

1/4/79

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THE WHITE HOUSE
WASHINGTON
1/4/79

Bob Strauss

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON
20506

*done
reluctantly
J*

January 3, 1979

MEMORANDUM FOR THE PRESIDENT

From: Ambassador Robert S. Strauss *R.S.*

Subject: Industrial Fasteners

Attached for your signature is a Proclamation implementing your decision of December 22, 1978 to impose a temporary duty increase on certain nuts, bolts and screws. The Proclamation imposes a 15 percent tariff for a period of three years beginning January 6, 1979.

Attachment

**Electrostatic Copy Made
for Preservation Purposes**

TEMPORARY DUTY INCREASE ON THE IMPORTATION
INTO THE UNITED STATES OF CERTAIN BOLTS,
NUTS AND SCREWS OF IRON OR STEEL

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

1. Pursuant to section 201(d)(1) of the Trade Act of 1974 (the Trade Act)(19 U.S.C. 2251(d)(1)), the United States International Trade Commission, hereinafter referred to as the USITC, on November 3, 1978, reported to the President (USITC Report 201-37) the results of its investigation under section 201(b) of the Trade Act (19 U.S.C. 2251(b)). The USITC determined that certain bolts, nuts and screws of iron or steel provided for in items 646.49, 646.54, 646.56, and 646.63 of the Tariff Schedules of the United States (TSUS) are being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. The USITC recommended the imposition of additional duties on imports of the above specified articles.

2. On December 22, 1978, pursuant to section 202(b)(1) of the Trade Act (19 U.S.C. 2252(b)(1)), and after taking into account the considerations specified in section 202(c) of the Trade Act (19 U.S.C. 2252(c)), I determined to prevent or remedy the injury or threat thereof found to exist by the USITC through the proclamation of a temporary duty increase different from that recommended by the USITC. On December 22, 1978, in accordance with section 203(b)(1) of the Trade Act (19 U.S.C. 2253(b)(1)), I transmitted a report to the Congress setting forth my determination and intention to proclaim a temporary duty increase and stating the reasons why my decision differed from the action recommended by the USITC.

3. The bolts and nuts provided for in items 646.54 and 646.56 of the TSUS are currently eligible for duty-free treatment under the Generalized System of Preferences (GSP), and section 503(c)(2) of the Trade Act (19 U.S.C. 2463(c)(2)) provides that no article shall be eligible for purposes of the GSP for any period during which such article is the subject of any action proclaimed pursuant to section 203 of the Trade Act (19 U.S.C. 2253).

4. Section 203(e)(1) of the Trade Act (19 U.S.C. 2253(e)(1)) requires that import relief be proclaimed and take effect within 15 days after the import relief determination date.

5. Pursuant to sections 203(a)(1), 203(e)(1), and 503(c)(2) of the Trade Act (19 U.S.C. 2253(a)(1), 2253(e)(1), and 2463(c)(2)), I am providing import relief, as hereinafter proclaimed, through the temporary increase of import duty on, and, where applicable, the removal from eligibility for duty-free entry under the GSP, of the bolts, nuts and screws of iron or steel covered by the affirmative finding of the USITC.

NOW, THEREFORE, I, JIMMY CARTER, President of the United States of America, acting under the authority vested in me by the Constitution and the statutes of the United States, including General Headnote 4 of the TSUS (19 U.S.C. 1202), sections 203, 503 and 604 of the Trade Act (19 U.S.C. 2253, 2463, and 2483), and in accordance with Articles I and XIX of the General Agreement on Tariffs and Trade (GATT) (61 Stat. (pt. 5) A12 and 61 Stat. (pt. 5) A58; 8 UST (pt. 2) 1786), do proclaim that --

(1) Part I of Schedule XX to the GATT is modified to conform to the action taken in the Annex to this proclamation.

(2) Subpart A, part 2 of the Appendix to the TSUS is modified as set forth in the Annex to this proclamation.

(3) GSP eligibility is removed for the bolts and nuts covered by items 923.51 and 923.52 of the Annex to this proclamation.

(4) This proclamation shall be effective as to articles entered, or withdrawn from warehouse, for consumption on or after January 6, 1979, and before the close of January 5, 1982, unless the period of its effectiveness is earlier expressly modified or terminated.

IN WITNESS WHEREOF, I have hereunto set my hand this
day of January in the year of our Lord
nineteen hundred and seventy-nine, and of the Independence
of the United States of America the two hundred and third.

Jimmy Carter

THE PRESIDENT'S SCHEDULE

Thursday - January 4, 1979

8:15 Dr. Zbigniew Brzezinski - The Oval Office.

10:30 Mr. Jody Powell - The Oval Office.

11:30 Depart South Grounds via Helicopter en route
Andrews Air Force Base and Guadeloupe.

THE WHITE HOUSE
WASHINGTON

*If sounds
to "cute".
ok if Jody
insists
J*

1/3/79

TO : Susan Clough

FROM: Carolyn Shields

A bit of explanation re the letter:
Marty is leaving Newsday and going
to the Washington Post to cover the
White House and the President.

This letter is full of little barbs
about the Post/Newsweek alliance,
as you can tell.

The Newsday people would like to
present it to Marty in special
ceremonies tomorrow; so if it's
possible to get it back tomorrow
morning, that would be great.

Thanks.

Plz return ltr to me.

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for Preservation Purposes**

January 3, 1979

To Marty Schram

I wanted to take this opportunity to wish you the best in your new job. Working under Mr. Murdoch at the Post will certainly be an exciting challenge for you.

I have always been able to spot your copy in the magazine, particularly in the cover stories. Almost any other reporter's contribution would have been lost in the elaborate rewriting process of these weekly journals. I know it will be gratifying for you to work at a newspaper and finally have your own byline.

I hope you will come back to see us here in Washington whenever possible.

Sincerely,

Mr. Martin J. Schram
Newday
Suite 304
1750 Pennsylvania Avenue, N.W.
Washington, D.C. 20006

JC:JLP:cs

THE WHITE HOUSE

WASHINGTON

January 4, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE /by Les Francis

SUBJECT:

Legislative Report

1. House Democratic Committee Vacancies

During the Democratic Caucus in early December the sizes and ratios of all standing committees were established. The new Steering and Policy Committee will meet on January 16, 1979, to begin making recommendations to the full Democratic Caucus. The Steering Committee is composed of 12 Members who are either party officers or are appointed by the Speaker and 12 regionally elected Members. They vote by secret ballot to fill vacancies on committees.

My staff has been collecting information from the Department CL people and working with the Speaker's staff to make our preferences known to the leadership. To date, we have focused on the exclusive committees -- Ways and Means, Appropriations and Rules -- and on two major committees -- Budget and Commerce. Attention to these committees now should help us avoid in the 96th Congress several one vote losses (like Hospital Cost Containment, CVV vs. CVN, and the numerous Ways and Means 19-18 votes).

Following is an analysis of those seeking membership on these committees:

Ways and Means -- 5 Democratic seats

- The Texas delegation is supporting Sam Hall (Tex.) -- Administration support is 29.8%. He would in many instances vote against the Democratic majority on the Committee.
- If Hall doesn't make it, two seats will probably go to the South. We have suggested Ronnie Flipppo (Ala.), 46.6% and Wyche Fowler (Ga.), 77.3%.

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for Preservation Purposes**

- Jim Oberstar (Minn.), 80.7%, wants a seat and looks like a good prospect.
- The New York delegation voted 16-10 to support Tom Downey (NY), 88.1%. He can be very independent.
- The Speaker promised the freshmen one seat on this committee and it looks like the choice is between one of the three freshmen from Massachusetts or Frank Guarini (N.J.).

Note: If Jim Wright doesn't get his choice from Texas the Speaker may want to seem fair and not push hard for the Massachusetts seat and go with Guarini who looks like he will be supportive of the Administration.

Appropriations -- 9 Democratic seats

- The Florida delegation is supporting Ireland, 40.7%. Bill Lehman (Fla.), 89.0%, also wants the seat as do Bo Ginn (Ga.), 55.3% and John Jenrette (S.C.), 68.7%. If we could choose, Jenrette would be the best from that group.
- The Texas seat is a problem since the delegation wants Hightower, 39.0% and he probably will get the seat. Akaka (Hawaii), 78.8%, wants a seat and should get one.
- Among the freshmen all the new blacks want on -- they will get a seat -- we can't win by entering that fight -- Dixon (Ca.), Leland (Tex.), Gray (Pa.), Stewart (Ill.). From the balance of the freshman class Sabo (Minn.) looks like a clear favorite. Others who are likely candidates are Barley (Pa.), Hall (Oh.) Fazio (Ca.), and Matsui (Ca.). We will continue to work on this committee.

