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FM WASHINGTON 232350Z DEC 82

TO ROUTINE FCO

TELEGRAM NUMBER 4039 OF 23 DECEMBER

INFO BONN, UKDEL NATO

INFO SAVING PARIS, MOSCOW, TEL AVIV AND CG'S IN USA

NY TELNO 4002: CONGRESS: THE LAME DUCK SESSION

1. THE LAME DUCK SESSION OF CONGRESS HAS FINALLY ENDED. ON TUESDAY, THE PRESIDENT SIGNED INTO LAW THE CONTINUING RESOLUTION WHICH, AS FINALLY ADOPTED, WILL FUND THE FEDERAL GOVERNMENT UNTIL THE END OF SEPTEMBER 1983 IE. UNTIL THE END OF THE CURRENT FINANCIAL YEAR. THIS MORNING, THE SENATE, AFTER A MAMMOTH FILLIBUSTER BY SENATOR HELMS AND A HANDFUL OF HIS CONSERVATIVE COLLEAGUES, ADOPTED THE FIVE CENT A GALLON INCREASE IN GASOLINE TAX WHICH WILL FUND HIGHWAY REPAIRS THROUGHOUT THE COUNTRY. THE HOUSE HAD ADOPTED THE LEGISLATION AND PACKED ITS BAGS EARLIER THIS WEEK.

2. IN SIGNING THE BILL CONTAINING THE CONTINUING RESOLUTION, THE PRESIDENT MADE A STATEMENT EXPRESSING HIS RESERVATIONS ABOUT A NUMBER OF FEATURES, NOTABLY THE FAILURE TO PROVIDE FUNDS FOR MX PRODUCTION AND THE LACK OF FULL PRODUCTION FUNDING FOR THE PERSHING II MISSILE. HE EMPHASISED THAT THE PERSHING MISSILE WAS BEING DEVELOPED IN ORDER TO MEET AN ALLIED REQUEST FOR LAND-BASED SYSTEMS IN EUROPE THAT WOULD HELP MAINTAIN DETERRENCE. THE ADMINISTRATION REMAINED STEADFAST IN ITS DETERMINATION TO MEET THESE ALLIANCE COMMITMENTS AND INTENDED TO MEET SCHEDULED DEPLOYMENT OF PERSHING MISSILES IN DECEMBER 1983.

3. THE PRESIDENT HAS CLAIMED THAT THE LAME DUCK SESSION HAS ACHIEVED HIS PRINCIPAL PURPOSE OF COMPLETING ACTION ON A BUDGET FOR THE FOLLOWING FISCAL YEAR AT LEVELS CONSISTENT WITH THE BUDGET RESOLUTION ADOPTED EARLIER IN THE SESSION. HE WAS WARNED BY THE REPUBLICAN CONGRESSIONAL LEADERS THAT, IF HE CALLED CONGRESS INTO LAME DUCK SESSION AFTER THE ELECTIONS, HE WOULD FACE A QUERULOUS AND INDECISIVE SESSION. THOSE WARNINGS HAVE BEEN AMPLY BORNE OUT. IN POLITICAL TERMS THE MOST IMPORTANT SET-BACK WAS THE REFUSAL OF FUNDING FOR PRODUCTION OF THE MX. OVERALL CONGRESS APPROVED DOLLARS 17 BILLION LESS IN MILITARY SPENDING THAN THE PRESIDENT HAD ASKED FOR, THOUGH THE MILITARY BUDGET STILL REPRESENTS A REAL INCREASE IN DEFENCE SPENDING OF 6 PERCENT PER ANNUM. MAJOR ITEMS OF LEGISLATION INCLUDING REVISIONS TO IMMIGRATION LAW, A NEW CRIMINAL CODE AND THE CARIBBEAN BASIN INITIATIVE ALL GOT LOST IN THE HAOGLING OF THE LAST FEW WEEKS AND WILL HAVE TO BE REINTRODUCED IN THE NEW CONGRESS. THE DOLLARS 11.2 BILLION WORTH OF FOREIGN AID INCLUDED IN THE CONTINUING RESOLUTION WAS SLIGHTLY LESS THAN THE SUM REQUESTED BY THE PRESIDENT THOUGH AID FOR ISRAEL

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WAS INCREASED (AGAINST THE PRESIDENT'S WISHES) TO AN ANNUAL TOTAL OF ALMOST DOLLARS 2 1/2 BILLION (DOLLARS 2 BILLION FOR EGYPT). THE PRESIDENT HIMSELF COMMENTED ON THE FACT THAT AID FOR MANY DESERVING COUNTRIES HAD BEEN DENIED QUOTE IN ORDER TO FURTHER INCREASE AID TO A NATION ALREADY RECEIVING 28 PERCENT OF OUR TOTAL FOREIGN AID IN ADDITION TO A DOLLARS 300 MILLION CREDIT INCREASE I PROPOSED THIS FISCAL YEAR UNQUOTE.

4. THE PRESIDENT CAN DRAW COMFORT FROM HAVING HEADED OFF THE PROPOSED HOUSE AND SENATE JOBS BILLS TOTALLING DOLLARS 6 1/2 BILLION. BUT HE HAS LOST MUCH OF THE INITIATIVE IN SETTING SPENDING PRIORITIES TO A CONGRESS WHICH IN TURN IS BESET BY DISPUTES BETWEEN CONFLICTING INTERESTS. THIS IS MAKING IT DIFFICULT FOR EITHER THE ADMINISTRATION OR REPUBLICAN CONGRESSIONAL LEADERS TO ESTABLISH NATIONAL PRIORITIES WITH ANY CERTAINTY OF SEEING THEM CARRIED INTO LAW. FOR TWENTY-FOUR HOURS THE GOVERNMENT WAS THREATENED WITH A SHUTDOWN BECAUSE CONGRESS HAD NOT VOTED THE MONEY TO KEEP IT GOING. CONGRESS ITSELF MAY BE THE PRINCIPAL LOSER IN TERMS OF PUBLIC OPINION. BUT THE PRESIDENT HAS NOT EMERGED UNSCATHED FROM A BATTLE WHICH HAS DENTED HIS REPUTATION AS A MAN WHOSE AUTHORITY WAS HITHERTO THOUGHT SUFFICIENT TO CARRY MOST OF HIS POLICIES THROUGH THE LEGISLATIVE. WITH TWENTY SIX MORE DEMOCRATS IN THE HOUSE AND PLENTY OF SCOPE FOR CUERRILLA WARFARE OVER THE BUDGET DEFICIT AND DEFENCE PROGRAMMES, THE PRESIDENT IS LIABLE TO FIND THE NEW CONGRESS, WHICH GETS UNDER WAY ON 25 JANUARY WITH THE STATE OF THE UNION ADDRESS, AN EVEN MORE UNCOMFORTABLE PARTNER.

FCC PASS SAVING PARIS, MOSCOW AND TEL AVIV

WRIGHT

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