

4/3/79

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 4/3/79;
Container 112

To See Complete Finding Aid:

http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLES	DATE	RESTRICTION
memo w/att.	From Kraft to The President (2 pp.) re: Nominations to Federal Reserve Board/enclosed in Hutcheson to Kraft 4/3/79	3/30/79	C
memo w/att.	From Brzezinski to The President (46 pp.) re: FY 1979 Supplemental Security Assistance/enclosed in Hutcheson to Brzezinski 4/3/79 opened per RAC NLC - 126 - 16 - 46 - 1 - 3 NLC - 126 - 16 - 46 - 2 - 2 NLC - 126 - 16 - 46 - 3 - 1 8/22/13	3/28/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File
4/3/79 BOX 125

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE PRESIDENT'S SCHEDULE

Tuesday - April 3, 1979

7:15 Dr. Zbigniew Brzezinski - The Oval Office.

7:45 Mr. Frank Moore - The Oval Office.

8:00 Breakfast with Congressional Leaders.
(60 min.) (Mr. Frank Moore) - The First Floor
Family Dining Room.

10:30 Drop-By Meeting of the National Association
(5 min.) of Attorneys General - The Roosevelt Room.

10:45 Mr. Jody Powell - The Oval Office.

12:00 Lunch with Mrs. Rosalynn Carter - Oval Office.
(60 min.)

1:00 Mr. James McIntyre - The Oval Office.
(20 min.)

THE WHITE HOUSE
WASHINGTON

4/2/79

Mr. President:

I thought you might
want to read this before
the Leadership Breakfast -

at their request (specifically
the Speaker's request) I am
meeting with the House
Leadership at 10:30 Tuesday
morning to brief them on
the general situation. Jessica
Matthews of the NSC staff
will go with me -

Jack

THE WHITE HOUSE
WASHINGTON

April 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Status Report - Three Mile Nuclear Facility
Report #4

Current Status Contingency Plans

The level of cooperation across the Federal government and between the state and Federal governments remains high. Contingency plans for evacuation are in place and in a state of operational readiness. You have reason to be proud of the extraordinary efforts of a lot of people in the federal agencies who have been working 18-20 hour days for the last four days.

I thought it would be helpful for you to have some general sense of the kinds of actions I have authorized over the past 72 hours. The following are illustrative:

- the manufacture and delivery of supplies of potassium iodide which can be administered to the general population as a prophylactic to radioactive iodine;
- establishment of a forward Emergency Operations Center at the U.S. Fire Administration's Emmitsburg, Md. facility in case federal officials are required to be evacuated from the Harrisburg area;
- the establishment at Carlisle Barracks in Pennsylvania of an NRC operations center if NRC personnel are required to be moved from the reactor site;
- the collection and staging of cots, blankets, ambulances, neo-natal care incubators, medical and other support supplies in the event of an evacuation;

- the placing on alert status certain military support units to transport invalids, new-born babies and other incapacitated individuals in the event of evacuation;
- the transport and delivery by Air Force personnel of lead bricks to the reactor site;
- special deliveries of gasoline to service stations along evacuation routes to insure adequate supplies (e.g., Exxon has delivered 150,000 gallons to Pennsylvania Turnpike stations, and AMOCO has provided advanced loads to dealers in the area);
- U.S. Public Health Service has trained 30 people to further train local personnel in handling decontamination work;
- sending of FDAA, Defense Civil Preparedness, medical and technical personnel, and other federal officials into the area to work directly with state and local officials.

In every case, my authorization was contingent on assurances that the federal support was for a critical, unmet need that could not be provided by the state and local governments.

The Reactor Situation

From your twice daily conversations with Harold Denton, I believe you have a complete picture of his view of the immediate situation at the reactor site. I met today with Chairman Hendrie of the NRC for a briefing on the views of NRC experts here in Washington. Hendrie believes that by tomorrow evening we will be able to confirm that the bubble has been virtually or completely evacuated; that the temperature of the last remaining hot spot in the core is coming down; and that the hydrogen recombiners are working, so that the potential for a fire in the containment is significantly less. At that point, he believes that we will have passed through the "acute" phase of this incident and will be entering a chronic phase of reduced -- but still serious -- risk. The risk derives primarily from the huge amounts of radioactivity in the reactor vessel and the containment (which is now reading 30,000R) and from the damaged condition of the core.

Hendrie believes that the transition to the Residual Heat Removal (RHR) cooling system will not be made before four or seven days from now at the earliest, and probably close to two weeks. The experts are quite concerned about the operating dangers of the RHR mode and will use the intervening time to install all possible back-up systems and additional storage tanks. Since the RHR system is currently designed to handle water that is quite low in radioactivity, several steps will have to be taken to modify it in order to handle the extremely radioactive water that will be flowing through it. For example, they will cover the pit into which leakage from this system normally flows and install Iodine filters on all the effluent drains. There is also a good deal of concern that debris of various kinds (e.g., chunks of the core, broken valves, etc.) could come loose and clog the RHR pipes, thereby allowing the temperature in the core to rise. In short, the feeling is that some level of potential risk to the population will stay relatively constant for four to six weeks after the RHR operation is begun.

Next Phase Contingency Plans

I have been in touch with the Governor's staff this evening to discuss their perception of the situation and to assess what next steps are indicated in protecting the public health and safety under these changing conditions.

We have agreement that state officials will immediately review their contingency plans and identify changes that should be made to enable the state to maintain appropriate readiness under "chronic" rather than "acute" conditions.

I have also asked the Administrator of the Federal Disaster Assistance Administration to conduct the same review and analysis from the federal perspective. After these reviews are completed in the next day or so, the Governor's people and I will meet to formulate some judgment as to what recommendations to make to the Governor and you.

It is clear that we cannot, and should not, keep the current "high alert" status indefinitely. It is equally clear to me that we should not simply return to the status quo ante. We need to define and recommend a maintenance mode of emergency preparedness that will meet the conditions we anticipate to last over the next weeks and perhaps months.

THE WHITE HOUSE
WASHINGTON

4/3/79

Zbig Brzezinski
Jim McIntyre

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

Rick Hutcheson

~~SECRET ATTACHMENT~~

DECLASSIFIED

Per: Fac Project

ESDN: NLC-126-16-4C-1-3

BY ISS NARA DATE 8/21/13

ID # 791337
(was signed)

THE WHITE HOUSE
WASHINGTON

4/3/79

Mr. President:

CL concurs with Zbig.
Comments from McIntyre
are attached.

Rick/Bill

~~SECRET~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

March 28, 1979

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/21/13

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB*

SUBJECT: FY 1979 Supplemental Security Assistance (C)

In the memorandum at Tab A, Cy Vance recommends that you begin a series of consultations to follow up on your statement that you would consult with the Congress on additional assistance to nations affected by the turmoil in Southeast and Southwest Asia. (S)

The table attached to this memorandum summarizes the program envisioned by Vance along with the current FY 1979 program and the Administration proposal for FY 1980. (S)

Jim McIntyre will be sending you a memorandum summarizing OMB's views and agency positions on the issue of a security assistance supplemental; my own views follow. (S)

As Cy points out, there are a number of procedural and other reasons why an FY 1979 supplemental would be difficult to achieve. Our request for over a billion in additional budget authority for Egypt and Israel in the context of a Middle East peace treaty will complicate the introduction of yet another supplemental request. Also, at the earliest, funds would not be available until early August. (S)

On the other hand, events across South Asia in recent months have placed U.S. security interests at increased risk. It is important to move promptly to explore possibilities for a shared perception with the Congress that some increase in U.S. assistance to this region is necessary. I believe Cy Vance's proposals are sound and the Congressional consultations would enable us both to sample Congressional attitudes on this issue and to stress the need to increase U.S. resources devoted to the protection of these interests. (S)

RECOMMENDATION:

That you approve Cy's recommendation.

APPROVE _____

DISAPPROVE _____

~~SECRET~~

Review on March 27, 1985

~~SECRET~~

*ok to consult
cautiously & Congress
tentatively budget
is in a fierce mood. We could
cutting mood. We could
endanger our AID pkg,
Mid E and Turkey. I have
doubts about all others*

MCINTYRE'S COMMENTS

~~SECRET~~



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

APR 3 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: James T. McIntyre, Jr. *J. T. McIntyre, Jr.*
SUBJECT: 1979 Security Assistance Supplemental

In the attached memorandum (Tab A), Secretary Vance requests authority to discuss with the Congress a 1979 budget supplemental and 1980 budget amendments for security assistance to Turkey and seven other countries. This would follow up on your Atlanta statement that you would consult with the Congress on additional military assistance to nations affected by events in the Middle East and Southeast Asia.