Rules Committee -- 4 Democratic seats

Recommendations to the Caucus are solely the Speaker's, not the Steering Committee. Leo Zeferetti (N.Y.), 64.8%, Dave Bonior (Mich.), 82.6%, Butler Derrick (S.C.), 69.5% and Jerry Patterson (Ca.), 81.1%, are clear favorites, but there are other possibilities.

-- Anyone who gets nominated will pledge to vote with the Speaker on critical matters before the Rules Committee. The Committee will have 11 Democrats and 5 Republicans -- the most favorable ratio in the House.

Budget -- The number of seats to be filled is not clear since some Members have not yet decided whether they will stay on the Committee. At this time it looks like there are two Ways and Means seats and probably 4 others.

The competition from Ways and Means is among Dick Gephardt (Mo.), 77.3%, Ed Jenkins (Ga.), 50.7%, Jim Jones (Ok.), 40.7% and Pete Stark (Ca.), 82.1%. Jones and Gephardt look like the best prospects and should be good for the Administration.

Among others seeking a Budget committee seat we have given our support to the following based on support scores and past votes on budget resolutions:

Dick Nolan (Minn.), 84.7%
 Leon Paneta (Ca.), 78.6%
 Tim Wirth (Colo.), 82.3%
 Bill Gray (Pa.), new member

Among the other substantive committees the House Interstate and Foreign Commerce committee is crucial. The committee handles some or all of energy, health, rails and trucks, and communications legislation. There are 6 seats to fill. Bruce Vento (Minn.), 84.5%, wants this committee and probably will get it. The real issue is among freshmen. Those seeking seats on the committee who are most likely to receive favorable consideration are:

Mike Barnes (Md.)
 Tony Hall (Oh.)
 Mike Synar (Ok.)
 Mickey Leland (Tex.)
 Martin Frost (Tex.)
 Al Swift (Wash.)

Others who have expressed interest are:

Dan Mica (Fla.)
 Bill Nelson (Fla.)
 Phil Gramm (Tex)
 Joe Wyatt (Tex)
 Martin Sabo (Minn.)
 Howard Wolpe (Mich.)
 Gene Atkinson (Pa.)
 Don Bailey (Pa.)
 Richard Shelby (Ala.)
 Bennett Stewart (Ill.)
 Bob Matsui (Ca.)

Other Committees

We are working with the leadership to see that the House Administration Committee gets two pro-public financing votes. One candidate is Peyser (N.Y.) who we would like. Another we are less favorably inclined toward is Mathis (Ga.), 36.4%, due to his strong opposition to our election reform proposals.

We are also keeping a close eye on Science and Technology because of CRBR and solar issues -- no clear patterns have yet emerged.

Finally, the chairmanships of several subcommittees will be worth watching carefully after the Caucus acts in late January or early February. On the Labor-HEW subcommittee of Appropriations the question is whether Dan Flood (Pa.), 72.8%, will be given the chair by the Steering Committee and ultimately the Caucus. Our guess is that he will not get it, but this is less certain than it was prior to the December Caucus.

On Ways and Means the chairmanships of Health, Social Security and Welfare are all unclear. It seems fairly certain that Rostenkowski (Ill.), 89.3%, will not seek the Health chair because he feels we no longer trust him. He also says he wants to spend more time at his leadership responsibilities.

On Commerce the Health subcommittee will go to either Waxman (Ca.), 85.2%, or Preyer (N.C.), 78.2%. Waxman seems to think he is slightly ahead among returning Members. Freshmen will decide this chairmanship.

2. House Democratic Caucus

As you know, there were no changes in the leadership for the 96th Congress. The Caucus did adopt several rules changes which will affect our dealings with the Congress:

- (1) Limited to five the number of subcommittees individual Democratic Members can sit on.
- (2) Limited an incumbent's ability to "protect" subcommittee positions to one. (This could lead to substantial turnover on some popular subcommittees like the Health subcommittees on Commerce and Ways and Means).
- (3) Adopted rules which limit the types of resolutions that can be considered under suspension. While the criteria for Suspension Calendar eligibility are not part of the rules of the House, they were specifically adopted by the Caucus and could slow the processing of certain categories of legislation.
- (4) Decided after a day's deliberation not to impose sanctions on Members who have been indicted, convicted or censured. Rather, the Caucus will deal with each case individually.
- (5) Adopted resolutions in support of public financing for Congressional campaigns and rolling back 1980 Social Security tax increases.

All in all the Caucus will probably be remembered more for the decision to close the discussion of ethics resolutions to the press than for any particular accomplishment.

3. Legislative Tracking System

We are continuing to work with Richard Harden on the development of a legislative tracking system.

Computer terminals are presently being placed in the Agency CL offices and training of Agency personnel is beginning.

The system will enable WHCL to better coordinate multi-agency legislative efforts. It will also give the Agencies a tool enabling them to more systematically track legislation of particular interest to them.

4. Meeting with the Speaker

My staff and Stu met with Speaker O'Neill Tuesday, January 2. He was in Washington for only one day prior to leaving for two weeks in Florida and was interested in a preview of our legislative agenda.

He was generally supportive and commented very favorably on the length of the agenda as compared to what we sent the last Congress. He did express significant concern about the economy and about possible stimulus programs in the event of a substantial downturn.

He did question the wisdom of sending up countercyclical revenue sharing, the National Development Bank and any major reorganization dealing with HUD, Commerce or Natural Resources.

5. Miscellaneous

- (1) At the NATO Assembly, Congressmen Phil Burton, Brooks and Eckhardt lobbied against the Jackson/Hollings amendment on SALT. Their efforts left the resolution that was adopted more to our liking. Burton, Brooks, and Eckhardt did your bidding and should be recognized.
- (2) Congressman Brooks is already working against any revenue sharing or countercyclical proposals. He claims this is one of his top priorities.
- (3) Treasury reports that the changed complexion of the Senate Banking Committee may present their most interesting challenge. Rumor has it that Senators Riegle, Sarbanes, Heinz, Lugar and Schmidt want to leave the committee. This exodus combined with Sparkman's retirement and the defeats of Brooke and McIntyre could result in a change of eight of the 15 Members.

THE WHITE HOUSE
WASHINGTON

1/4/79

Stu Eizenstat
Bob Lipshutz

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

January 3, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT
ROBERT LIPSHUTZ
MARGARET MCKENNA

*Stu
RSL
MK*

SUBJECT:

Proposed Executive Order:
Environmental Effects Abroad of Major
Federal Actions

The attached Executive Order reflects your decisions with respect to regulation of international environmental effects resulting from federal actions taken abroad. You considered this issue in a decision memorandum which we sent you last August. We delayed submission of the Order to you on the advice of the Justice Department because of pending litigation. Justice now recommends that you sign the Order before leaving for Guadeloupe.

The Order has been discussed with key Members of Congress and we believe represents an acceptable solution to the problems originally raised in a suit against the Ex-Im Bank. The Order reflects the first systematic U.S. government program to consider the environmental effects of U.S. actions abroad. The Order would allow federal agencies to consider, consistent with the U.S. economic, foreign policy, and national security interests, the effects of their actions on foreign environments. Environmental statements are required for the global commons and for certain especially significant federal actions such as reactor sales or export of toxic chemicals. In other areas, requirements are much more flexible and can be tailored to meet agency needs. The Order is carefully drawn to minimize burdens on international commerce.

The Order's pragmatic approach to the issue directs agencies to develop their own procedures for taking environmental considerations into account; at the same time, it avoids a direct resolution of the issue by the legislature or the judiciary. (The Justice Department has already been granted two stays in a pending lawsuit which involves the issue; a third hearing has been scheduled for January 5, 1979).

We recommend that you approve the Order. State and CEQ concur.

Approve

Disapprove

EXECUTIVE ORDER

ENVIRONMENTAL EFFECTS ABROAD
OF MAJOR FEDERAL ACTIONS

By virtue of the authority vested in me by the Constitution and the laws of the United States, and as President of the United States, in order to further environmental objectives consistent with the foreign policy and national security policy of the United States, it is ordered as follows:

Section 1.

