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PERSONS:

SUBJECT: RECOM OF VETO SIGNAL FM PRES TO SENATE ON CURRENT INTELLIGENCE
AUTHORIZATION BILL

ACTION: PREPARE MEMO FOR SCOWCROFT DUE DATE: 05 SEP 89 STATUS: S

STAFF OFFICER: WORKING

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THE SECRETARY OF DEFENSE
WASHINGTON, THE DISTRICT OF COLUMBIA

AUG 31 1989

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August 31, 1989

MEMORANDUM FOR: THE DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET
THE ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS
FROM: THE SECRETARY OF DEFENSE
SUBJECT: Veto Signal on Senate Intelligence Authorization Bill

The Senate Intelligence Committee's FY'90 intelligence authorization bill (S. 1324) attacks a crucial national security prerogative of the President. The Administration should inform the Senate quickly and forcefully that the President's senior advisers will recommend that he veto the bill if it reaches him in its current form.

Section 104 of S. 1324 adds a new proviso to Section 502 of the National Security Act, relating to the CIA Reserve for Contingencies, as follows:

"Provided, however, That no funds from the Reserve for Contingencies may be obligated or expended for any operation or activity for which the approval of the President is required by section 662 of the Foreign Assistance Act of 1961 (22 U.S.C. 2422), or for any significant change to such operation or activity, for which prior notice has been withheld."

Section 662 of the Foreign Assistance Act requires a Presidential Finding of importance to national security for expenditure of CIA funds for a covert action. Section 501 of the National Security Act provides for prior notice of covert actions to the Congressional intelligence committees, or a leadership group in extraordinary circumstances. The Executive Branch consistently has maintained that the President has authority under the Constitution and Section 501(b) to defer giving notice of an extremely sensitive covert action to anyone in Congress, should rare circumstances so require to protect supreme national interests.

The bill seeks to require the President, even when he needs to act in absolute secrecy to meet extraordinarily grave threats to national security, to give prior notice to Congress of a covert action in order to have access to CIA Reserve funds.

If Section 104 of S. 1324 becomes law, the Presidency will lose a vital capability it needs to protect the Nation.

cc: The Secretary of State
The Director of Central Intelligence
The Counsel to the President
The Assistant to the President for Legislative Affairs

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