

NATIONAL SECURITY COUNCIL MEETING

Thursday, December 3, 1981

TIME AND PLACE: 2:30 - 3:30  
The Cabinet Room

SUBJECT: Monitoring Overseas Direct  
Employment (MODE) and Civil Defense

PARTICIPANTS:

President Ronald Reagan

Vice President George Bush

State  
Under Secretary Walter J. Stoessel  
Richard Kennedy

Defense  
Deputy Secretary Frank C. Carlucci

Justice  
Attorney General William French Smith

Commerce  
Secretary Malcolm H. Baldrige

CIA  
Admiral Bobby Inman

OMB  
William Schneider

JCS  
General David C. Jones

AID  
M. Peter McPherson  
R. Thomas Rollis

ICA  
Charles Z. Wick

FEMA  
Major General Bennett L. Lewis

White House  
Edwin Meese III  
James A. Baker III  
RADM James W. Nance  
Janet Colson

NSC  
Colonel Horace Russell  
Major Chris Shoemaker

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MINUTES OF MEETING

Mr. Meese asked Admiral Nance to start the meeting.

Issue 1: The MODE System

Admiral Nance opened the meeting by outlining the Monitoring Overseas Direct Employment (MODE) system. He explained that four Presidents since 1968 have placed emphasis on reducing the staffing size of U.S. missions abroad. He clearly indicated how State controls every mission size and how agencies were complaining. He further explained that in response to the complaints the President had asked for a new look at the MODE system and an interagency group recommended the following three options:

1. Abolish MODE system and discontinue Presidential overseas personnel ceilings.
2. Abolish MODE system, retain Presidential overseas personnel ceilings.
3. Modify MODE system, retain Presidential overseas personnel ceilings.

Admiral Nance then asked Under Secretary Stoessel to comment on the issue.

Mr. Meese interceded and said Secretary Haig could not be present, and the President would not be asked to make a decision now.

Under Secretary Stoessel confirmed Secretary Haig's strong interest in the MODE system and that Haig believes central control through the MODE system at State is necessary. He indicated that the system needs to be streamlined, but one must have an orderly system to monitor overseas presence and to preserve the roles of the Ambassadors and the Secretary of State. He then outlined the third option which would maintain a central data base at State and revise the appeal mechanism to include a Presidentially-designated decision authority in the Executive Office. He then said that other options would take away the authority of State and would weaken the authority of the Ambassadors.

Deputy Secretary Carlucci said that the MODE system is bureaucracy at its worst and violates what the President advocates. He then said there is a process, the budget process, to control the level of overseas personnel. He complained that time after time a Presidential decision is later frustrated by the MODE staff. He indicated that OMB had even agreed to increases in staffing that were blocked by MODE. He then told the President that Cap cannot be accountable for carrying out decisions if his implementation efforts are frustrated by MODE. Deputy Secretary Carlucci finally said that Defense supports overseas control; Defense supports the Ambassador's authority; and abolishing MODE does not undermine anybody's authority.

Admiral Inman opened with the comment that for the first time yesterday he saw Secretary Haig's memo with the Ambassadors' views and this captures the bureaucrats. He said one Ambassador cited as requiring MODE to operate effectively wouldn't know the MODE system if he stumbled over it.

[REDACTED]

Admiral Inman then noted that clearly Ambassadors must have a role and Agencies must have a role.

Secretary Baldrige said that if the problems he had could be discussed with Secretary Haig or Under Secretary Stoessel the problems would be resolved, but he must go through the State Department MODE system. He then said the odds of streamlining the MODE system are essentially zero. He remarked that under the MODE system Commerce can't move quickly enough to exploit emerging foreign commercial opportunities. He then noted that Commerce is about to lose people in the large foreign industrial cities even though they are acceptable to the Ambassadors. He closed by indicating he supports Option 2.

Attorney General Smith said he aligned himself with immigration and naturalization in supporting Option 2. He noted that more flexibility is needed.

Mr. McPherson said he was going to break the chain of no support for State and support Option 3. He then noted that AID has more people under the MODE system than other agencies and it has always been comfortable to live with the MODE system. Mr. McPherson then emphasized that the Ambassadors must have control and that the MODE system can prevent our overseas presence from becoming a problem.