1-1. Purpose and Scope. The purpose of this Executive Order is to enable responsible officials of Federal agencies having ultimate responsibility for authorizing and approving actions encompassed by this Order to be informed of pertinent environmental considerations and to take such considerations into account, with other pertinent considerations of national policy, in making decisions regarding such actions. While based on independent authority, this Order furthers the purpose of the National Environmental Policy Act and the Marine Protection Research and Sanctuaries Act and the Deepwater Port Act consistent with the foreign policy and national security policy of the United States, and represents the United States government's exclusive and complete determination of the procedural and other actions to be taken by Federal agencies to further the purpose of the National Environmental Policy Act, with respect to the environment outside the United States, its territories and possessions.

Sec. 2.

2-1. Agency Procedures. Every Federal agency taking major Federal actions encompassed hereby and not exempted herefrom having significant effects on the environment

outside the geographical borders of the United States and its territories and possessions shall within eight months after the effective date of this Order have in effect procedures to implement this Order. Agencies shall consult with the Department of State and the Council on Environmental Quality concerning such procedures prior to placing them in effect.

2-2. Information Exchange. To assist in effectuating the foregoing purpose, the Department of State and the Council on Environmental Quality in collaboration with other interested Federal agencies and other nations shall conduct a program for exchange on a continuing basis of information concerning the environment. The objectives of this program shall be to provide information for use by decisionmakers, to heighten awareness of and interest in environmental concerns and, as appropriate, to facilitate environmental cooperation with foreign nations.

2-3. Actions Included. Agencies in their procedures under Section 2-1 shall establish procedures by which their officers having ultimate responsibility for authorizing and approving actions in one of the following categories encompassed by this Order, take into consideration in making decisions concerning such actions, a document described in Section 2-4(a):

(a) major Federal actions significantly affecting the environment of the global commons outside the jurisdiction of any nation (e.g., the oceans or Antarctica);

(b) major Federal actions significantly affecting the environment of a foreign nation not participating with the United States and not otherwise involved in the action;

(c) major Federal actions significantly affecting the environment of a foreign nation which provide to that nation:

- (1) a product, or physical project producing a principal product or an emission or effluent, which is prohibited or strictly regulated by Federal law in the United States because its toxic effects on the environment create a serious public health risk; or
- (2) a physical project which in the United States is prohibited or strictly regulated by Federal law to protect the environment against radioactive substances.

(d) major Federal actions outside the United States, its territories and possessions which significantly affect natural or ecological resources of global importance designated for protection under this subsection by the President, or, in the case of such a resource protected by international agreement binding on the United States, by the Secretary of State. Recommendations to the President under this subsection shall be accompanied by the views of the Council on Environmental Quality and the Secretary of State.

2-4. Applicable Procedures. (a) There are the following types of documents to be used in connection with actions described in Section 2-3:

- (i) environmental impact statements (including generic, program and specific statements);
- (ii) bilateral or multilateral environmental studies, relevant or related to the proposed action, by the United States and one or more foreign nations, or by an international body or organization in which the United States is a member or participant; or
- (iii) concise reviews of the environmental issues involved, including environmental assessments, summary environmental analyses or other appropriate documents.

(b) Agencies shall in their procedures provide for preparation of documents described in Section 2-4(a), with respect to actions described in Section 2-3, as follows:

- (i) for effects described in Section 2-3(a), an environmental impact statement described in Section 2-4(a)(i);
- (ii) for effects described in Section 2-3(b), a document described in Section 2-4(a)(ii) or (iii), as determined by the agency;
- (iii) for effects described in Section 2-3(c), a document described in Section 2-4(a)(ii) or (iii), as determined by the agency;
- (iv) for effects described in Section 2-3(d), a document described in Section 2-4(a)(i), (ii) or (iii), as determined by the agency.

Such procedures may provide that an agency need not prepare a new document when a document described in Section 2-4(a) already exists.

(c) Nothing in this Order shall serve to invalidate any existing regulations of any agency which have been adopted pursuant to court order or pursuant to judicial settlement of any case or to prevent any agency from providing in its procedures for measures in addition to those provided for herein to further the purpose of the National Environmental Policy Act and other environmental laws, including the Marine Protection Research and Sanctuaries Act and the Deepwater Port Act, consistent with the foreign and national security policies of the United States.

(d) Except as provided in Section 2-5(b), agencies taking action encompassed by this Order shall, as soon as feasible, inform other Federal agencies with relevant expertise of the availability of environmental documents prepared under this Order.

Agencies in their procedures under Section 2-1 shall make appropriate provision for determining when an affected nation shall be informed in accordance with Section 3-2 of this Order of the availability of environmental documents prepared pursuant to those procedures.

In order to avoid duplication of resources, agencies in their procedures shall provide for appropriate utilization of the resources of other Federal agencies with relevant environmental jurisdiction or expertise.

2-5. Exemptions and Considerations. (a) Notwithstanding Section 2-3, the following actions are exempt from this Order:

- (i) actions not having a significant effect on the environment outside the United States as determined by the agency;
- (ii) actions taken by the President;
- (iii) actions taken by or pursuant to the direction of the President or Cabinet officer when the national security or interest is involved or when the action occurs in the course of an armed conflict;
- (iv) intelligence activities and arms transfers;
- (v) export licenses or permits or export approvals, and actions relating to nuclear activities, except actions providing to a foreign nation a nuclear production or utilization facility as defined in the Atomic Energy Act of 1954, as amended, or a nuclear waste management facility;
- (vi) votes and other actions in international conferences and organizations;
- (vii) disaster and emergency relief action.

(b) Agency procedures under Section 2-1 implementing Section 2-4 may provide for appropriate modifications in the contents, timing and availability of documents to other affected Federal agencies and affected nations, where necessary to:

- (i) enable the agency to decide and act promptly as and when required;
- (ii) avoid adverse impacts on foreign relations or infringement in fact or appearance of other nations' sovereign responsibilities; or
- (iii) ensure appropriate reflection of:
 - (1) diplomatic factors;
 - (2) international commercial, competitive and export promotion factors;
 - (3) needs for governmental or commercial confidentiality;
 - (4) national security considerations;
 - (5) difficulties of obtaining information and agency ability to analyze meaningfully environmental effects of a proposed action; and
 - (6) the degree to which the agency is involved in or able to affect a decision to be made.

(c) Agency procedures under Section 2-1 may provide for categorical exclusions and for such exemptions in addition to those specified in subsection (a) of this Section as may be necessary to meet emergency circumstances, situations involving exceptional foreign policy and national security sensitivities and other such special circumstances. In utilizing such additional exemptions agencies shall, as soon as feasible, consult with the Department of State and the Council on Environmental Quality.

(d) The provisions of Section 2-5 do not apply to actions described in Section 2-3(a) unless permitted by law.

Sec. 3.

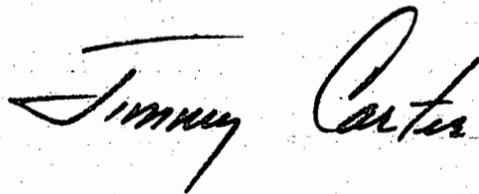
3-1. Rights of Action. This Order is solely for the purpose of establishing internal procedures for Federal agencies to consider the significant effects of their actions on the environment outside the United States, its territories and possessions, and nothing in this Order shall be construed to create a cause of action.

3-2. Foreign Relations. The Department of State shall coordinate all communications by agencies with foreign governments concerning environmental agreements and other arrangements in implementation of this Order.

3-3. Multi-Agency Actions. Where more than one Federal agency is involved in an action or program, a lead agency, as determined by the agencies involved, shall have responsibility for implementation of this Order.

3-4. Certain Terms. For purposes of this Order, "environment" means the natural and physical environment and excludes social, economic and other environments; and an action significantly affects the environment if it does significant harm to the environment even though on balance the agency believes the action to be beneficial to the environment. The term "export approvals" in Section 2-5(a)(v) does not mean or include direct loans to finance exports.

3-5. Multiple Impacts. If a major Federal action having effects on the environment of the United States or the global commons requires preparation of an environmental impact statement, and if the action also has effects on the environment of a foreign nation, an environmental impact statement need not be prepared with respect to the effects on the environment of the foreign nation.



