

THE WHITE HOUSE
WASHINGTON

April 14, 1964

McGB-

I called Charlie Murphy about this. He thought that Secretary Freeman ought to be called directly. In that case, I think it might be better for you to do it than I. I don't think he would appreciate a call from me.

In the meantime, I have delayed talking with anyone else until Freeman knows. He might want to take the credit for going along with the majority. If he doesn't do this, however, I will call the brethren immediately after your talk with Secretary Freeman.

DK

Attachment

McGB told Sec Freeman
4/17/64

THE WHITE HOUSE
WASHINGTON

1a

April 14, 1964

DK:

President has now ruled with majority
-- please inform all concerned -- especially
and politely USDA.

McG. B.

THE WHITE HOUSE
WASHINGTON

April 8, 1964

McGB-

What is involved here is \$1.2 million which is the cost of the Butler housing that was put into Skopje.

Agriculture's annual return on the sale of dinars accumulated in Yugoslavia amounts to \$2 million, so the kinds of money involved here are relatively small given the fact that Agriculture has to go to the Congress each year to seek CCC reimbursement for the cost of PL 480 in the amount of \$2+ billion.

BOB assures me there is no real budgetary cost to Agriculture; with an annual reimbursement figure of over \$2 billion, \$1.2 million is a mere drop in the bucket.

DK 1b

P has now
ruled with
majority -

please inform
all concerned -

especially
political
USDA

myB

Khushchuk

DK

Prushchuk is order to McNamara

improve relations



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

NSA m 267
1c

April 7 1964

Mr. McGeorge Bundy
Special Assistant to
the President
The White House

Dear Mac:

Bravery is of little avail if it is not carried through. The issue is simply whether \$10 million shall be taken from the Department of Agriculture and given to the Department of Defense. Since the "brave but lonely Department of Agriculture" is already charged with millions that go to subsidize shipping, and even, perchance, to subsidize fish, I feel that I must continue to follow the President's directive to exert what effort I can to uphold the budgetary position of U. S. D. A.

Both the Departments, Defense and Agriculture, are taking budget cuts, and the President is an excellent judge of the relative reaction of the public and of the Congress toward money spent for Agriculture, on the one hand, and for Defense, on the other. If, in these terms, he decides to take from Agriculture and give to Defense I will submit gracefully.

Sincerely,


Orville L. Freeman
SECRETARY



THE WHITE HOUSE
WASHINGTON

April 8, 1964

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NSAM 267

DK

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please inform

all concerned

especially

to State

USDA

MB

this note sent

to DK 4/14/64

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DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

2a

April 7 1964

Mr. McGeorge Bundy
Special Assistant to
the President
The White House

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Sincerely,

Orville L. Freeman
SECRETARY



Growth Through Agricultural Progress

March 31, 1964

NSAM 267

26

Dear Orville:

Dave Bell has reported to me on the responses to NSAM 267 of October 18, 1964, on the subject of disaster assistance for Skopje, Yugoslavia. He points out that AID and the Department of Defense have worked out an arrangement under which the Department of Defense would be reimbursed in dollars for the Butler buildings to be acquired over a 12-year period by means of sales of dinar balances provided by AID and held by the Treasury Department. He tells me that everyone but Agriculture concurs in this plan, but that you object because the dollar balances thus obtained would otherwise be deposited to the credit of the Commodity Credit Corporation. I have reviewed the alternatives, and I have to tell you that I am confident that if this matter is taken to the President he will side with State, AID, Department of Defense, Treasury, and the Bureau of the Budget, against the brave but lonely Department of Agriculture.

I therefore send this memorandum to ask whether you wish that this difference nonetheless be taken to the President, or whether you will accept my advisory judgment that discretion is the better part of valor in this instance.

Sincerely,

McGeorge Bundy

The Honorable Orville L. Freeman
Secretary of Agriculture
Washington, D. C.

cc to David Bell

March 26, 1964

McGB-

SUBJECT: Aid to Skopje

DOD reimbursement for the temporary housing provided Skopje in the context of President Kennedy's commitment to Tito has been held up for almost three months now by the Department of Agriculture.

All agencies involved -- DOD, AID, State, Treasury and BoB, except Agriculture -- are agreed that the easiest way to reimburse DOD is by using U.S. -use dinars. But Agriculture has refused to go along, arguing that this disposes of Agriculture's monies -- the dinars which would normally end up in the CCC account (see attached memo from Dave Bell).

I talked with Charlie Murphy about this several times and he continues to insist that he is unable to do anything, since Secretary Freeman personally set Agriculture's position and only the Secretary can modify the Department's stand.