General Jones said if Defense had as many people in overseas missions as AID, Defense would not have problems either. He then said our military advisors have been sharply reduced from 3000 in 1972 to only 600 in 1981. General Jones indicated that the Soviets have 20,000 military advisors. He then said military advisors in Latin America are down from 500 to 100. He pointed out that the U.S. is losing touch with the emerging military leadership in the Philippines because we have no military advisors there to develop personal bonds. He noted his support for Option 2 and restoring our overseas influence.

Mr. Wick said he supports State and had no problem.

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Mr. Schneider said overseas employment levels could be controlled by the budget process and he would change from an annual review of personnel ceilings to one every three years. He noted that on balance the number of overseas personnel did not warrant an annual review, but ad hoc interim reviews would be conducted.

Vice President Bush said an agency must be able to have a special appeal. He indicated that some Ambassadors have a very bad opinion about intelligence and the President must maintain a system with flexibility for those circumstances beyond just State Department interest, especially intelligence. Vice President Bush then said Chiefs of Missions either do or do not like intelligence personnel and without a special appeal system Ambassadors can override an NSC decision.

Mr. Meese said the President had heard all the views.

Deputy Secretary Carlucci said Agriculture was unable to attend, but they also support Option 2.

Vice President Bush said a response was needed from Stoessel.

Under Secretary Stoessel said an Ambassador's prejudice plays a role, but can be overcome with an appeal process. He then said central control is necessary and the three year OMB review is not adequate. He noted that the drawdown of personnel was from the previous Administration and indicated that he believes the MODE system can handle any problem. He further stated that some kind of system for worldwide management of resources is necessary.

Admiral Nance said after Secretary Haig's views are presented to the President, the NSC staff will send a decision memorandum to the President for a position.

## Issue 2: Civil Defense

Mr. Meese began the discussion of civil defense by reminding the NSC that civil defense was a part of the President's strategic force modernization decisions. In the past, civil defense has been given short shrift, and therefore it is essential that we now devote our attention to it. Mr. Meese then turned to General Lewis to describe the program and FEMA's position.

General Lewis began by providing a brief background of the issue. The NSC paper for discussion was the product of an interagency group and therefore represents a general consensus of the strategic importance of civil defense. He pointed out that many state and local civil defense officials are looking

for guidance to follow up on the President's October 2 announcements. Moreover, Congress was waiting for a program; it held some of FEMA's budgets hostage last year because it could not get an overall civil defense program from the Administration. The consensus now exists that we need to move ahead with civil defense, a program which has gone downhill since the Cuban missile crisis. There is great asymmetry in civil defense capabilities between the Soviet Union and the U.S. The main reason, however, that a civil defense program is needed is that it will save scores of millions of American lives.

General Lewis then outlined the three options presented in the civil defense paper. Option 1 was essentially a continuation of our current program to ensure the survival of 40 percent of the population. Options 2 and 3 are similar in that they both acknowledge that an effective civil defense program has three important components: population protection, industrial protection for defense and population-support industries, and blast sheltering for key workers. Option 3 has a price tag of some \$7.3 billion over five years. Both options need \$250 million in FY 83. The difference between Options 2 and 3 is that Option 2 defers the decision on industrial protection and blast shelters until 1984.

General Lewis then referred to a chart graphically depicting the three options. He summarized the arguments for an enhanced civil defense program by reminding the President that civil defense was part of his platform and was referred to in his October 2 speech. Civil defense is crucial and can save million of lives. An effective program is also useful in dealing with natural disasters.

Deputy Secretary Carlucci agreed with the importance of civil defense. He pointed out that the issue was one of priorities. Civil defense is one important need, but DOD has other unmet needs as well. The DOD is hesitant to make a \$7 billion commitment to civil defense now and supports Option 2. Deputy Secretary Carlucci argued that Option 2 would redeem the President's commitment to civil defense and allow for a balanced program.

Mr. Meese asked in whose budget civil defense money is located.

Deputy Secretary Carlucci and General Lewis responded that it was in FEMA's budget.