THE WHITE HOUSE,

THE WHITE HOUSE
WASHINGTON

1/4/79

Stu Eizenstat

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE
WASHINGTON

January 3, 1979

MEMORANDUM FOR

THE PRESIDENT

FROM

STU EIZENSTAT *Stu*
KATHY FLETCHER

SUBJECT:

Executive Order on Independent
Water Project Review

Attached for your approval is an Executive Order creating the independent water project review function in the Water Resources Council. The review function was announced as part of the water policy but because of the difficulties in maintaining legislative authorization and funding for the Water Resources Council we held off on this Executive Order.

We do want to establish the function prior to the issuance of any Natural Resource reorganization plan, however, so that there will be no further delay in implementing the review as part of the FY81 Budget cycle.

All of the concerned agencies have reviewed the Executive Order, and it has been cleared by OMB and the Justice Department, and Bob Lipshutz' staff.

We recommend that you sign the Order and the accompanying memorandum to the members of the Water Resources Council which reminds them of the implementation schedule laid out in the Water Policy Message.

Attachment

(TWO SIGNATURES REQUESTED)

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE CHAIRMAN AND MEMBERS OF
THE WATER RESOURCES COUNCIL

In my Water Resources Policy Reform Message of June 6, 1978, I stated that an independent project review unit would be created in the Water Resources Council to ensure water projects have been planned in accordance with the Principles and Standards and other planning requirements. Today I have signed an Executive Order which establishes this independent water project review function in the Water Resources Council.

I look forward to your speedy organization of the independent review unit. As described in my Water Policy Message, I expect the review function will be performed by a professional staff of about 30 and will be operational in time for the 1981 budget cycle. Rules, regulations and procedures necessary to implement the independent review function should be published in proposed form in the Federal Register within six weeks and in final form within the following six months.

Jimmy Carter

EXECUTIVE ORDER

INDEPENDENT WATER PROJECT REVIEW

By the authority vested in me as President by the Constitution and laws of the United States of America, in furtherance of the Water Resources Planning Act (79 Stat. 244; 42 U.S.C. 1962 et seq.), and in order to ensure coordinated planning and independent review of Federal water resource programs and projects, it is hereby ordered as follows:

1-101. The Water Resources Council shall ensure that it has established a current set of principles, standards, and procedures for Federal participants in the preparation of comprehensive regional or river basin plans and for the formulation and evaluation of Federal water and related land resources projects (42 U.S.C. 1962a-2).

1-102. The Council shall ensure that an impartial technical review is performed on preauthorization reports or proposals and preconstruction plans for Federal and Federally assisted water, and related land resources, projects and programs, as they are defined in the Council's principles and standards.

1-103. The Council shall develop a planning manual for use by each agency (a) in calculating benefits and costs by using the best available techniques and (b) in applying the principles and standards in a consistent manner.

1-104. The impartial technical review shall evaluate each report, proposal, or plan for compliance with (a) the Council's principles and standards, (b) the planning manual or, pending issuance of the manual, established agency procedures, (c) other Federal laws, regulations and guidelines relevant to the planning process, and (d) the goal of wide public participation in the development of project plans, including adequate opportunity for public comment and adequate consideration of those views.

1-105. (a) Beginning April 1, 1979, all agencies shall submit, prior to their approval by the head of the agency, preauthorization reports or proposals and preconstruction plans for Federal and Federally assisted water, and related land resources, projects and programs to the Council at least 90 days prior to the scheduled time for their submission to the Office of Management and Budget in support of authorization or funding requests for those activities in fiscal year 1981 and subsequent years.

(b) An agency shall not submit to the Council more than one-third of the total reports, proposals, and plans scheduled for review in any fiscal year during any quarter of that fiscal year.

(c) Within 60 days of the submission by an agency of a report, proposal, or plan, the Chairman of the Council shall transmit the results of the impartial technical review to the appropriate agency head,

including identification of any specific variations from Council approved procedures and manuals and the steps necessary to bring the plan into conformance therewith.

1-106. (a) All agency reports, proposals and plans submitted to the Council for review shall include sufficient information to allow an adequate technical review. In particular, this information shall include:

(1) Sufficient documentation to allow a technical review of the analysis by the agency of the ratio of the benefit to the cost.

(2) Evidence that an adequate evaluation has been made of reasonable alternatives, including non-structural ones, for addressing the water-related problems of the affected regions and communities.

(3) An explanation of the relationship of the plan to any approved regional water resource management plans.

(4) A summary of the consideration given to water conservation measures and a listing of those measures incorporated into the plan.

(5) Evidence that there has been compliance with relevant environmental and other laws and requirements.

(6) Evidence that the public and State and local officials have been involved in the plan formulation process.

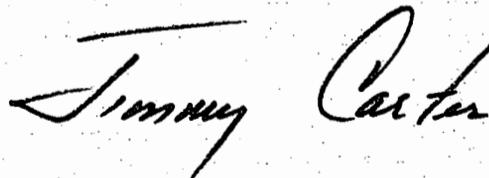
(b) If the documents and information necessary for the review are not initially submitted, the Chairman may extend the review period by not more than 30 days. If the

documents and information submitted do not demonstrate compliance, a finding detailing the areas of noncompliance will be transmitted to the agency head.

1-107. Before any agency submits to the Congress, or to any committee or member thereof, a report relating to, or affecting in whole or in part its advance programs, or the public works and improvement projects comprising such programs, or the results of any plan preparation for such programs or projects, such report or plan shall be submitted to the Office of Management and Budget for advice as to its relationship to the program of the President. When such report or plan is thereafter submitted to the Congress, or to any committee or member thereof, it shall include a statement of the advice received from the Office of Management and Budget.

1-108. Agency submissions to the Office of Management and Budget of the reports, proposals or plans reviewed pursuant to this Order shall be accompanied by a statement of the findings transmitted to the agency head.

1-109. Executive Order No. 9384 of October 4, 1943, as amended, is revoked.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of a faint rectangular box.

THE WHITE HOUSE

, 1978

THE WHITE HOUSE
WASHINGTON

1/4/79

Jerry Rafshoon

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *Jerry*
BERNIE ARONSON

SUBJECT: State of the Union Address

The point about increasing citizen participation in the political process was inadvertently left out of the first draft. Enclosed are alternative pages 1 and 2 which include this point.

Jerry
Include
this theme
J

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STATE OF THE UNION ADDRESS

I come before you to talk about the true state of our American Union. I will be brief and I will be frank.

I wish I could report to you tonight that the state of our Union is excellent in all respects. It is not. I am pleased to report, however, that we are not in a state of crisis, and I do not believe we will be. Our Nation is at peace. Our economy is strong.

The challenges that confront our generation of Americans are as difficult as any in our history, but the opportunities are great. The work ahead will be demanding, but will be rewarded in the end, if we see our times for what they are.

Our times demand a new maturity. The days are gone when we can afford to live beyond our means ... to create well-intentioned programs we can neither manage nor finance ... to waste our natural resources ... or to tolerate mismanagement or fraud.

Our times demand a re-birth of national will. The days are gone when we can act -- not like one people -- but a

collection of warring groups. And the days are also gone when we can allow the voices of doubt and fear among us, to stifle our dreams for a better and safer world.

Our times demand a re-birth of democracy. None of us can be satisfied when the American people go to the polls and two out of three citizens stay home. None of us can be satisfied when each year the influence of private money on our elections grows and the influence of individual Americans declines. The doubts and discouragement born of a decade of national trauma do not fade easily or quickly. But we have begun a period of healing and hope. And we must continue it.

For tonight we face two over-riding challenges -- to control inflation and to keep peace in the nuclear age. Tonight we face two historic opportunities: stable economic growth at home and stable peace in the world. And we must meet both these challenges and these opportunities united as a people.

We must look beyond a single year or legislative

THE WHITE HOUSE
WASHINGTON

1/4/79

Hamilton Jordan
Gretchen Poston

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Tim Kraft

THE WHITE HOUSE
WASHINGTON

1/4/79

Mr. President --

Secretary Bergland suggested
Michael Hall, who is the
elected president of the
Agricultural Cooperators (sp?)
Association here in Washington
(it's a trade group of 44
associations with whom we (govt)
have an export and market/
development contract....goes
beyond just commodities.

--ssc

sk
J

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MEMORANDUM

January 3, 1979

Doug Fraser ok
Lane Kirkland ok
DW Brooks?