You have already approved the \$100 million in additional economic supporting assistance (SSA) and \$50 million in grant military aid (MAP) for Turkey in 1979 which was requested in the memorandum. State has informed key members of the Congress of your intention to request this additional aid to Turkey; we are stressing to the German government the need to match our \$248 million in total economic aid during calendar 1979 (\$98 million SSA and \$50 million EXIM financing in FY 1980 plus the proposed \$100 million FY 1979 SSA supplemental). I believe it is important that the German contribution match the U.S. contribution in order to gain Congressional support.

State has informed the Turkish and Greek governments of your decision to seek \$150 million in additional assistance for Turkey. Both governments are aware of the proposed mix but have been told there could be a change prior to submission to Congress. Apparently, the Turks have not been told the additional U.S. economic aid is conditional on German matching.

The remainder of the FY 1979 request proposed by Secretary Vance seeks:

- "first priority" funding of \$85 million in FMS credits and security supporting assistance (SSA) for Thailand, Oman and Sudan.
- "second priority" funds of \$45 million in FMS and SSA for Malaysia, Indonesia, Kenya and North Yemen.

~~SECRET~~

Review on April 3, 1985

DECLASSIFIED

Per: Rac Project

ESDN: NLC-12676-46-2-2

BY: KS NARA DATE 8/24/13

~~SECRET~~

~~SECRET~~

2

In addition to the 1979 supplemental, State recommends amending the 1980 budget to provide \$15 million in additional FMS financing each to Thailand and Oman, requiring \$3 million in appropriations. Although this problem is not directly confronted in the State paper, I believe the other countries would also expect continuation in 1980 of the increased 1979 levels. For example, we would have difficulty cutting Sudan SSA back to the 1980 budget level of zero after providing \$40 million in a 1979 supplemental.

Finally, State requests authority to discuss with the Congress the idea of a Presidential contingency fund to respond to future crisis situations. While I support in concept the idea of increased Presidential flexibility, this clearly is not the time to push for additional funding. Such funds have historically been abused, and the Congress has been reluctant to give up the influence over foreign policy it retains through control over the purse strings. An effort to seek a contingency fund supplemental now might undermine support for higher priority supplementals.

Zbig has recommended that, despite anticipated difficulties for a 1979 supplemental, you approve State's request for authority for further consultation with the Congress and to stress the need to increase U.S. resources to protect U.S. security interests. From our consultations with the budget committees regarding their legislative schedule, however, it is clear that we must move promptly on any supplementals, if room is to be provided in the third budget resolution. Accordingly, I recommend you decide now, based on consultations to date. To delay even a matter of days could cause us to miss a tight Hill schedule, resulting not only in Congressional rejection but also criticism for seemingly ignoring a calendar we have been working on together with the Committees for over a month.

Turkey Supplemental

Given State's wide disclosure of the outcome of your conversation with Cy last week, I do not believe we have any choice but to go ahead with a \$150 million Turkey supplemental, although with a strong statement of conditionality regarding German matching of the economic aid. I want to alert you, however, to the vociferous Hill complaints about this request.

During OMB consultations with the budget committees, the key leaders (Muskie, Giaimo) volunteered strong and unsolicited opposition to our plan because:

- . Lack of significant progress on Cyprus since lifting the embargo.
- . The proposed \$50 million in MAP, particularly, will reopen the whole Greece-Turkey conflict to no one's advantage. (Sarbanes, Brademas, and Greece's other friends are already gearing up for a fight).

~~SECRET~~

~~SECRET~~

3

- They don't accept to the degree we do the concept of Turkey as the cornerstone of our security in the eastern Mediterranean.
- They are opposed to another supplemental for foreign aid.

We understand State has had a mixed reception in their consultations. Stronger opposition has been voiced to MAP than to SSA, probably due to better understanding of Turkey's economic problems and because SSA is not seen as affecting the Greece-Turkey military balance. State expects a fight but believes there is a fair chance of success even with MAP in the Senate where Byrd and Baker support Turkey MAP.

Prospects for either SSA or MAP are not so favorable in the House where O'Neill and Brademas are expected to oppose the supplemental. We understand Chairman Zablocki will support Brademas and would prefer on Turkey to "let sleeping dogs lie." Moreover, Congressional supporters of Greece see the additional MAP as "imbalancing" the existing Greek-Turkish aid package. Thus, the more we urge approval of the Turkish MAP, the more likely we are to be presented with a further large Greek add-on.

It is possible that success on MAP for Turkey could turn on our making a persuasive case linking it to SALT (i.e., that without it, Turkey would deny bases essential to monitoring SALT). I believe we should think twice before provoking debate along these lines -- the more we have to make this argument publicly, the less the Turks may feel we are genuinely concerned with them directly. Further, the Hill schedule for supplemental action may not allow us enough time to obligate funds for such a MAP program before the fiscal year ends. In sum, I believe that we should avoid sounding as if our extra \$150 million for Turkey is of anywhere near the same priority as the Peace package.

Other Country Programs

Although I am fully aware of the importance which the State Department attaches to these other supplemental proposals, I oppose them:

First, we risk introducing a convenient side argument which could be used by critics of the Israeli-Egyptian settlement. By providing additional aid to countries geographically scattered from Indonesia to Sudan, we bring a "Christmas tree" aspect to the request which could detract from the relatively clearcut justification and urgency of the Peace package. Further, I simply disagree with the State Department reasoning that budget add-ons rather than reprogramming are necessary to demonstrate the sincerity of our commitment to recipients.

~~SECRET~~

~~SECRET~~

4

Second, they add to the very substantial list of foreign aid supplementals and budget amendments initiated since your January budget was transmitted. Such additional will clearly cast doubt on our willingness to enforce budget discipline and may particularly anger supporters of the large number of domestic programs that are being held down.

Finally, I believe that the justification for these proposals is notably weaker than for the increases which you have approved to date. If Congress rejects the requests because of lack of urgency or justification, we will be publicly embarrassed. The State memorandum recognizes this danger, and to counter it suggests that the proposals must meet the criteria that each:

- . Be seen as "an urgent response to fast breaking crises."
- . Be seen as "part of a broader policy, based on a plausible analysis of our needs in the area."
- . Be "part of a coordinated Western response."
- . Be "substantial enough to have obvious significance."

With the exception of assistance to Turkey, none of the proposed country programs appear to fulfill these criteria. In no country included in the proposal have circumstances changed sufficiently since December (when the 1980 budget decisions were made) to be regarded as a fast breaking crisis. No country (except Turkey) is the object of a coordinated Western response. No overall strategy is proposed beyond assisting a disparate group of countries facing a range of security problems. Thus I believe that the proposed package could make the Administration highly vulnerable to the charge that it is "throwing money at the problem." (See Tab B for country-by-country analysis.)

I strongly recommend that you not approve any of the other proposed security assistance increments, nor do I believe that any useful purpose would be served now by consultations on a contingency fund. To the extent that these proposals were engendered to meet foreign and domestic perceptions of lack of U.S. leadership, I believe that your recent Middle East success will be far more important than this supplemental aid.

I strongly believe that you should view this package as a whole, and that further consultations on either 1979 or 80 supplementals or a contingency fund would not help and could indeed be counterproductive. We either need to ask the Congress to add this package or not.

~~SECRET~~

~~SECRET~~

5

I recommend that you:

- a. Limit the U.S. economic contribution to Turkey in 1979 to the level provided by the Germans (this can be done by varying the amount of the FY 1980 request applied to the CY 1979 pledge). _____
- b. Disapprove any supplemental or amendment beyond Turkey and the Middle East Peace package and direct State to meet any other urgent needs by reprogramming. (OMB) _____

Alternatively, you could approve the entire additional request, adding Thailand, Oman, Sudan, Malaysia, Indonesia, Kenya and North Yemen to Turkey. _____

Attachments

~~SECRET~~

WASHINGTON

DATE: 29 MAR 79

FOR ACTION: FRANK MOORE (BOB BECKEL)

JIM MCINTYRE (R. JAYNE)

over

Tue

~~SECRET~~

INFO ONLY:

SUBJECT: ~~SECRET~~ BRZEZINSKI MEMO RE FY 1979 SUPPLEMENTAL SECURITY ASSISTANCE

```

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM SATURDAY 31 MAR 79 +
+++++

```

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

DECLASSIFIED
 Per, Rac Project
 ESDN: NLC-126-16-46-2-2
 BY: *1-5* NARA DATE *8/21/13*

WASHINGTON

DATE: 29 MAR, 79

FOR ACTION: ~~FRANK MOORE (BOB BECKEL)~~

~~JIM MCINTYRE (R. JAYNE)~~

INFO ONLY:

SUBJECT: ~~SECRET BRZEZINSKI MEMO RE FY 1979 SUPPLEMENTAL SECURITY ASSISTANCE~~

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1000 AM SATURDAY 31 MAR 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

DECLASSIFIED

Per, Rac Project 6-2-2

ESDN: NLG 8/21/13 6-46-2-2

BY: KB NARA DATE 8/21/13

DATE: 29 MAR 79

FOR ACTION: FRANK MOORE (BOB BECKEL)