Mr. Schneider agreed with Deputy Secretary Carlucci that the issue was one of priorities. Option 2, with an affirmative decision in 1984 to proceed with blast sheltering and industrial protection, would mean a \$7 billion commitment. He speculated that the resources for civil defense will probably come from the national security budget.

Deputy Secretary Carlucci then asked if he could change his vote.

Under Secretary Stoessel agreed that civil defense is an important part of our strategic nuclear deterrent, although the major portion of our deterrent remains our offensive forces. Funding is the key civil defense issue. The most cost-effective program would appear to be population relocation. The Department of State supports Option 2.

General Jones said that in isolation one could make a strong case for civil defense. The JCS, however, put the priority on other systems. The JCS supports Option 2.

Mr. Wick said that ICA supports a civil defense program because of its high deterrent value. He added that as a private citizen he would prefer to have an 80 percent chance for survival as opposed to 40 percent. He then said that we must do whatever has to be done in order to develop an effective program within responsible resource constraints. He asked if we knew what the economic impact of civil defense would be.

Secretary Baldrige added that much to his chagrin, we do not have a credible civil defense program. It is essential that we show our commitment to a credible program and the beginnings of effective program implementation. The Department of Commerce supported Option 2.

Mr. Meese reiterated the issue of priority. He said that for the foreseeable future we need to demonstrate our commitment to civil defense but avoid a major increase in expenditures. Option 2 therefore appears to be the right balance.

The President then pointed out that both Options 2 and 3 require investment of some \$237 million in FY 83. He added that there was no question in his mind that the Soviet Union has a tremendous advantage in civil defense just as it has an advantage in weapons.

Deputy Secretary Carlucci said that the Soviet Union is already at Option 3.

Admiral Nance pointed out that the Soviet population distribution gives the Soviets a further advantage; all our population is concentrated in relatively fewer targets.

The President then said that it was obvious that no one wanted Option 1.

Mr. Schneider said that Option 1 is attractive in that it doesn't carry with it any substantial budgetary increases.

General Lewis agreed, saying that Option 1 holds us where we are now. He characterized Option 1 as not a meaningful civil defense program.

Secretary Baldrige argued that Option 1 would not help the credibility problem.

The President said that Option 2 does not yet commit us to the most expensive program. He lamented that it was a shame we did not have extensive caves near our population centers.

Attorney General Smith asked what the \$237 million would buy.

General Lewis responded that it would greatly increase our current system of improving population relocation to the point where we could expect in five years to have the capacity to protect 80 percent of the population.

Deputy Secretary Carlucci added that it would buy no blast shelters.

General Lewis continued that the money would also be used to improve the responsiveness of state and local civil defense systems.

Mr. Wick asked if FEMA could determine the net cost of the program by considering what the economic impact would be of civil defense expenditures.

The President pointed out that the Soviets already have underground factories.

Mr. Meese then suggested that we submit a brief Options Paper to the President for his decision.

The President agreed and said he would like to stew about the issue. He then asked if evacuation of cities is practical.

Admiral Nance responded by saying that JCS estimates that if the Soviets evacuate their cities prior to a nuclear attack, their losses would be 15 million, a number less than they lost in the Second World War or in the purges. The U.S., on the other hand, would lose some 150 million people. An effective civil defense program can cut that down to less than 40 million.

The President asked how we could care for all the evacuees that leave high-risk areas.

Mr. Meese said that it would be just like a weekend in New York State.

General Lewis said that it can be done. He related the explanations given to him by Dr. Edward Teller and outlined some systems that could be put in place early to help with the evacuation itself and to beef-up the host areas. He then said that the evacuees would not have to stay in host areas very long; nature would take care of most of the radiation and decontamination operations would also be conducted.

Mr. Meese then said that the most important element in the program now is the psychological advantage it would offer.

The President then said that he did not need an Options Paper. He then approved Option 2.

The Vice President then related a story about Soviet Ambassador Malik who was in Japan in the Hiroshima bombings.

The President responded with a joke about the country boy who wanted to be far enough away from a nuclear blast that he could say, "What was that?"

The meeting adjourned at 3:20 p.m.