TO: PRESIDENT AND MRS. CARTER
FROM: GRETCHEN POSTON *gp*
SUBJECT: PROPOSED GUEST LIST FOR STATE DINNER
FOR PRC VICE PREMIER TENG HSIAO-PING

cc Ham
Gretchen

Enclosed is the collected guest list. 130 is the capacity due to the large number of interpreters expected.

Other people can
attend K. Center
reception
JC

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PROPOSED GUEST LIST FOR STATE DINNER
FOR PRC VICE PREMIER TENG HSIAO-PING

Principals

Number

President and Mrs. Carter
Vice Premier Teng Hsiao-ping and Mrs. Cho Lin
Vice President and Mrs. Mondale
Secretary and Mrs. Cyrus Vance
Secretary and Mrs. Michael Blumenthal
Secretary and Mrs. Harold Brown
Secretary and Mrs. Bob Bergland
Secretary and Mrs. James Schlesinger
Ambassador and Mrs. Robert Strauss

~~Keys~~

ok -
add Keys
~~if she's here~~
she won't be

White House

Number

4

Assistant to the President and Mrs. Zbigniew Brzezinski
Science Advisor and Mrs. Frank Press

ok

(22)

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State Department

Number

46

Deputy Secretary and Mrs. Warren Christopher
Ambassador and Mrs. Leonard Woodcock

Richard Helbrook

ok

(26)

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Accompanying Chinese Delegation

Number

(Names Unavailable)

15

PRC Liaison Office in Washington

10

Ambassador Chai Tse-min and Mrs. Li Yu-feng
Ambassador Han Hsu and Mrs. Ke Yi-yun
Counselor Tsao Kuei-sheng and Mrs. Chang Ai-hua
Counselor Hsieh Chi-mei and Mrs. Liao Hui-hsien
Counselor and Mrs. Peng Chin-po

*Total number
ok*

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(51)

Evan Dobbelle

Number

Mr. and Mrs. Norman Lau Kee
Mr. and Mrs. Kenneth Char

Why?
ok if DNC
choices
Let John White have
4 people

(145)

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Congress (Frank Moore's list)

Number

Senate

32

Senator Robert Byrd
Senator Howard Baker
Senator Alan Cranston
Senator Frank Church
Senator Jacob Javits
Senator John Glenn
Senator Henry Jackson
Senator Charles Percy

Senator Russell Long
Senator Daniel Inouye
Senator Edmund Muskie
Senator Edward Kennedy
Senator Henry Bellmon
Senator Richard Lugar
Senator Sam Nunn
Senator Gary Hart

House of Representatives

32

Speaker Thomas O'Neill
Majority Leader James Wright
Minority Leader John Rhodes
Congressman John Brademas
Congressman Clement Zablocki
Congressman William Broomfield
Congressman Lester Wolff
Congressman Robert Michel

Congressman Dante Fascell
Congressman Paul Findley
Congressman Henry Reuss
Congresswoman Margaret Heckler
Congressman Harley Staggers
Congressman John Slack
Congressman Melvin Price
Congressman Stephen Neal

*Frank knows
20 total plus
spouses*

Cut 1/3 to 1/2

- 24 people

(115)

THE WHITE HOUSE
WASHINGTON

Tom Murphy ok
Lew Wasserman ?
Don Seibert - JC Penney ok
John BRIZENDINE ok
William Anderson ok

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Other

Number

26

Bankers

Tom Clausen, Bank of America - (Strauss)
David Rockefeller, Chase Manhattan - (State, NSC)

Business (Select 6)

William Sewall, Pan American Airlines - (Strauss) *ok*
J. P. Austin, Coca Cola - (Strauss, State) *ok*
William Hewitt, John Deere Co. - (State) ?
Tom Wilson, Boeing Aircraft - (Strauss) *ok*
Mark Shepherd, Texas Instruments - (Strauss) ?
Bernard Klopman, Burlington Industries - (Strauss) ?
~~I. M. Pei, Architect - (NSC) - ? *no*~~
Reg Jones, General Electric - (Strauss) *ok*
~~Robert Dickey, Dravo Corp. - (Strauss) - ? *no*~~
~~Edgar Bronfman, Seagrams, Inc. - (Strauss) - ? *no*~~
Joe Fowler, Goldman Sachs, former Treasury Secretary ?
under Johnson - (Strauss)
~~Henry Ford (NSC) - *Prefer Tom Murphy*~~

Pei ?
Jockey ?
Bronfman ?

let Kropp
Choose 2

Academic and other (Select 3)

Theodore H. White, Writer - (Rafshoon) *yes*
Doak Barnett, Brookings China Scholar - (State) *yes*
John Fairbank, Harvard University China Scholar - (State, NSC) *yes*
C. N. Yang, Nobel prize winner, State University
of New York, Advisor to PRC on science policy, *yes ?*
very close ties to PRC - (NSC)

Let Wasserman
Serbut, Penny's

Associations

Charles De Bono, President American Petroleum ?
Institute - (Strauss)
no Alan Grant, President American Farm Bureau Federation, - (Strauss) ?

let Bergland
decide on the one
Farm organ.
leader
(141)

Secretary Blumenthal says that after highly recommending Barnett and Fairbank, he would suggest:

- John Brizendine (head/chairman of U.S. China Trade Council and President of MacDonald-Douglas ✓
- William Anderson (vice chairman of U.S. China Trade Council and Chairman of NCR (National Cash Register), who grew up in China ✓

- The company which has the largest contract with China is the Fluor Corporation (\$800 million copper mine contract)....President is David Tappan
- Next biggest deal is about \$500 million with Bethlehem steel (Kreps recommended Louis Foy as fourth suggestion.)
- Intercontinental Hotels is another big investor... but they are owned by Pan Am and you've already got Sewell's name recommended by Strauss
- T. Wilson, Chairman of Boeing Corporation

- In addition to those, Blumenthal also noted that the following universities have outstanding China programs, and you might want to consider inviting the presidents of the universities:

Harvard
University of Michigan
Stanford
Princeton
Columbia

(Beyland will call me back later)
SL



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

9
1

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim*
SUBJECT: The FY 1980 Budget Results

1. The FY 1980 totals are now becoming firm. In one important respect they are surprising and require your knowledge and approval.
2. The current FY 1980 status is as follows:

Outlays	\$531.5 billion
Receipts	503.0 billion
Indicated Deficit	- \$28.5 billion

This represents a decrease in the deficit of almost \$2 billion since I spoke with you last week. The source of that decrease is entirely due to increases in receipts and income estimates. Treasury's estimates both of general revenues and of interest income from off-budget loan programs were increased substantially in the course of the last few days. We believe these numbers are now fairly firm.

3. I believe it is to our advantage to publish a deficit in the range of \$28 billion to \$29 billion. First, we can argue that we have prepared a budget without mirrors or gimmicks and have provided a margin of error in view of the great sensitivity of receipts estimates to economic assumptions. Second, I believe the budget is now prudent and restrained, but by no means draconian. Program advocates will always want more but at this point I believe you gain more from a lower deficit than from increased spending. Third, any additional spending put in the budget will exacerbate our problems in future years.

Others (Stu and the Vice President) will disagree intensely with my point of view. They believe that publishing a deficit in the range of \$28.5 billion will anger the constituencies who disagree with or feel shortchanged by your budget policy.

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I believe strongly that we should now pay as much attention to the government spending level as we do to the deficit. At \$531.5 billion, that spending level is sufficient for FY 1980. Even if the ceiling or the deficit level were not an issue, I would not -- on the basis of my analysis of program spending levels -- add anything more to the FY 1980 budget.

4. We will settle all specific outstanding issues within the next day. These issues are:

- a. The defense budget. We have no budget difference with Harold, but we do continue to disagree over whether we wish to budget for a CV or a CCV carrier. A paper is attached.
- b. The disability insurance cap. My staff and Stu's staff have reexamined this issue over the last week. We both recommend the budget reflect a \$60 million savings figure which will represent an 80 percent income cap but not a cap on total family benefits. A paper is attached.
- c. The National Development Bank. Stu and I have agreed that the budget will not comment on the Bank's ultimate location. The budget will state only that the Bank will be located in one department and that the issue will be resolved in your local development reorganization initiative.
- d. FBI counter-intelligence staff. The Attorney General is appealing Stan Turner's allocation of counter-intelligence personnel. I believe Stan Turner is doing an excellent job as DCI particularly with respect to resource allocation. I have no inclination to override his decisions or to recommend that you do so.