JIM MCINTYRE (R. JAYNE)

INFO ONLY:

SUBJECT: ~~SECRET~~ BRZEZINSKI MEMO RE FY 1979 SUPPLEMENTAL SECURITY ASSISTANCE

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1000 AM SATURDAY 31 MAR 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

~~SECRET~~

DECLASSIFIED

Per Rec Project

ESON NEG-126-16-46-2-2

BY KS NARA DATE 8/21/13

1780

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

March 28, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI **ZB**

SUBJECT: FY 1979 Supplemental Security Assistance (C)

In the memorandum at Tab A, Cy Vance recommends that you begin a series of consultations to follow up on your statement that you would consult with the Congress on additional assistance to nations affected by the turmoil in Southeast and Southwest Asia. (S)

The table attached to this memorandum summarizes the program envisioned by Vance along with the current FY 1979 program and the Administration proposal for FY 1980. (S)

Jim McIntyre will be sending you a memorandum summarizing OMB's views and agency positions on the issue of a security assistance supplemental; my own views follow. (S)

As Cy points out, there are a number of procedural and other reasons why an FY 1979 supplemental would be difficult to achieve. Our request for over a billion in additional budget authority for Egypt and Israel in the context of a Middle East peace treaty will complicate the introduction of yet another supplemental request. Also, at the earliest, funds would not be available until early August. (S)

On the other hand, events across South Asia in recent months have placed U.S. security interests at increased risk. It is important to move promptly to explore possibilities for a shared perception with the Congress that some increase in U.S. assistance to this region is necessary. I believe Cy Vance's proposals are sound and the Congressional consultations would enable us both to sample Congressional attitudes on this issue and to stress the need to increase U.S. resources devoted to the protection of these interests. (S)

RECOMMENDATION:

That you approve Cy's recommendation.

APPROVE _____

DISAPPROVE _____

~~SECRET~~

Review on March 27, 1985

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/21/13~~SECRET~~

PROPOSED FY 1979

SECURITY ASSISTANCE SUPPLEMENTAL (S)

(\$s in millions)

	FY 1979			Supplemental			FY 1980		
	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>
<u>First Priority</u>									
Turkey	175	50			100	50	200	98	
Thailand	30			20			25*		
Oman				15			*		
Sudan	5			10	40		5		

Total Required New Budget Authority \$194.5

	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>
	<u>Second Priority</u>								
Malaysia	7.5			10			7		
Indonesia	32			10			35		
Kenya	10				15		26		
Yemen					10				

Cumulative Total Required New Budget Authority \$221.5

* Vance would amend these increasing each by \$15 million.

1786

THE SECRETARY OF STATE

7905334

WASHINGTON

~~SECRET~~ (entire text)

March 22, 1979

NODIS

MEMORANDUM FOR: THE PRESIDENT

FROM: Cyrus Vance *CV*

SUBJECT: FY 79 Supplemental Security Assistance
for Nations in the Indian Ocean Area

The purpose of this memorandum is to recommend the basis on which to follow up on your statement that you would consult with the Congress on additional assistance to nations affected by the turmoil in Southeast and Southwest Asia.

I believe that a limited supplemental security assistance package for FY 79 would be the best vehicle. Such an initiative can provide a new, tangible American response to events in these areas, with important political and psychological as well as economic and military benefits. It would demonstrate to observers both here and abroad that the United States retains the capacity to play a leadership role in helping friendly nations adjust to changing circumstances. And it would offer members of Congress an opportunity, by supporting such assistance, to participate with us in formulating a unified American response to crises which affect our vital interests.

We cannot meet all the needs of these countries for economic and military assistance. Even so, I believe that a strong political gesture is necessary at this time.

To meet these purposes, and to succeed with the Congress, our request must be substantial enough to have obvious significance, and be justifiable in terms of the real needs of recipients.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED

Per: Rac Project

ESDN: NLC-176-16-96-2-2

BY: *KS* NARA DATE 8/21/13

I believe it should therefore include:

-- Security Supporting Assistance to strengthen the economies of a number of countries.

-- FMS financing for the purchase of military equipment.

-- MAP for Turkey.

SSA

We need the "leverage" which direct U.S. financial assistance (e.g., SSA) provides if we are to convince the Saudis and other potential contributors to the security needs of the region (including our NATO allies) that the U.S. is at some real sacrifice to itself directly providing real economic resources.

The need of many of these countries is for fungible assistance, such as SSA, which strengthens both their internal economic and political structure and relieves economic strains caused by the purchase of needed weapons. For many, their primary threat lies more from economic and social problems than from external military challenges. A request only for FMS would seem to disregard this "lesson" of Iran. Moreover, SSA can contribute to national security by improved general communications, roads, housing, and infrastructure support which arms sales alone do not help provide. Of course, the SSA should not be permitted to undercut IMF efforts to support sound stabilization programs, particularly in Turkey and Sudan, where the outlook is grim unless they take the major steps necessary to put their own economies on track.

FMS

FMS financing would be particularly useful in Southeast Asia, as well as the Sudan and Oman. Its budgetary impact is limited. Since it is tied to purchases of U.S. military equipment, it sends a useful political signal of military support.

MAP

While MAP is the most direct instrument for providing military assistance, it is also the most controversial in Congress. Its increased use across the board would run

directly counter to decisions you have already made. We believe that in 1979, however, a special case can be made for MAP for Turkey in view of its strategic importance and the provision of \$32.5 million in MAP for Greece in FY 79. We would not want to tie it to Greek MAP in our consultations on the Hill, although we can defend our higher MAP figure for Turkey on the grounds that it maintains the normal proportion between Turkish and Greek assistance.

Program Alternatives

We have developed a range of proposals concerning eight countries as shown at Tab 1:

-- A first priority, core program totaling \$45 million in FMS, \$140 million in SSA, and \$50 million in MAP would provide increased assistance to certain countries most directly involved, i.e., Turkey, Thailand, Oman, and Sudan.

In addition, I believe we should pursue a broader approach in our consultations with Congress, to include, as a second priority, a total of \$20 million in FMS and \$25 million in SSA for Malaysia, Indonesia, Kenya, and Yemen.

We would not, of course, put together a final package for formal presentation to the Congress until we analyzed the results of these consultations. I therefore recommend that we consult on the basis of all these possible programs, in the general priority listed, and then cut if and where the consultations suggest.

We would make it clear that in the cases of Turkey and Sudan, additional balance of payments support would be contingent on their reaching satisfactory arrangements with the IMF.

I am not recommending a program for Pakistan in view of its continuing efforts on the nuclear front and the Symington amendment. If these problems are resolved we would wish to consider a program consisting of \$60 million in SSA and \$20 million in P.L. 480.

Individual country program justifications are at Tab 2.

Reprogramming

We have examined the possibility of meeting the needs of these countries through reprogramming. While approximately \$45 million of SSA could theoretically be obtained from the Maqarin Dam project in Jordan, such reprogramming would endanger our FY 80 request and seriously jeopardize the future of the project. Consequently, I believe there is no realistic way to obtain additional SSA or FMS financing, except at the expense of other close friends and allies. Since the primary purpose of a supplemental would be to demonstrate leadership, concern, and real commitment, reprogramming would also have a much reduced psychological impact and would not appear to carry out your pledge. And diversion from other recipients would damage your initiative by creating strong frictions with the countries affected. Our analysis of reprogramming options is at Tab 3.

Congressional Implications

Our effort to gain approval of a supplemental for FY 79 will fail unless we are able effectively to engage members of Congress during the consultative process.

Our approach should emphasize the following:

- The situation in Iran has had four serious effects on the area and on U.S. relations there.
 - a. It has created a markedly increased concern on the part of nations in the vicinity for their own security.
 - b. It has reduced the availability of resources from the wealthier countries in the area which might otherwise have been used to meet these regional concerns.
 - c. It has created new opportunities for assaults on friendly governments there.
 - d. It has brought seriously into question the U.S. ability to respond to these new circumstances.

-- And the fighting in Indochina has raised similar concerns among our friends in Asia.

-- The U.S. response requires three elements:

- a. resources for additional military equipment for those countries with special security problems;
- b. resources to back up American arguments with others--in the region and in Europe--that they also should do more to support Asian governments; and
- c. resources to provide needed and flexible economic support.

-- Accordingly, additional resources are needed to demonstrate a special American response to changed circumstances and to show that in times and areas of trouble, the United States can be relied upon. Such assistance will take on added significance in light of the U.S. security commitment to the area implicit in the Egypt-Israel Treaty. It will also be helpful in terms of our relations with the Saudis and other moderate Arab states as we press them for support of the Egyptian-Israeli peace agreement.

