

RANDUM

THE WHITE HOUSE

(00367)

WASHINGTON

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THIS MEMORANDUM HAS BEEN

ACTION

February 5, 1972

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY A. KISSINGER *HK*
RUSSELL TRAIN *RT m1 m2*

SUBJECT: United States International Environmental Initiative

At Tab A is a package from Secretary Rogers recommending that you take the initiative to propose creation of a United Nations Fund on the Environment.

The proposal has been given an intense Executive Office review. The consensus, with which we agree, includes the following elements:

-- An initiative by you proposing the creation of a voluntary UN fund on the environment would be desirable internationally and domestically.

-- The US should be prepared to commit \$50 million over 5 years starting in FY 1974, provided our contributions are matched equally over the whole period by the rest of the world (in effect, a \$100 million fund) and provided acceptable projects can be mutually agreed on.

-- The full US contribution should be in cash, rather than a portion tied to US goods and services.

-- We should not rule out additional contributions if the fund proves successful.

-- Substantive progress on global environmental issues, not just creation of a fund, is our ultimate goal. Hence this initiative should be coupled with vigorous US efforts to develop a sound analytical and coordinating capability for environmental affairs in the UN and to assure that solid programs are developed.

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-- Your 1972 environmental message is the logical vehicle for announcing this initiative (which would also be mentioned in the Annual Foreign Policy Report).

The following points were considered in the Executive Office review:

-- You are already on record as supporting international environmental activity.

-- Domestically, the proposed initiative would help pre-empt the field from would-be critics who might wish to argue that the Administration was not doing enough in this field.

-- The amount - a \$100 million fund - is large enough to provide psychological impetus. It cannot be attacked for being too small, since we would clearly state it to be a starter, and would consider more money if justified. On the other hand, we protect ourselves against charges that it might be too large by requiring that mutually acceptable programs be agreed on.

-- A full cash contribution is preferable to tying a portion to US goods and services, because we should not contradict our more general policy of untying US development loans. Furthermore, tied contributions would restrict the Fund's freedom of operation, detract from its international character, and inhibit contributions from others.

-- Our requirement that our contributions be matched by the rest of the world should make the program more salable in the Congress. It is also consistent with the Nixon Doctrine, by encouraging others to shoulder part of the burden. After 5 years, we might wish to reduce our percentage contribution.

-- This initiative would give the Stockholm Conference the chance to produce a substantive international program. Conference Secretary General Strong is himself contemplating such a proposal. At this point, there remains a danger that the Conference might suffer from a Soviet boycott (because East Germany will not participate on an equal footing with the Federal Republic) or even be postponed. However, even should this happen -- or the conference generally fail -- we think the proposed initiative would remain a strong plus for you.

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-- The initiative would provide a focus for international activity in the environmental field. This would be useful in protecting the environment, and good for the UN. It would also be consistent with your position that the UN should address the new tasks for diplomacy.

The only issue is over the terms of US matching. George Shultz, John Whitaker and the Treasury Department believe our contribution should not exceed 40%, which has been a more traditional level for major voluntary contributions to international organizations. On this basis, our contribution would be \$40 million over 5 years.

However, we prefer the 50/50 formula for several reasons. It will be more likely to stimulate the kind of program we want and to dramatize US leadership. A 40/60 basis sounds more permanent, whereas we would plan to lower our percentage after the 5 year interim period. 50/50 is not unprecedented as a start-up contribution. We were prepared to contribute up to 100% of the seed money for the narcotics and population funds.

RECOMMENDATIONS:

1. That you agree to propose a voluntary UN environmental fund of at least \$100 million over the next 5 years.

Agree _____ Disagree _____

2. That the US offer to contribute on a 50/50 matching basis \$50 million over 5 years starting in FY 1974 provided mutually acceptable programs can be agreed on. If the fund were successful, we would consider providing more.

Agree _____

US should offer \$40 million on 40/60 matching basis (as Shultz, Whitaker and Treasury recommend) RN

Other _____

3. That language to this effect be included in your 1972 Environmental Message and a reference made in the 1972 Annual Foreign Policy Report.

Agree _____ Disagree _____

Ed David concurs with this memo. So do George Shultz and John Whitaker, except for recommendation #2. This proposal is also acceptable to State.

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