THE WHITE HOUSE
WASHINGTON

1/4/79

Jim McIntyre

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: The Vice President
Stu Eizenstat

FOR ACTION
FYI

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

/	VICE PRESIDENT
	JORDAN
/	EIZENSTAT
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	RAFSHOON
	WATSON
	WEXLER
	BRZEZINSKI
/	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE

	ARONSON
	BUTLER
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	HARDEN
	HERNANDEZ
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

January 3, 1978

*Jim
J*

MEMORANDUM FOR THE PRESIDENT

FROM: Jim McIntyre *Jim*
SUBJECT: Final Budget Status

1. We want to lock up the numbers as soon as possible tomorrow. Stu and I have talked and have agreed that the deficit will be in the range of \$29.0 billion to \$29.2 billion; if you agree. In reaching this total, I plan to increase slightly our outlay estimates for a small number of domestic programs to make them a bit more defensible. *ok*

2. Stu, Joe Califano, and I have agreed to drop two of the social security savings proposals: the proposal to initiate benefits only at the first full month of entitlement; and the proposal to limit retroactivity benefits to 3 months. This action will increase expenditures by \$276 million. *ok*

We have also agreed to state in the budget that the savings proposals and hospital cost containment will be balanced by a social security tax cut in FY 1981. All of us believe we'll want such a reduction in any case. *ok*

3. I have also agreed to provide an additional \$50 million to Joe Califano for his highest priority requests for add-ons to health programs, that he discussed with you this morning. *ok*

4. I do not believe there are any further issues I will have to raise with you.

5. Decisions:

a. Deficit:

Approve Disapprove

b. Increased expenditures:

Approve Disapprove

THE WHITE HOUSE
WASHINGTON

1/4/79

Frank Moore

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

THE WHITE HOUSE
WASHINGTON

C

January 3, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE *F.M./BR*

A couple of weeks ago Jim McIntyre and I discussed with you on Air Force One the Budget Task Force that we will be setting up to assist in monitoring and lobbying the budget process. I would like to work with Hugh Carter to identify the six people that we will bring over as detailees from the departments so that we can have this operation in place by January 15 when the Members return.

Approve

_____ ✓

J

Disapprove

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THE WHITE HOUSE
WASHINGTON

January 3, 1979

*Send only
if Juanita
& Cecil have
agreed
J*

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK MOORE

F.M.

Per our discussion on Air Force One, Jim McIntyre and I are in the process of selecting the six people from the departments for the Budget Task Force. We have agreed on two so far and request that you send the attached letters to Cabinet secretaries, so we can begin to organize this effort. We will send you the other letters as we complete the selection process.

Attachments

TWO SIGNATURES REQUESTED

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THE WHITE HOUSE

WASHINGTON

January 4, 1979

To Secretary Juanita Kreps

Please make arrangements to detail Gael Sullivan of your Congressional Liaison staff over to the White House to work on a special budget task force with Frank Moore and Jim McIntyre. This task force will operate from January through November, 1979.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", written in dark ink.

The Honorable Juanita Kreps
Secretary of Commerce
Washington, D. C.

THE WHITE HOUSE

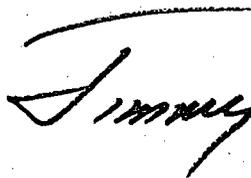
WASHINGTON

January 4, 1979

To Secretary Cecil Andrus

Please make arrangements to detail Sarge Carlton of your Congressional Liaison staff over to the White House to work on a special budget task force with Frank Moore and Jim McIntyre. This task force will operate from January through November, 1979.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jimmy", with a long horizontal flourish above the first few letters.

The Honorable Cecil Andrus
Secretary of Interior
Washington, D.C.

THE WHITE HOUSE
WASHINGTON

1/4/79

Jim McIntyre

The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Zbig Brzezinski

FOR ACTION
FYI

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
	NO DEADLINE
	LAST DAY FOR ACTION

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

Jim
J

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *Jim*
SUBJECT: Final decisions on 1980 Defense Budget

Harold has made his final program decisions within the \$135.6B in TOA and \$122.8B in outlays. For the most part, I agree with his decisions. I want to call your attention to two issues: Army heavying up, for which you gave Harold a tentative go-ahead, and the Navy aircraft carrier, which remains to be resolved.

Harold's decisions with which I agree include the following:

- . Set O&M at \$40.2 billion rather than the \$40.5 billion requested.
- . Set Research, Development, Test and Evaluation at \$13.5 billion.
- . Set Military Construction at \$3.8 billion.
- . Slow down EF-111 procurement.
- . Procure 4 ATCA aircraft in 1980.
- . Do not fund Surface Effects Ship development in 1980.
- . Do not fund AV-8B (Harrier) in 1980.

Army heavying up. Harold proposes to proceed with the creation of 7 new heavy (mechanized and/or armor) battalions and to defer a decision on the conversion of 2 existing divisions. You should be aware that, while this has no direct 1980 costs, the initial investment costs (1981 and beyond) would be significant. In 1981, \$502 million is included in Harold's plan for these added heavy battalions. Once these new units are formed, some \$120 million in additional operating costs would be required each year. With this additional cost information, you may wish to reconsider this decision.

*no - I
promised
Harold*

Navy Aircraft Carrier. Harold proposes to fund a CV, the large Kennedy Class conventionally powered aircraft carrier. Our previous policy has focused on a CVV, a smaller conventionally powered aircraft carrier.

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The main arguments in support of the CVV are as follows:

- . Thirty year (life cycle) costs for the three ships (including aircraft) are as follows: CVV \$14.5B; CV \$20.0B; CVN \$21.1B. Most of the \$1.1 billion difference between CV and CVN is in ship construction. We would lose credibility for having vetoed a CVN last year, only to turn around and support a CV this year, for a thirty year cost savings of only \$1.1 billion.
- . I believe the CVV would be adequate for the needs since the Navy's requirement to maintain a force of 12 aircraft carriers is driven by peacetime presence rather than any stated combat capability needs. The CVV has greater capability than the Midway, the aircraft carrier it will replace.
- . The largest non-U.S. aircraft carrier in the world is the Soviet Union's Kiev at 37,000 tons. It carries up to 35 helicopters or 30 VSTOL aircraft. The CVV at 62,000 tons would be more than 50% larger than the Kiev and with its 60-67 highly capable conventional aircraft it would have far more combat capability than the Kiev.
- . If we try to defend a CV, we will be accused of shifting our position once again. It is quite conceivable that Congressmen who supported us on the veto last year will be swayed by arguments that:
 - We're building CVN's now, why not one more? (We haven't built a CV since 1967.)
 - The costs are so close, why not build the slightly more capable CVN?
- . The Congress may add a CVN knowing that we would be reluctant to veto in a year in which SALT II approval is our highest priority Defense objective. Because a CV is closer to a CVN in size and cost than is a CVV, an Administration request for a CV would make it easier for Congress to move again to a CVN.

The main arguments in favor of a CV are:

- It would meet the commitment you made last year to fund a conventional carrier in 1980 costing about \$1 billion less than the CVN.
- The Navy military leadership supports the CV and is strongly opposed to the CVV. The Chief of Naval Operations has pledged to keep the Navy in line supporting the CV, but has stated that he could not support the CVV.
- Congressional staffers indicate that the CV can gain congressional support if proposed and solidly supported by the Administration. Conversely, the majority of both Armed Services Committees do not view the CVV as a serious proposal, given our decision not to expand our large deck carrier force beyond 13 ships. They argue that it makes no sense to design a totally new ship and then build only one of them. Finally, they believe there is no solid base of support in Congress for a CVN in view of last year's veto.
- The CV is not a totally new ship as is the CVV. Although there are sure to be many changes from the Kennedy, the CV would still be easier to build than a totally new ship for which we do not yet have the plans.
- Minimal confrontation over the Defense budget in 1980 with Congress and the military may help prospects for Senate approval of a SALT II treaty.

In my view, the CVV is clearly a better choice for the fleet given mission requirements, costs, and the need for resources elsewhere in the Navy. The politics, however, for the most part cut the other way. The CVV has few if any supporters within the Navy or in the Congress. It will be difficult if not impossible to secure its approval in such an environment. We will have other major Defense issues to fight for this year--SALT, budget total, MX, etc.--and a decision to push for a CVV would lead to another difficult and controversial policy fight with the Congress.