A Solomon is clearly needed to get by this impasse. From my conversation with Charlie Murphy it is clearly useless to talk to anyone but Secretary Freeman. I am therefore bucking the problem to you -- on the assumption that perhaps you can talk directly with Secretary Freeman or -- and this is less desirable -- arrange a meeting with Secretary Freeman and the other interested agencies.

David Klein

1664

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

MAI 25 1964

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM FOR: The Honorable McGeorge Bundy
The White House

SUBJECT: Disaster Assistance for Skopje, Yugoslavia

In response to NSAM 267, AID and the Department of Defense have worked out an arrangement whereby DOD would be reimbursed in dollars for the Butler buildings to be acquired over a 12-month period as a result of sales of dinar balances provided by AID and held by the Treasury Department. This method, concurred in by State, AID, DOD, Treasury and BOB, was selected as the most feasible for the purpose because direct AID dollars are precluded for items constituting economic assistance to the Government of Yugoslavia without a Presidential finding as required under Section 620(f). The proposed arrangement is summarized briefly as follows:

- (a) The Title I Sales Agreement of November 28, 1962 would be amended to transfer "U.S.-Use" dinars to Section 104(e) in a manner similar to the grant portion of the \$50 million equivalent offer of Secretary Freeman in August 1963. The dinars to be made available by AID through this device would, with GOY concurrence, be deposited in a special Treasury account with the U.S. Disbursing Office in Belgrade (USDO).
- (b) The Treasury would offer these dinars on a priority basis for exchange in Yugoslavia for all purposes for which "U.S.-Use" dinars are presently being utilized and would turn over the subsequent \$1.2 million in dollar receipts to the USDO for the credit of DOD within approximately 12 months. Since the dinars will have been used within the dollar appropriations of the U.S. agencies purchasing them, the dollar receipts would be freely available to DOD.
- (c) A local currency agreement would be signed for AID by our Embassy in Belgrade with GOY to cover the costs of supplying and erecting these Butler-type buildings.
- (d) Appropriate action will be taken by the Department of State to approve the necessary waivers of the provisions of Section 1415 of the Supplemental Appropriations Act, 1953 (31 USC 726) with respect to the currencies involved.

The Department of Agriculture is opposed to this arrangement because the dollar receipts, which would in this way be obtained and credited to DOD, would otherwise be deposited to the credit of the Commodity Credit Corporation. Agriculture, therefore, believes that P.L. 480 local currencies should not be used in the manner outlined in order to reimburse the DOD. In this connection, we have taken account of the open hearing held September 26, 1963 by the House Subcommittee on Agriculture, headed by Congressman Poage, during which the Committee strongly advised the Executive Branch agencies to consider methods of providing additional assistance for Skopje, particularly shelter relief. The principal Executive Branch witnesses at the hearing were ranking officials of AID, Agriculture and Defense.

The only possible alternative to the above method of financing would be the furnishing of the Butler-type buildings by the DOD on a lease basis under authority of Title 10 USC, Section 2667. In the view of State and Defense, this method is not desirable because it would not fully satisfy the U.S. commitment involved in the offer extended to President Tito by the late President Kennedy, and does not specifically resolve the question relating to costs arising out of the leasing arrangement. An early decision confirming the proposed reimbursement procedure is desirable, especially considering the time elapsed since the offer by President Kennedy on October 17, not only to resolve the method of financing but also to enable Embassy to inform the GOY whether U.S. is providing the buildings, already turned over to Yugoslav authorities, on a grant or a lease basis.

David E. Bell

David E. Bell

cc: The Secretary of State
The Secretary of Defense
The Secretary of Treasury
The Director, Bureau of the Budget

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THE WHITE HOUSE
WASHINGTON

October 18, 1963

NATIONAL SECURITY ACTION MEMORANDUM NO. 267

TO: The Secretary of Defense
The Administrator, Agency for International
Development

SUBJECT: Disaster Assistance for Skopje

In view of the continuing emergency need of the displaced persons of Skopje, Yugoslavia, for temporary housing to aid them in recovering from the earthquake of July 26, 1963, the President wishes the Secretary of Defense to take such action as is necessary, using military resources as appropriate, to accomplish the shipment to and erection in Skopje or its environs of approximately 250 Butler-type buildings or similar structures to house persons temporarily.

The President also desires the Administrator of the Agency for International Development to explore all possible means to permit eventual reimbursement to the Department of Defense for expenses incurred in carrying out this undertaking.

McGeorge Bundy
McGeorge Bundy

Copy furnished:

The Secretary of State
The Director, Bureau of the Budget