Our proposals should be presented as an urgent response to fast-breaking crises, thus requiring funds to be appropriated for use in FY 79. During consultations we would also explore the reaction of the members to a Presidential contingency fund to respond to similar crisis situations in the future.

We will face on the Hill a wide variety of negative factors: (1) a mood of austerity; (2) a strong, Iran-induced view that we cannot bolster stability in friendly nations with American military equipment; (3) a growing feeling that nothing short of a direct American presence is adequate in responding to crisis situations; and (4) technical and legal problems relating to budget ceilings.

There is a strong possibility that the Congress will be inclined to trade off the FY 80 foreign aid request for the proposed FY 79 supplemental, so that the gain for these countries--and our own posture toward them--may be limited. If the consultations reveal that such a trade-off would in fact approach one-to-one, we should reconsider the effort before proceeding.

Despite these negative factors, I believe that a supplemental can be gained on the Hill if it is described as part of a broader policy, based on a plausible analysis of our needs in the area. Our proposal will be much more convincing, for example, if it is part of a coordinated Western response, and is coupled with diplomatic initiatives designed to magnify its impact.

The themes of our congressional presentation would be set out in a talking paper to be used by all those undertaking the consultations.

I recommend that the congressional consultation effort commence at one of your breakfast meetings with the leadership, since your personal leadership will be needed to impress upon members the importance and urgency of the supplemental. State Congressional Relations could work with Frank Moore to determine how best to consult with key members of the SFRC, HFAC, and Appropriations Committees.

You could then formally submit a supplemental request with a strong statement on our strategy toward Southwest and Southeast Asia.

Budgetary Implications

A supplemental for increased foreign aid in FY 79 will raise Federal outlays and thus confront the limitations of congressional budget resolutions. Even without any supplementals, CBO's preliminary estimates for the international affairs function exceed the September 2nd Budget Resolution allowance for FY 79. Although there is a small government-wide unallocated remainder under the 2nd Resolution, that is almost certain to be exhausted when revised economic assumptions are taken into account.

Some outlays from these proposed programs are expected to occur in FY 80. You have made a strong public commitment that the Federal deficit in FY 80 will not exceed \$30 billion. The deficit in the FY 80 budget actually submitted is projected to be \$1 billion less than this. However, additional outlays in FY 80 arising from FY 79 supplementals (e.g., Refugees) and possible additional needs in FY 79 or FY 80 solely in the foreign assistance area (e.g., needs associated with an Egyptian-Israeli peace treaty) may exceed this \$1 billion margin, without taking account of additional needs for domestic programs.

The proposed FY 79 program would have limited impact on the FY 80 budget. In general we would inform recipients that this was a one-time response to extraordinary circumstances. In the cases of Thailand and Oman, however, we recommend a budget amendment to provide \$15 million each in FY 80 FMS financing (requiring an additional \$3 million in appropriations). This would avoid an undesirable 50% reduction in FY 80 financing for Thailand. In the case of Oman, I believe that an FY 80 program will be needed to solidify the benefits we seek by initiating a new program there in FY 79. The Saudis will be particularly appreciative given their interest in Oman. As far as Turkey is concerned, I note that its external financial situation will be nearly as bad next year as this and, although commercial banks are prepared to resume large scale lending, official assistance may have to be considered in FY 80 and 81.

Agency Views

The Agency for International Development and the Arms Control and Disarmament Agency concur in these recommendations.

DOD believes the first priority package should also include \$50 million in FMS for Korea and restoration of \$4 million of the FY 79 International Military Education and Training (IMET) program to the originally requested level (\$32.8 million), because IMET on a dollar-for-dollar basis probably provides the greatest payoff to the US of any security assistance program.

Treasury recommends that you not approve FY 79 supplemental appropriations requests for foreign assistance in view of the overall budgetary and domestic economic situation.

Recommendations:

That you agree to begin the consultations effort on the basis of the proposal described above at one of your meetings with the Congressional leadership.

Approve _____ Disapprove _____

That following your lead, we undertake broader consultations with Congress on our proposal outlined at Tab 1.

Approve _____ Disapprove _____

That you also authorize consultations on an FY 80 budget amendment of \$15 million each in FMS financing for Thailand and Oman.

Approve _____ Disapprove _____

Attachments:

1. Options
2. Country Justifications
3. Reprogramming Analysis

<u>FIRST PRIORITY</u>	<u>FMS</u>	<u>SSA</u>	<u>MAP</u>	<u>CUMULATIVE TOTAL</u>	<u>CUMULATIVE NOA</u>
Turkey	-	100	50		
Thailand	20	-	-		
Oman	15	-	-		
Sudan	10	40	-		
Total	<u>45</u>	<u>140</u>	<u>50</u>	235	194.5
 <u>SECOND PRIORITY</u>					
Malaysia	10	-	-		
Indonesia	10	-	-		
Kenya	-	15	-		
Yemen	-	10	-		
Cumulative Total	<u>65</u>	<u>165</u>	<u>50</u>	280	221.5

DECLASSIFIED
Per, Rac Project
ESDN; NLC-126-16-416-2-2
BY KS NARA DATE 8/21/13

~~SECRET~~

TAB 2

TURKEY

\$100 million in SSA; \$50 million in MAP

SSA

The instability in Iran has enhanced the importance of a stable and democratic Turkey to the West. All observers agree that Turkey will require substantial external assistance in 1979 in order to forestall economic collapse and destabilizing political and social consequences. Even after counting the financial flows that will be triggered by the successful implementation of an IMF stabilization program, Turkey will need an additional \$1.4 billion in external financing to maintain the volume of imports it had in 1978, a level which was already 25 percent below its 1977 import volume. This import volume is the minimum necessary to prevent further deterioration in both industrial and agricultural production. Only with a major official assistance program will Turkey be able to approach this level of financing.

In recognition of Turkey's serious problems and of the shared Western interest in helping Turkey overcome those problems, and in order to break the negotiating deadlock between Turkey and the IMF, the four-power leaders at Guadeloupe agreed to assemble a short-term assistance package for Turkey. As part of this package, the Germans plan to put up about \$100 million and we have indicated that our \$98 million in SSA for FY 80 should be seen as our major contribution. Even with an additional \$50 million in EXIM bank credits, when one realizes that the British and the French will be hard pressed to make more than token contributions, it becomes clear that the \$1.4 billion in necessary financing is an impossible goal. Moreover, OECD Secretary General Van Lennep had been counting on a multiplier and inspirational effect flowing from significant German and U.S. contributions. The fact that our \$98 million figure was public knowledge before the Guadeloupe meeting and that only \$48 million is additional to what we provided in FY 79 dilutes the psychological impact. To get other potential contributors and the Turks to take the Western led effort seriously, it clearly needs an extra stimulus.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-120-10-462-2

BY KS NARA DATE 8/21/13

~~SECRET~~

-2-

A decision to provide Turkey an additional \$100 million in SSA in FY 79 would fill that prescription. It would indicate clearly to the Turks and to the world our willingness and determination to take decisive steps to assist an ally in trouble.

We would seek to persuade the FRG to increase its contribution also. With the increased pledges of both the U.S. and Germany, it would then be possible for the multilateral assistance effort to generate funds sufficient to make a respectable contribution to meeting Turkey's financial needs. Most importantly this development would provide a new incentive for Turkey to take the politically difficult steps necessary to place it in an acceptable relationship with the IMF and thus ensure that the funds we and other donors provide are well used. Failure by the U.S. and other nations to respond to this situation with additional funding will not only undermine the multilateral assistance effort but also risk serious alienation of Turkey from the West.

Turkey's potential donors agree that special assistance including this additional SSA will not be disbursed until an IMF program is in place. This linkage should remain implicit.

An additional \$100 million in SSA would not insure Turkish flexibility on Cyprus. But lack of additional US assistance would likely harden Turkish attitudes. on this and other issues of importance to us.

MAP

An additional \$50 million in MAP is also needed to meet important US political and military objectives in Turkey. Our relations with Turkey improved significantly after the embargo was lifted last fall. Prime Minister Ecevit then took the initiative to authorize resumption of our intelligence activities and he and his colleagues have indicated that they are anxious to rebuild a close and cooperative relationship with us. More recently, however, new strains have developed. The absence of MAP from our FY 80 assistance proposal and the slow pace of multilateral efforts to provide emergency economic assistance have created new doubts in Turkish minds about the value to Turkey of its commitment to the West.

~~SECRET~~

~~SECRET~~

-3-

Ecevit has emphasized the importance Turkey attaches to MAP for rebuilding its NATO forces. Even after receipt of embargoed supplies, these forces will continue to decline in capability primarily because of a lack of adequate maintenance, spare parts and logistical support. At present, one half of Turkey's aircraft are unsafe to fly or ineffective, over three-fourths of its antisubmarine aircraft are inoperative, and many Turkish ships lack maintenance.