Decision:

Fund CVV in 1980.
 Fund CV in 1980.

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

1/4/79

Bob Strauss

The attached was returned in the President's outbox today and is forwarded to you for your information. The signed original has been given to Bob Linder for appropriate handling.

Rick Hutcheson

cc: Bob Linder
Stu Eizenstat
Frank Moore
Zbig Brzezinski

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

DEC 29 1978

MEMORANDUM FOR THE PRESIDENT

FROM: Robert S. Strauss 

SUBJECT: Formal Notice of Intention to Enter Tokyo
Round Agreements

The attached letter and accompanying material would constitute a formal notice of our intention to enter into trade agreements resulting from the Tokyo Round negotiations. This notice would begin a 90-day period after which we may legally sign the Tokyo Round agreements.

The Congress has established expedited procedures for considering the results of the Tokyo Round. These procedures, in essence, call for --

- o Notice from you to the Congress and the public at least 90 days before we sign any "non-tariff" agreements;

- o Thorough consultations with the Congress about the agreements and their implementing legislation;

- o After expiration of the initial 90-day period, submission by the Administration of agreements and proposals for implementing legislation;

- o A vote by each house of the Congress within 90 legislative days (about six months) thereafter, without amendment, on the agreements and their implementing legislation.

If this notice is given within the next few days, we will be able to sign the Tokyo Round agreements and submit them to the Congress by the beginning of April. I would anticipate that the subsequent 90 legislative days for Congressional consideration of the package would take us well into the summer. Issuance of the notice would not, of course, commit us to submit the agreements and legislation precisely at the conclusion of the initial 90-day period.

I have briefed key members of the Congress about the status of the Tokyo Round, and about our implementing procedures. They are expecting to receive the notice around the first of the year. During the next 90 days or so, we will be talking extensively with members of the Congress and the private sector about the best way to implement these agreements. We expect the implementing legislation that is finally submitted will be the joint product of the Administration and the Congress.

You should be aware that although you are on record as supporting the Tokyo Round negotiating efforts in general, issuance of the attached notice would be the first time that the Administration has expressed its intention to sign specific agreements. I believe that the notice is now timely, because we have finished 90 percent of the negotiations, will finish the rest within the next few weeks, and need to turn attention to the Congressional implementation of the results. I also wish to point out, however, that Congressional consideration of major trade proposals is always very contentious, and that approval and implementation of the Tokyo Round results will require a major legislative effort.

With full use of the Administration's resources, I am confident that effort will succeed. I am proud of the agreements that we are bringing back, and I believe that their acceptance and implementation will be a major achievement of the Carter Administration.

Recommendation: That you sign and transmit the attached notice to the Congress and the public.

Approve _____ ✓

Disapprove _____ J

(TWO SIGNATURES REQUESTED)

THE WHITE HOUSE
WASHINGTON

Dear Mr. Speaker:

We have an important opportunity this year to build a new and better approach to international trade. The first important step depends on acceptance and implementation by the Congress of the agreements reached in the Tokyo Round of multilateral trade negotiations. We are now within sight of a successful conclusion to these negotiations. I am confident that the results will embody the U.S. objectives outlined by the Congress in the Trade Act of 1974 and developed in close consultation with members of the Congress, their staffs, and our private-sector advisors. Neither Bob Strauss, my Special Trade Representative, nor I will accept anything less on behalf of the United States.

The progress of the negotiations is such that I can notify the Congress at this time of our intention to enter into several international agreements dealing mainly with non-tariff trade matters. These agreements, to which Congress gave a high priority in its mandate for the negotiations, are intended primarily to ensure that the international trading system is both fair and open. The agreements are listed and identified below and are described more fully in an attachment to this letter.

. An agreement on subsidies and countervailing duties will limit trade-distorting subsidy practices and will enunciate more clearly the right of the United States and others to counteract such practices. The agreement may provide for a number of conforming changes in the international Anti-dumping Code.

. An agreement on safeguards in response to a specific Congressional directive, will ensure that countries observe international trading rules when temporarily limiting imports that are injuring domestic industries.

. An agreement on technical barriers to trade or standards will require countries to use fair and open procedures in the adoption of product standards and related practices that affect international trade.

. An agreement on government procurement will increase opportunities for American and other exporters to bid for sales to foreign governments.

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. An agreement on commercial counterfeiting will promote cooperation and uniform approaches for this growing trade problem.

. An agreement on aircraft will provide a basis for fairer trade in this important U.S. export sector.

. Agreements to improve the international trading framework will tighten the handling of international trade disputes, respond to needs of developing countries in a fair and balanced manner, modernize the international rules applicable to trade measures taken in response to balance-of-payments emergencies, and provide a basis for examining the existing international rules on export and import restraints, while currently strengthening those rules through improvements in the dispute-settlement procedures.

Several other agreements on tariff and non-tariff matters have been negotiated in response to specific requests that were made by the United States or other countries. These agreements are described in the attachments.

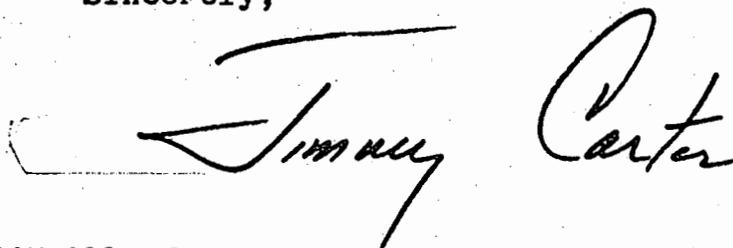
In addition, members of the Administration will be consulting with the Congress about the implementation of several agreements on agricultural trade that we intend to enter into at about the time the Tokyo Round is concluded. These agreements will provide for a fairer international sharing of the burdens in international wheat trade, and will encourage consultations and cooperation on international trade in coarse grains, meat, and certain dairy products. The agricultural agreements are also expected to improve the application of accepted international trading rules to agricultural trade.

In accordance with procedures specified in the Trade Act, the United States will not enter into the agreements outlined above for the next 90 calendar days. After the agreements have been signed, they will be submitted for Congressional approval, together with whatever legislation and administrative actions may be needed to implement the agreements in the United States. The agreements will not take effect with respect to the United States, and will have no domestic legal force, until the Congress has specifically approved them and enacted any appropriate implementing legislation.

During Congressional consideration of these agreements, we will also supply information on the related negotiations to reduce, harmonize, or eliminate tariff barriers, and on the recent establishment of an International Steel Agreement in the Organization for Economic Cooperation and Development.

The success of the Tokyo Round and its implementation will be the product of a good working relationship among the Congress, the Administration, and the American public. Through these agreements and their domestic implementation, we can construct trade policies and institutions that advance our national interest and enhance the prosperity of our people. I look forward to our working together to complete this effort.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of a horizontal line that serves as a separator between the signature and the recipient's name.

The Honorable Thomas P. O'Neill, Jr.
Speaker of the
U.S. House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

Date: January 2, 1979

MEMORANDUM

FOR ACTION:

Stu Eizenstat *new letter*
Frank Moore (Les Francis) *HL*
Zbig Brzezinski *Attached concur*

FOR INFORMATION:

The Vice President
Charlie Schultze

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Strauss memo re Formal Notice of Intention to Enter
Tokyo Round Agreements

**YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:**

TIME: 12:00 Noon

DAY: THURSDAY

DATE: 04 January 1979

Wed Noon

ACTION REQUESTED:

Your comments

Other:

STAFF RESPONSE:

I concur.

No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Page 2 of Cover letter

o An agreement on safeguards will, in response to a specific Congressional directive, ensure that countries observe international trading rules when temporarily limiting imports that are injuring domestic industries.

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o An agreement on licensing will reduce the extent to which unnecessary or unduly complicated import licensing requirements impede trade.

o An agreement on customs valuation will encourage ~~more uniform methods of appraising imports~~ for the purpose of applying import duties.

o An agreement on commercial counterfeiting will promote cooperation and uniform approaches for this growing trade problem.

o An agreement on aircraft will provide a basis for fairer trade in this important U.S. export sector.

o Agreements to improve the international trading framework will tighten the handling of international trade disputes, respond to needs of developing countries in a fair and balanced manner, modernize the international rules applicable to trade measures taken in response to balance-of-payments emergencies, and provide a basis for examining the existing international rules on export and import restraints, while currently strengthening those rules through improvements in the dispute-settlement procedures.

