recess (October 7-14) and a final Senate floor vote on or about October 20. Our feedback from the Hill is that most members are waiting to hear the Administration's case, although they are under great pressure to oppose the sale. Many are concerned that our case has not yet been put before them, while opposition arguments have already been made. (S)

Legislative Affairs: The Senate began consideration on Thursday of its bill to provide for a targeted (variable by grade) military pay raise averaging 14.3 percent effective October 1. Despite our continued support for the 14.3 percent across-the-board raise contained in the House's version, it appears the Senate is certain to support targeting when they complete consideration on Friday. The House is tentatively scheduled to consider its version of the pay bill next week, September 17.

The House Appropriations Committee will consider a continuing resolution next week for Defense and other federal agencies who will be without an appropriations bill on October 1, 1981. We hope the committee will allow spending at the 1982 budget request level; however, there are indications we may be limited to the 1981 Carter spending level, not including our 1981 supplemental request.

The House-Senate Conference Committee considering our 1982 DoD Authorization Bill met on Thursday, came to no resolution and will meet again next week. Strong Congressional pressure exists to hold-off any further meetings until our defense program is reaffirmed, and in any event we are unlikely to have a bill until we make our announcements on MX and B-1. (U)

Consultations with President Sadat: Following the signing of a Treaty of Cooperation between South Yemen, Ethiopia, and Libya, President Sadat asked for discussions on countering the Treaty. We are developing alternatives for shoring up our friends who are threatened by the Treaty (Egypt, Sudan, Somalia and perhaps North Yemen). Assistant Secretary of Defense Bing West and State Department Counselor Bud McFarlane will head a joint team going to Egypt September 19 for talks with President Sadat. They will build on your strategic dialogue with Sadat during his recent visit and remind him of the measures this Administration has already taken to strengthen our position in the Middle East. We will attempt to foster even greater cooperation with Egypt to ensure stability in the region. (S)

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Military Exercises:

REFORGER 81 - REFORGER 81 began August 25th and will continue through October. It is a strategic mobility exercise involving units from the United States, Germany, the United Kingdom, Belgium, France and The Netherlands. The exercise tests our ability to move U.S. Army troops from the United States to the Federal Republic of Germany. (S)

CRESTED CAP 81 - Crested Cap 81 began August 26 and ends September 30. This exercise tests our capability to deploy, employ and return tactical fighter units from the United States to Europe. This year we are sending 48 fighter aircraft from Seymour Johnson AFB, North Carolina to Ramstein AB, Germany. (S)

Conclusion of the NISSHO MARU Affair: As we promised during Prime Minister Suzuki's visit to the U.S., the Navy's final report on the collision of the ballistic missile submarine GEORGE WASHINGTON and the Japanese merchantman NISSHO MARU has been delivered to the Government of Japan. The report was the culmination of over four months of intensive investigation and review aimed at determining the cause of the mishap. As a result of the report's findings, the U.S. Government accepted full responsibility for the collision and its aftermath.

Ambassador Mike Mansfield presented the report to Japan's Foreign Minister Sonoda on August 31. In order to minimize possible exploitation by opposition parties, the report was delivered while the Diet was recessed. Foreign Minister Sonoda expressed appreciation for the report's detail, frankness, and sincerity. He added that the final report demonstrated the integrity of the U.S. Administration and should enhance relations between our countries. He specifically thanked the U.S. Navy for the quality of the report and the way in which the issue had been handled, a sentiment also echoed by Ambassador Mansfield. Prime Minister Suzuki and Foreign Minister Sonoda agreed that this action constituted the end of the matter as far as the Government of Japan is concerned. (S)

China: Liu Huaqing Visit Cancelled: The U.S. Embassy, Beijing, was notified September 3 that the September 16-28 visit by Deputy Chief of Staff Liu Huaqing to discuss items we are willing to sell China has been "delayed." The Chinese government said that they needed more time to "study more closely U.S. proposals." We believe that the principal reason for this is China's belief that any arms sale to Taiwan is not compatible with closer U.S.-China relations. No alternative time for the visit was suggested by the Chinese. We propose to wait also and let them suggest new dates. Early November appears to be the earliest feasible alternative time for him to come. (S)

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Sale of F-16s to Venezuela: Congressional notification for the impending sale of 24 F-16 aircraft to Venezuela was cleared by State on September 9. Our present intention is to submit the notification to the Congressional Committees in mid-October. The submittal will be a positive sign to Venezuela that the Administration is serious about shared responsibility for Caribbean Basin security. The first aircraft would be delivered in March 1984. (U)

Movement of WETEYE Chemical Munitions: On August 28 the last of the 888 WETEYE bombs and three ton containers were removed from Rocky Mountain Arsenal, Colorado to Tooele Army Depot in Utah. This completed the movement of chemical munitions. No significant problems were encountered, and public reaction was favorable. (U)

Military Manpower Task Force: The Military Manpower Task Force Interagency Working Group met on September 4th. The Group addressed readiness of military units, options for targeting the FY 1982 military pay raise, and alternatives for improving the quality of Army recruits. I will keep you advised on their progress. (U)

~~(S - RB)~~

Lieutenant Cooke Case: Following two unsuccessful attempts by the defense to have the Court of Military Appeals dismiss the case because of immunity purportedly granted to Lieutenant Cooke, the trial began at Andrews AFB on September 8. The defense has again moved to dismiss the charges based on the contention that Lieutenant Cooke had been promised immunity in return for his full cooperation, and evidence is now being introduced on this issue by both sides.

It is expected that several more days of evidence from the defense and, in turn, the Government will be involved in litigating this

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issue. The military judge will then rule on the defense motion to dismiss. If all charges are dismissed by the military judge, the trial is over. If all charges are not dismissed, it is likely the defense will again seek to have the immunity issue decided by the Court of Military Appeals before the trial proceeds on the charges themselves. (U)

Impact Aid: The Fairfax County School Board has sent letters to parents in the military living at Ft Belvoir, informing them that their children can attend Fairfax County schools only on a tuition payment basis, unless they are legal residents of Virginia, or unless federal impact aid received for these children equals at least fifty percent of the total cost of educating them. Payments would not be required until Congressional actions have been completed. Tuition charges range from \$1,300 for a kindergarten student to \$19,500 for a deaf and blind high school student. We have met with the Justice Department to discuss legal action against Fairfax County and the state of Virginia to reverse their decision to impose tuition charges. We understand the Department of Justice will seek an injunction to block this unjustified tuition charge levied against military families only. (U)

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Date: 01 MAR 2009 Authority: EO 13526  
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5 U.S.C. § 552



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AW EO 13526, Section 3.5  
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