A quick infusion of MAP would not only enable the Turkish military to buy desperately needed spare parts and support equipment, it would also have a profound psychological impact, especially on the Turkish general staff whose attitudes are of critical importance to us in several key areas of security cooperation, including ongoing base negotiations and the reintegration of Greece into NATO. General Haig has urgently requested that we take this action to overcome growing Turkish suspicion and to help us convince the Turks to accept the rather limited Greek concessions which have been made on the NATO reintegration issue. A MAP program of this size would be easier to justify as a FY 79 supplemental than it might be otherwise because the Congress approved a \$32.5 million program for Greece in FY 79. An FY 79 MAP program would also facilitate the provision of excess equipment on a nominal or no-cost basis to Turkey.

We recognize that a Congressional defeat of an important part of the package could undermine the psychological gains we seek. While we have detected an increasing appreciation on the Hill for the military value of Turkish territory, especially in the SALT monitoring context, we would plan to test reactions carefully as we consult on the MAP side of the proposal for Turkey. An Administration request for a \$50 million MAP program would be significant in Turkish eyes as a political signal of support far beyond the actual military contribution it would make. This would be true even if the request provoked a strong debate in Congress, unless such a debate forced the Administration to back down quickly or led to an overwhelming defeat. If, on the other hand, the course of such a debate highlighted for Turkey the continuing need to search actively for a Cyprus solution, or eventually led to the transfer of the \$50 million MAP supplemental to the SSA account, it would still be worth the effort.

~~SECRET~~

~~SECRET~~

-4-

FY 80 Budget Implications

If MAP is provided in FY 79, the Turks will want MAP in FY 80. We should make clear to the Turks, however, that the \$50 million supplemental is a special action for Turkey, related to current circumstances, and not a long-range commitment to provide MAP on an annual basis.

~~SECRET~~

TURKEY

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	-	-	1.2*
FMS	175	175	200
SSA	-	50	98
PL 480	-	-	-
DA	.7	-	-

* Supply Operations

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLG-126-16-96-2-2

BY KS NARA DATE 8/21/13

THAILAND
\$20 million in FMS

As the "front line" ASEAN state, Thailand is particularly exposed to an increased security threat. Vietnam's invasion of Kampuchea has sharply increased this concern, which has only been temporarily allayed by China's action against Vietnam. While Prime Minister Kriangsak continues to follow a restrained and balanced policy, he is under mounting pressure from some military commanders to take a harder line with the Vietnamese which could lead to further expansion of the conflict. To assist him in maintaining his moderate course, it is important for the US to give Thailand a clear sign of support.

We have already agreed to seek legislation authorizing the cost free transfer of \$11.3 million in ammunition stored in Thailand and to restore FY 79 FMS financing to the \$30 million level planned before the Vietnamese invasion and subsequent PRC intervention.

An additional \$20 million in FMS financing would provide tangible evidence of U.S. support for Thailand commensurate with the increased threat and our reaffirmed commitment to Thai security. It would increase the ability of the Royal Thai Government to continue its pro-US policy tilt. It would also assist Prime Minister Kriangsak to continue to concentrate resources on internal development, rather than diverting them to military purposes.

We would expect the Royal Thai Government to use the additional financing to purchase the TOW and DRAGON anti-tank missile systems, trucks, Sidewinder air-to-air missiles and communications gear. None of these defense articles or weapons systems would present transfer problems under present conventional arms restraint guidelines.

FY 80 Budget Implications

The proposed increase in FMS financing would create a FY 79 level double that requested for FY 80, and we recommend an FY 80 budget amendment for an additional \$15 million.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA, DATE 8/2/13

THAILAND

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	8.0	.385*	.28*
FMS	29.5	30.0	25.0
SSA	-	-	-
PL 480	-	-	-
DA	7.491	12.2	15.5

* Supply Operation

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED
Per, Rac Project
ESDN: NLC-126-16-46-2-2
BY KS NARA DATE 8/21/13

~~SECRET~~

OMAN

\$15 million in FMS

FMS

Oman is one of the countries about which the Saudis have expressed direct concern in terms of their security. The threat to Oman of a renewed attack from the PDRY remains alive. Iranian military assistance which enabled Oman to fight off the last South Yemen-supported insurrection is no longer available. Oman believes the Saudis will assist it in military purchases, but has sought direct U.S. expression of interest in Omani security, both in military and assistance terms. Secretary Vance told the Omani Minister of State that we would have difficulty in helping them finance military purchases but would look into the question, as well as at their economic assistance needs. A \$15 million FMS financing program would enable us to project more active concern for the security of a strategically important Persian Gulf state.

We do not have a priority list from the Omanis for military equipment. Only \$15 million in FMS financing would not go far, but based on the list that Oman gave us recently, we think that they would use the funds to finance the purchase of TOW-anti-tank missiles, armored personnel carriers, and towed artillery.

FY 80 Budget Implications

Oman currently receives no U.S. security assistance. If an FMS program is initiated in FY 79, an amendment to the FY 80 budget request continuing this program should be submitted.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY K3 NARA DATE 8/31/13

OMAN

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	-	-	-
FMS	-	-	-
SSA	-	-	-
PL 480	-	-	-
DA	-	-	-

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED
Per: Rac Project
ESDN: NLC-12C-16-46-2-2
BY KS NARA DATE 8/21/13

SUDAN

\$10 million in FMS; \$40 million in SSA

Additional funding would reinforce the moderate, constructive role being played by President Nimeiri in regional and bilateral affairs, and would also demonstrate to Saudi Arabia and other Arab moderates that we are willing to apply US resources to the task of stabilizing and supporting moderate regimes in the area. Nimeiri's decision to endorse the Egyptian-Israeli treaty increases his need for demonstrable support from the U.S.

SSA

In recent years, Sudan has suffered an adverse balance of payments position because of sharp increases in import prices, a decline in Saudi balance of payments support, failure to meet export goals and an overly ambitious development program. Although development assistance levels are projected to rise sharply in FY 80, Sudan still will have a continuing requirement for balance of payments assistance as it works with the IMF to reform its financial management.

The inflation rate of 20-30% per year, a balance of payments gap of as high as \$500 million, and arrear-ages on foreign debt of approximately \$1 billion have created a situation which threatens economic stability. Expected support from other donors, some of which is contingent on the IMF agreement, will help but not solve the crisis.

Further project assistance would exacerbate the problem since projects require recurrent domestic costs and sometimes additional imports. The \$40 million of SSA would be used to alleviate the pressure on foreign exchange by financing essential commodity imports. We would make clear to Sudan that disbursement of these funds would be contingent upon successful conclusion of an IMF program.

FMS

The proposed increase in FMS financing would permit Sudan to round out its acquisition of much-needed field engineering equipment. In addition, Sudan would be able to purchase other items it has expressed interest in, e.g., 105mm artillery, armored personnel carriers, and mobile medical units.

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/21/13

~~SECRET~~

-2-

FY 80 Budget Implications

The proposed increase in FMS financing would provide a FY 79 program triple that requested for FY 80. SSA would be a new program. But we would explain that this was a special effort that would not necessarily carry any implications for FY 80.

~~SECRET~~

SUDAN

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	-	-	-
FMS	-	5.0	5.0
SSA	-	-	-
PL 480	12.2	24	23.1
DA	7.616	15.98	30.163

~~CONFIDENTIAL~~

GDS 3/20/85

~~DECLASSIFIED~~
~~Per, Rac Project~~
~~ESDN: NLG-126-16-46-2-2~~
~~BY KS NARA DATE 8/21/13~~

MALAYSIA

\$10 million in FMS

The recent actions by Vietnam and China, coupled with communal tensions and the massive influx of refugees, have caused great anxiety in Malaysia and increased its interest in the rapid improvement of its defense capability.

Of highest priority is the planned purchase of used A-4 aircraft, a program which will cost in excess of \$120 million, and the improvement of maritime patrol capabilities through the purchase of C-130s. The additional FMS financing would make a modest contribution towards these programs and would demonstrate continued US support for Malaysia in a time of uncertainty.

FY 80 Budget Implications

The FMS financing program for Malaysia increased until reaching a FY 77 high of \$36 million, and has since declined. The proposed FY 79 addition would provide a level slightly higher than that made available in FY 78, thus deferring the downward trend. However, the FY 79 increase need not imply an obligation to seek a matching FY 80 addition.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/24/13

~~CONFIDENTIAL~~

MALAYSIA

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	-	-	-
FMS	16.5	7.5	7.0
SSA	-	-	-
PL 480	-	-	-
DA	-	-	-

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED
Per, Rac Project
ESDM: NLC-126-16-46-2-2
BY KS NARA DATE 8/21/13

INDONESIA
\$10 million in FMS

The additional \$10 million would restore FMS financing to a level consistent with what Vice President Mondale told the Indonesians we would seek. This financing would assist Indonesia in the funding of the purchase of defense equipment including F-5 aircraft and associated munitions, possibly A-4 aircraft and their overhaul, and M-113 armored personnel carriers. The GOI has delayed the signing of an agreement for the A-4s and one for an M-16 rifle plant due to inadequate financing. The additional financing would ease GOI nervousness over threats from militant Islamic elements as well as the Indochina conflict, reinforce ASEAN solidarity, and compensate somewhat for the recent devaluation of the rupiah (which has made military imports from the US more expensive).