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OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

January 2, 1979

To Mr. Hutcheson's Office:

Please replace pages currently in the Tokyo Round notice package with the ones supplied, as follows:

- A. Page 2 of the cover letter to the Speaker of the House and President of the Senate.
- B. Pages 4 and 5 of the summary (in the attachments) entitled "Nontariff Matters Not Dealt With Multilaterally".
- C. Page 3 of the summary entitled "Government Procurement".

Several copies of each of the replacement pages are attached. The changes listed in (B) and (C) should, of course, be made on all copies of the attachments.

Thank you for your forbearance.

Tom Graham
395-3432

- . An agreement on subsidies and countervailing duties will limit trade-distorting subsidy practices and will enunciate more clearly the right of the United States and others to counteract such practices. The agreement may provide for a number of conforming changes in the international Anti-dumping Code.
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FOR ACTION
FYI

<input checked="" type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND
<input type="checkbox"/>	NO DEADLINE
<input type="checkbox"/>	LAST DAY FOR ACTION

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	RAFSHOON
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
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<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input type="checkbox"/>	BERGLAND
<input type="checkbox"/>	BLUMENTHAL
<input type="checkbox"/>	BROWN
<input type="checkbox"/>	CALIFANO
<input type="checkbox"/>	HARRIS
<input type="checkbox"/>	KREPS
<input type="checkbox"/>	MARSHALL
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	VANCE

<input type="checkbox"/>	ARONSON
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HERNANDEZ
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	KAHN
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MARTIN
<input type="checkbox"/>	MILLER
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	SANDERS
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WEDDINGTON
<input type="checkbox"/>	WISE
<input type="checkbox"/>	VOORDE

<input type="checkbox"/>	ADMIN. CONFIDEN.
<input type="checkbox"/>	CONFIDENTIAL
<input type="checkbox"/>	SECRET
<input type="checkbox"/>	EYES ONLY

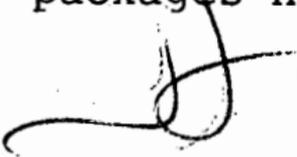
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letters
typed*

**DEPUTY SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS**

WASHINGTON

White House Staff Please
Note:

The Presidential letter, with a set of attachments, should go to the Speaker of the House, the President of the Senate, and the Federal Register. We have provided three sets of attachments for this purpose. I would appreciate a call at 395-3432 to let me know when the packages have been sent.



Tom Graham

MEMORANDUM

NATIONAL SECURITY COUNCIL

MEMORANDUM FOR: RICHARD HUTCHESON

FROM: CHRISTINE DODSON *R.H.*

SUBJECT: Formal Notice of Intention to Enter
Tokyo Round Agreements

NSC concurs with the proposal of Ambassador Strauss that the President sign and transmit to the Congress the notice of his intent to enter into trade agreements.

Because of the importance of the MTN and its implementation we recommend that the letter be signed before the President departs for Guadeloupe. That action will demonstrate to the other Guadeloupe participants the President's commitment to the MTN.

Charlie -
JC

12/21/85



"Of course you realize it's not an exact science"

THE WHITE HOUSE
WASHINGTON

1/4/79

Zbig Brzezinski

The attached is forwarded to you for your information and appropriate handling. Please forward the attached copy to Secretary Vance.

Rick Hutcheson

FOR ACTION
FYI

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND
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	VICE PRESIDENT
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/	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
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	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PETTIGREW
	PRESS
	SANDERS
	WARREN
	WEDDINGTON
	WISE
	VOORDE
	ADMIN. CONFIDEN.
	CONFIDENTIAL
	SECRET
	EYES ONLY

THE WHITE HOUSE

WASHINGTON

January 3, 1979

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MEMORANDUM TO THE PRESIDENT

FROM: EDWARD SANDERS *ES*

SUBJECT: Observations on Where We Stand.

I have returned on January 1st from a week on the West Coast, and would like to take this opportunity, as we begin the New Year, to relate how the Jewish community views our actions, our policies and the current status of the peace process.

Unfortunately, everything I heard reinforced my apprehensions (expressed in my memo to you dated December 14, 1978). Jewish opinion in the country is almost totally agreed that the Administration is insensitive to Israel's concerns about the peace treaty and its security requirements. In the view of the community, our posture is not only a cause for concern in the current talks, but portends real pressure on the Israelis in the upcoming West Bank negotiations.

The opinion has obviously been influenced by negative editorial comment in the major metropolitan newspapers. For example, in the week following Secretary Vance's trip to the Middle East, we were criticized by a host of newspapers, including the New York Times, Washington Post, Wall Street Journal, Washington Star, Philadelphia Inquirer, Baltimore Sun, Miami Herald, Houston Post, and San Francisco Examiner. My own mail is 100% negative. The White House mail count for the week ending 12/24/78 was 85% negative.

The position we find ourselves in with respect to the Jewish community (and the Israeli public) is potentially disastrous for the attainment of a comprehensive peace.

Israeli public opinion today is not only bitter over our negotiating positions, but also deeply suspicious of our motives and concern for Israel's security. The erosion of Israel's confidence in the United States will probably not prevent ratification of any prospective Egyptian-Israeli treaty, but it will make it infinitely more difficult for the Begin Government to meet its commitment to full autonomy for the Palestinians. If Israel retreats too far on this issue, I fear that the peace process will grind to a halt in 1979. We must act to prevent this.

**Electrostatic Copy Made
for Preservation Purposes**

In my view, the only way we can help ensure that Israel will be forthcoming in future negotiations is by rebuilding Israeli confidence in our commitment to her security. If we are to produce a climate in Israel that will give a comprehensive peace a reasonable chance we must consistently send signals that indicate to Israel that we care about her security and value her as an American ally. I believe that failure to do so will put the entire peace process at risk.

Some of the concrete steps we can take today to build Israeli confidence include:

A. Short Term

1. Promptly receive an Israeli team to discuss aid required by the Sinai withdrawal.
2. Avoid further delays in Secretary Brown's visit.
3. Reaffirm our Sinai II commitment on Israel's energy needs.
4. Full reply to Israel's Matmon C request.

B. Long Term

1. Respond to Prime Minister Begin's initiatives of last year and explore possible bilateral and regional security arrangements that would give Israel the sense that it is an important strategic and military asset.
2. Reduce trade barriers so that the U.S. Armed Forces can purchase selected Israeli equipment.
3. Propose militarily related research and development cooperation that could be mutually beneficial.
4. Re-examine expansion of co-production of defense equipment.

In the absence of some concrete signals and the reestablishment of Israel's faith in its bilateral relations I am worried that the promise of Camp David will not be realized.

c.c. Hamilton Jordan
Dr. Brzezinski

THE WHITE HOUSE

WASHINGTON

January 3, 1979

MEMORANDUM TO THE PRESIDENT

FROM: EDWARD SANDERS *Ed*

SUBJECT: Proposed Visit of an Israeli Aid Team.

I would like to add my voice to the State Department's recommendation that we receive an Israeli team this month to discuss military and economic aid that Israel will require for its Sinai pullback. 7

In my judgement, our postponement of the McGiffert trip to Israel and of an Israeli visit to the U.S. has helped to further the strong impression in Israel and in the U.S. that we are not truly concerned about Israel's economic and security requirements arising out of the treaty with Egypt. Receiving a team to discuss Israel's requirements and/or sending out an American group to gather more information would not prematurely commit us to provide aid, but it would provide some reassurance of U.S. interest in Israel's security to moderates in the Cabinet.

There are two other points I would add. First, if we undertake to provide Israel and Egypt with additional aid, I believe it is essential to propose any supplemental aid package to the Congress as soon as possible after signing a treaty. This would clarify the connection between the aid and the treaty and ease the path through the Congress. As the DOD team report on the bases indicated, speed is also necessary to hold costs down. However, we must have additional information before we can make an informed judgement on any aid package. All of this points to promptly receiving the Israeli team.

Second, one area in our bilateral relations that has traditionally provided the Israelis with concrete reassurance has been security assistance. I think it would be counter-productive for us to increase fears of "U.S. pressure" by unduly delaying the visit of an Israeli aid delegation.

ES:ss

c.c. Hamilton Jordan
Dr. Brzezinski