FY 80 Budget Implications

The proposed addition would provide a FY 79 FMS financing level \$7 million higher than that requested for FY 80, but we would explain that this is a one time increase to deal with extraordinary circumstances.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED
Per: Rac Project
ESDN: NLC-126-16-46-2-2
BY KS NARA DATE 8/21/13

~~CONFIDENTIAL~~

INDONESIA

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	15	.75*	.94*
FMS	40	32	35
SSA	-	-	-
PL 480	142.8	111	107.4
DA	73.784	72.865	97.6

* Supply Operation

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/21/13

~~SECRET~~

KENYA

\$15 million in SSA

Kenya provides US military forces with ready overflight, landing and port visitation privileges. The Defense Department accords high priority to our continued access to these facilities, unique in the Western Indian Ocean.

SSA

Already engaged in ambitious development programs, Kenya has embarked on a much needed but expensive military modernization effort. The Kenyans plan to purchase about \$630 million of military equipment from all sources, including the United States, Britain and Israel, for hard currency, non-concessionary credit. This will mean a rise in Kenya's foreign obligations to a debt service ratio of 19% in FY 80 compared to 5% in previous years. More than half of that figure will be due to military obligations.

The most critical year will be FY 80 when down payments for military items will require a pay out of \$131 million. This additional drain on foreign exchange (reserves were \$220 million in December 1978) comes in a period when exports are falling due to lower coffee prices, and the cost of imports is rising. Kenya depends on oil imports for 80% of its energy. The manufacturing sector imports 50-70% of its requirements. In 1977, almost 90% of Kenya's export earnings were used for manufacturing and industrial imports. If regular imports have to be reduced to release foreign exchange for military purchases, the growth process will be severely affected, with consequent political repercussions.

There has already been a sharp curtailment in economic activity, and government revenues are expected to grow at a slower rate. To avoid delay in the development and military programs, \$15 million of SSA could be made available in the form of a commodity import program to help Kenya relieve its critical foreign exchange shortage. It would be used primarily to support transportation by the procurement of large tractor trailer trucks, railroad rolling stock, and urban and intercity busses.

DECLASSIFIED

Per, Rac Project

ESDN: NLG-126-16-46-2-2

BY 125 NARA DATE 8/21/13

~~SECRET~~
GDS 5/20/85

~~SECRET~~

-2-

FY 80 Budget Implications

This would be a new program for Kenya, which they might expect to be continued. We would explain, however, that this was a one time request in response to extraordinary circumstances.

~~SECRET~~

~~CONFIDENTIAL~~

KENYA

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	-	-	-
FMS	27	10	26
SSA	-	-	-
PL 480	.8	2.3	2.4
DA	30.602	19.847	20.584

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/21/13

~~SECRET~~

YEMEN ARAB REPUBLIC (YAR)

\$10 MILLION IN SSA

The recent fighting along the border between the YAR and South Yemen has further heightened Saudi Arabia's already keen interest in the welfare of the YAR. The Saudis have, in fact, agreed to pay for Yemeni purchases of military equipment from the US, but have been deeply disappointed that the US has thus far been unable to provide any security assistance itself to the YAR. A modest program for the YAR, like that for Oman, should therefore be viewed as a significant statement of our concern for the stability of the southern rim of the Arabian Peninsula. In view of the Saudi willingness to fund Yemeni military purchases and the potential complications of their doing so within the FMS context, SSA would allow the most beneficial use of US resources for this purpose. Although this program would be small and the economic justification is less strong than for the other SSA programs, we believe its inclusion would have significant political benefits.

A \$10 million program could provide the needed additional contribution to the Taiz Water and Sewer Project. The US, along with the Saudis and the Abu Dhabi fund, is providing funding for the project. However, there is an anticipated shortfall of \$27 million which the Yemenis will have to make up. The Yemenis have sought US help on this shortfall. An additional US contribution of \$10 million would be greatly appreciated by the Yemenis and would free up Yemeni government funds for priority use elsewhere.

There have been objections in Congress to the Taiz water project and AID has previously informed Congress that it would not put more into this project than the \$10 million of DA already obligated. This project would therefore meet resistance on the Hill.

FY 80 Budget Implications

There is no SSA proposed in FY 80 and we may wish to give further consideration to a modest program. We would nevertheless explain that this is a special effort and caution that Yemen should not necessarily expect program continuation.

~~SECRET~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY KS NARA DATE 8/21/83

~~CONFIDENTIAL~~

YEMEN

CURRENT ASSISTANCE LEVELS (\$ Millions)

	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>
MAP	-	-	-
FMS	-	-	-
SSA	-	-	-
PL 480	.2	.2	.2
DA	6.8	13.5	14

~~CONFIDENTIAL~~

GDS 3/20/85

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-2-2

BY LES NARA DATE 8/21/13

FMS AND SSA REPROGRAMMING

FMS Financing

FMS reprogramming options are extremely limited. Reductions in the areas in turmoil, i.e., Southeast Asia, Western Asia and the Horn, would not be consistent with the purposes of this new effort. Thus, unless we are prepared to eliminate remaining small programs in Africa and Latin America, the following countries provide the only source of reprogramming (Countries are ranked in ascending order of priority as established during FY 79 ZBB process.):

<u>Country</u>	<u>FY 79 Program</u> (\$ Millions)	<u>Comment</u>
Tunisia	20	Already reduced from \$25 million which USG committed to provide as part of a five year program to re-equip Tunisian forces. Further reduction would damage security assistance relationship.
Morocco	40	Already reduced from \$45 million. Funds intended to assist in financing air defense radar system, one of few projects USG is now able to support in view of Western Sahara impasse. Further reduction would threaten security assistance relationship.
Philippines	15.6	Already reduced from \$18.5 million. Further reductions would be inconsistent with results of base negotiations which committed USG to seek increase in security assistance.

Korea	225	Program already reduced from \$275 million despite SecDef assurance we would seek to maintain that level. Since reduction, estimate of North Korean strength significantly increased.
Greece	120	Level enjoys Congressional support, is linked to Turkish level and supports NATO.
Spain	120	Treaty Commitment.

SSA

Most SSA is not available for reprogramming since: (1) most was earmarked by the authorizing legislation, e.g., Israel, Egypt, Jordan, Turkey and Cyprus and (2) some supports fixed operating expenses such as the Sinai Support Mission or the UN Forces in Cyprus (UNFICYP). Thus the only funds available for reprogramming (in ascending order of priority) are the following:

<u>Program</u>	<u>Amount</u> (\$ Millions)	<u>Comment</u>
MESRF	8.5	This is essentially a contingency fund for which no decisions on program requirements have yet been made. (An additional \$3.5 million for MESRF was earmarked by the authorizing legislation and is not available for reprogramming.)
Maqarin Dam	45	Legislation makes the use of these funds for the dam contingent upon firm commitments from other donors which are unlikely in FY 79. Reprogramming could cause Congressional resistance to future requests for this dam.

~~CONFIDENTIAL~~

- 3 -

Private Volunteer
Organizations and
Regional Projects

4

Reprogramming would require cutback or termination of ongoing West Bank projects to assist displaced persons.

Syria

90

Although there is a backlog of undisbursed SSA funds for Syria, the Administration made a major effort in Congress last year to prevent any reductions in this program.

~~CONFIDENTIAL~~



DEPARTMENT OF STATE

Washington, D.C. 20520

March 20, 1979

~~SECRET/EXDIS~~

MEMORANDUM FOR: S/P - Tony Lake

FROM : HA - Mark L. Schneider, Acting ^{Mr.} J

SUBJECT : Comments on FY 79 Security Assistance Supplemental

Our original comments still hold, although obviously the changes in the current package have eased HA's problems. In that regard, the removal from either the core package or the broader approach of FMS for Korea or Pakistan, deletes two of the items with the most direct conflict with the human rights policy. The decision not to request a large boost on overall assistance for Pakistan is one we also support. If the factors leading to this decision shift, we would hope our previously expressed concern would be taken into account.

Nevertheless, HA has the following comments:

First, HA continues to support bolstering the Turkish government with significant economic assistance. However, the \$50 million MAP proposal raises a serious question given the failure to see a resolution of the Cyprus issue, which continues to have both political and humanitarian elements. The additional funds could more easily be justified as an add-on to the proposal for security supporting assistance and avoid much of the Greek, Cyprus and Congressional reaction.

Second, the FMS proposal for Indonesia does present human rights problems. A one-third increase in the original FMS request for Indonesia conflicts with our human rights policy. Although reporting from East Timor of recent abuses of detainees remains tentative,

DECLASSIFIED

Per, Rac Project

ESDN; NLC-126-16-46-2-2

BY KS NARA DATE 8/21/13

~~SECRET~~

GDS 3/20/85

~~SECRET~~

- 2 -

the situation there raises questions about emphasizing the military side of our relationship. Also, despite the previous releases of prisoners, the internal Indonesian human rights picture remains blurred by the maintenance of at least 10,000 long-term political prisoners, periodic arrests of students and others for political activities and recurring restraints on the press.

When these factors are placed alongside Indonesia's balance of payments problems, boosting FMS credits assumes significant disadvantages. It encourages military expenditures in a country whose priorities are economic and social development. Given Indonesia's economic situation, even if the desire to demonstrate renewed political support (beyond our present substantial aid levels) outweighs the human rights concerns, it would be more appropriate to propose \$10 million in security supporting assistance rather than FMS.

Third, while the Malaysia and Thailand FMS proposals are unlikely to awaken significant Congressional opposition, both countries face serious economic challenges, exacerbated by the flood of refugees. While Vietnam's invasion of Cambodia is unsettling to Malaysia and Thailand, there is no imminent indication of a direct military threat to either country. If anything, with Vietnamese forces bogged down in Cambodia and preoccupied with the remnants of the Chinese incursion, that threat would appear to be less real today. Both, however, could benefit from greater economic assistance to aid their internal development plight and cope with the economic impact of refugee relief. This would argue for switching the FMS credit request to Security Supporting Assistance.

cc: T - Mrs. Lucy Benson
E - Mr. Richard Cooper
C - Mr. Matthew Nimetz
H - Mr. Brian Atwood
L - Mr. James Michel
PM - Mr. Daniel O'Donohue

~~SECRET~~

TAB B

~~CONFIDENTIAL~~

TAB B

1979 Security Assistance Supplemental
Country Analysis

In addition to funds for Turkey already approved, State proposes additional funding for FMS and SSA as follows:

(\$ in millions)

		1979			1980		
		Current Level	Prop. Suppl.	Total	Budget Req.	Prop. Amend.	Total
Thailand	FMS	30	20	50	25	15	40
Oman	FMS	--	15	15	--	15	15
Sudan	FMS	5	10	15	5	--	5
	SSA	--	40	40	--	--	--
Malaysia	FMS	8	10	18	7	--	7
Indonesia	FMS	32	10	42	35	--	35
Kenya	SSA	--	15	15	--	--	--
Yemen	SSA	--	10	10	--	--	--

Thailand. While Thailand could use an additional \$20 million in FMS financing in 1979 and \$15 million in 1980 and it would be a useful political gesture, these amounts are not significant in relation to Thailand's foreign exchange expenditures for defense. Moreover, it will be difficult to convince the Congress that there is an urgent need following China's recent actions to restrain Vietnam.

Oman. To request \$15 million in FMS financing for Oman in 1979 and 1980 would begin a new security assistance relationship where recently the Saudis have largely been paying the defense bill. The principal objective is to assure the Saudis of our active concern for this strategically important Gulf state. We question why our willingness to supply appropriate arms to Oman financed by the Saudis and other recent actions (stationing a carrier task force in the area) and providing over \$300 million in arms to North Yemen (financed by the Saudis) are not sufficient to demonstrate our support and resolve.

DECLASSIFIED

Per, Rac Project

ESDN: NLC-126-16-46-31

BY KJ NARA DATE 8/21/13

~~CONFIDENTIAL~~

~~BY _____
NARA DATE _____
ESDN: NLC _____
Per, Rac Project _____
DECLASSIFIED _____~~

Sudan.

FMS. The purpose of the proposed increase from \$5 million to \$15 million is to reward Nimeiri for his constructive role in regional and bilateral affairs and to demonstrate to the Saudis and other Arab moderates our willingness to apply U.S. resources to stabilization and support of moderate regimes in the area. The \$5 million each year already planned for 1979 and 1980 should be adequate for these purposes. State regards this as a one-time increase but it could be difficult to return to the \$5 million level after 1979 without implying a lessening of our support.

SSA. While Sudan continues to have economic difficulties, the situation has changed little since last fall, when it was decided not to seek funds as part of the 1980 budget. Thus, this request does not meet the test applied to supplemental funding requests. Moreover, providing extra support for political gain could undercut the IMF in its attempts to negotiate improved Sudanese economic policies. Finally, substantial political benefits are already being realized because of AID and PL 480 funds, which have increased from \$18 million in 1978 to \$50 million proposed for 1980.

Malaysia. The \$10 million increase to \$17.5 million is justified on the basis of anxiety created by recent Vietnam and Chinese actions, coupled with communal tensions and the massive influx of refugees. Since the amount of additional financing would be inconsequential in relation to Malaysia's planned purchase of A-4 and C-130 aircraft (well over \$120 million), its only value would be as a political gesture.

Indonesia. The additional \$10 million in FMS financing would not substantially improve Indonesia's ability to finance F-5 or A-4 aircraft, M-113 armored personnel carriers, or an M-16 rifle plant, but would no doubt be welcome as a political gesture.

Kenya. Kenya currently faces balance of payments problems, but the situation has not changed markedly since the fall budget review, and thus does not meet the criteria for a supplemental budget request. In November, the IMF entered into a SDR 17.25 million stand-by arrangement with Kenya, which will help alleviate the short-term problems. AID's development assistance program, one of the largest in Africa, will result in \$28.5 million in expenditures in 1979 and \$32.6 million in 1980. PL 480 Title II food aid will add approximately \$2 million in each year.

Yemen. There is no economic need for the proposed \$10 million in SSA. Yemen has a strong payments position because of sizeable worker remittances, and foreign exchange reserves provide about 20 months of import cover. Therefore, the proposal would represent only a minor symbolic gesture, especially when compared to the \$300 million in U.S. arms sales already approved. Finally, as the State paper points out, a new SSA program would be difficult to stop after the first year.

THE WHITE HOUSE
WASHINGTON

4/3/79

Frank Moore

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

Rick Hutcheson

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

ACTION
FYI

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT
EIZENSTAT
JORDAN
KRAFT
LIPSHUTZ
MOORE
POWELL
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

ARAGON
BOURNE
BUTLER
H. CARTER
CLOUGH
COSTANZA
CRUIKSHANK
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HUTCHESON
JAGODA
LINDER
MITCHELL
MOE
PETERSON
PETTIGREW
PRESS
RAFSHOON
SCHNEIDERS
VOORDE
WARREN
WISE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

10:30 a.m.

THE WHITE HOUSE
WASHINGTON

done
J

April 2, 1979

Re: Drop-by Meeting of National
Association of Attorneys General
MR. PRESIDENT:

Senator Robert Morgan, who was Attorney General of North Carolina, was instrumental in setting up this meeting.

He has to chair a committee meeting this morning and could not accompany the group.

It would be nice if you said some nice things about him before the Attorneys General.

Frank Moore

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

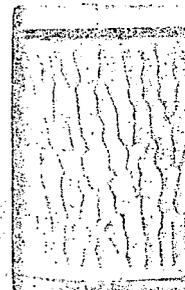
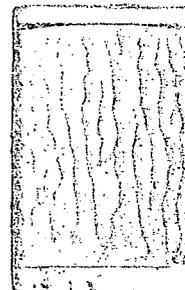
03 Apr 79

Frank Moore

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

Rick Hutcheson

*ADMINISTRATIVELY
CONFIDENTIAL*



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

ACTION
FYI

P. 3

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT
EIZENSTAT
JORDAN
KRAFT
LIPSHUTZ
✓ MOORE
POWELL
WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

ARAGON
BOURNE
BUTLER
H. CARTER
CLOUGH
COSTANZA
CRUIKSHANK
FALLOWS
FIRST LADY
GAMMILL
HARDEN
HUTCHESON
JAGODA
LINDER
MITCHELL
MOE
PETERSON
PETTIGREW
PRESS
RAFSHOON
SCHNEIDERS
VOORDE
WARREN
WISE

ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

8:00 AM

ADMINISTRATIVELY CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

April 2, 1979

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, April 3, 1979

8:00 a.m.

Family Dining Room

From: Frank Moore *F.M. / Les Francis*

I. INTRODUCTION

This meeting should focus almost exclusively on domestic issues.

II. PRESS PLAN

White House Photographer.

III. PARTICIPANTS

See attached list.

IV. AGENDA

1. Debt Limit/COWPS Reauthorization

You should thank the Leadership for their efforts.

On debt limit extension, the Speaker and Jim Wright took to the well and eloquently moved the Members. On the key procedural vote all but 24 Democrats voted with the Leadership. You might in a friendly way tell them that you know they can do it when they try and that you expect to see it happen more frequently.

With COWPS Reauthorization, Senator Byrd was largely responsible for our success.

2. Domestic Travels

You should talk about your receptions in Elk City, Dallas, Wassau and Milwaukee. You should mention the Obey dinner, your appearance with

**Electrostatic Copy Made
for Preservation Purposes**

Chairman Zablocki at Marquette and the Jefferson-Jackson dinner.

You should also mention your upcoming trip to Richmond, Virginia, and your desire to help Virginia Democrats knit the state party back together

Mrs. Carter's Travels

You should outline Mrs. Carter's cross-country travels, also.

March 19 - 21

Mrs. Carter made a cross-country trip stopping in four states:

Springfield, Massachusetts with
Congressman Boland

Lorain, Ohio with Congressman Pease
to view a downtown renewal of an old
theater.

She then went on to St. Louis and
Davis, California.

Her staff reports she was extremely
impressed with the warmth and friendliness
of the crowds.

March 31

Last Saturday she was accompanied by the
Democratic Members of the Michigan
delegation to a Jefferson-Jackson Day
dinner. The reception was quite warm
and she felt the trip was very good.

April 7

Next Saturday, Mrs. Carter will travel to
Groton, Connecticut, where she and Mrs.
John Glenn will jointly launch the
submarine U.S.S. Georgia and U.S.S. Ohio.

3. First Budget Resolution

Both Budget Committees begin mark-up today
(Tuesday). As you know, the Committees are
taking dramatically different approaches. You

should not comment on specific program areas, but rather restate your commitment to seeing your budget enacted. You should encourage the Leadership to do all they can to keep the First Budget Resolution from becoming a political football.

You might mention that the Budget Task Force has been instructed to work in support of all segments of your budget.

FYI: Program areas susceptible to cuts by the Senate Committee include:

- gone* -- Real Wage Insurance
- HUD/EDA Increases
- Counter-cyclical
- States' Portion of Revenue Sharing
- CETA - Title VI
- Federal Employee Pensions and Pay

Areas which may be cut in the House Committee:

- Defense
- Research, including Space Shuttle
- Water Resources, EPA, Urban Parks
- good* -- Impact Aid
- good* -- Transportation - cut highways, increase mass transit
- if to our levels* *good* -- Veterans Programs
- International Financial Institutions

Note: CETA may be increased to offset expected Senate cuts.

4. Real Wage Insurance

I suggest you not bring it up, but if someone does so you should ask the Speaker to do all he can to keep it in the House version of the

First Budget Resolution. (The Senate Committee staff has recommended that it be deleted, but it is still alive in the House Committee).

5. Department of Education

Senate

The bill is on the Senate calendar for this week. Senator Byrd has indicated that he may proceed with the vote despite "holds" placed on the bill. As we reported to you in the legislative report, Senators Moynihan, Hayakawa and Schmitt remain opposed. Senator Morgan is also opposed.

You should encourage Senator Byrd to move for a floor vote before the Easter recess. We have the votes now for passage.

House

The Government Operations subcommittee will complete its hearings this week and will mark-up next week. The full committee will vote the first week in May, and we anticipate that it will be very close. We also foresee problems with Members of both parties on the Rules Committee. As you will recall, we had similar problems last year. Chairman Bolling was opposed and we won in the committee by only one vote.

You should indicate your concerns and let them know that you may need their help.

6. Alaska Lands

It now appears that the Alaska Lands bill will be on the floor of the House the first week in May. You should mention that you have deep reservations about the Breaux-Huckaby substitute, and that you feel the Udall-Anderson substitute is a much more balanced approach. You should encourage the Leadership to help us if the Udall-Anderson bill reaches the floor.

7. Hospital Cost Containment

You should ask the Speaker whether he has talked with Henry Waxman about referral and the timing of Commerce Committee action. The Senate Finance

Committee will hold two days of mark-up before the recess on April 10 and 11. Kennedy has suspended mark-up for two weeks. You should encourage the Leadership to keep pushing the Committees.

8. Institute for Scientific and Technological Cooperation

You should thank Senator Inouye for his help and encourage the House Leadership to help on Wednesday when the Development Aid bill is taken up on the floor. Reasons for the Institute:

1. The Institute is playing a large role in planning for follow-up to your meeting with Lopez Portillo, and in plans for future scientific and technological cooperation with Egypt.
2. It will fit under existing aid money and personnel ceilings: It will thus represent a qualitative improvement, not a quantitative expansion, in bilateral aid.
3. Technological cooperation is the area of bilateral aid in which the US comparative advantage is greatest; the Institute will bring specialized personnel and procedures to bear on this task.

CONGRESSIONAL LEADERSHIP BREAKFAST

Tuesday, April 3, 1979

PARTICIPANTS

The President
The Vice President

Senator Robert C. Byrd
Senator Alan Cranston
Senator Warren Magnuson

Speaker Thomas P. O'Neill, Jr.
Congressman James Wright
Congressman John Brademas
Congressman Thomas Foley
Congressman Dan Rostenkowski
Congresswoman Shirley Chisholm

Chairman John White
Zbig Brzezinski
Jody Powell
Stu Eizenstat
Jim McIntyre
Frank Moore
Bill Cable
Terry Straub
Dan Tate
Bill Smith

THE WHITE HOUSE
WASHINGTON

03 Apr 79

Tim Kraft
Arnie Miller

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

Rick Hutcheson



FOR ACTION
FYI

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input checked="" 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 type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	RAFSHOON
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE
<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 checked="" 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

THE WHITE HOUSE

WASHINGTON

April 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AAA*

SUBJECT: Railroad Retirement Board (Labor Member)

In October 1977, you appointed Charles Chamberlain to fill the unexpired term as labor member of the Railroad Retirement Board.

Mr. Chamberlain has been an active and productive member and is recommended for reappointment by both labor and management.

Chairman William Adams joins us in recommending the reappointment of Mr. Chamberlain. Secretary Marshall concurs.

RECOMMENDATION

Nominate Charles Chamberlain as a Member of the Railroad Retirement Board, for a term expiring August 28, 1984.

✓ approve _____ disapprove

J

**Electrostatic Copy Made
for Preservation Purposes**

CHARLES J. CHAMBERLAIN
Chicago, Illinois

EXPERIENCE

1977 - Present	Member, Railroad Retirement Board
1970 - 1977	Chairman, Railway Labor Executives' Association
1967 - 1970	Grand Lodge President, Brotherhood of Railroad Signalmen
1961 - 1967	Grand Lodge Secretary - Treasurer, Brotherhood of Railroad Signalmen
1957 - 1961	Grand Lodge Representative, Brotherhood of Railroad Signalmen
1938 - 1956	Chicago and North Western Railroad, Positions of increasing responsibility

EDUCATION

1938	De Kalb Township High School
------	------------------------------

ACTIVITIES

Railroad Safety Research Board, Washington, D.C., 1975
Railroad Industry Labor-Management Committee, 1972
Chairman, Fire Commission, City of De Kalb, Illinois, 1954 - 1958
Alderman, City Council, De Kalb, Illinois, 1950 - 1958
Vice General Chairman, Chicago and North Western General Committee, 1946 - 1957
Local Chairman, Local 108, Chicago and North Western Railroad, 1945 - 1946
Recording Secretary, Local 108, Chicago and North Western Railroad, 1941

PERSONAL

White Male
Age 57
Democrat

THE WHITE HOUSE

WASHINGTON

March 28, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT:

Consumer Product Safety Commission

Barbara Franklin's resignation from the Consumer Product Safety Commission was effective February 16, 1979. You must nominate another non-Democrat for the remainder of her term which expires in October and the new seven year term.

You have already appointed Susan King as Chairwoman and David Pittle, Edith Sloan, and Sam Zagoria as Commissioners.

While Congress, consumers, and business alike have been critical of the Commission's performance in the past, the concensus is that Susan King has provided effective leadership in reorienting the Commission's activities. This vacancy should be filled by an individual who will support Susan's efforts and who will be respected by those interested Members of Congress as well as by business and consumer groups.

We recommend Stuart M. Statler, 35, who is currently Chief Counsel to the Minority of the Senate Permanent Subcommittee on Investigations. In addition, he serves as legislative advisor to Senator Percy on health and safety issues and regulatory reform policy. Statler has a strong background in product safety issues, having served 10 years ago as a key staff member on a Federal study commission which examined the scope and adequacy of consumer product safety regulations.

**Electrostatic Copy Made
for Preservation Purposes**

As a lawyer with expertise in regulatory law, he can offer balance to a Commission which has fared poorly in the courts. He is well respected on both sides of the aisle and this will be helpful for the Commission in obtaining Congressional support. Finally, as a moderate, he has support from both the consumer and business communities as reflected in the attached comments.

A number of your regulatory appointments have come from the Hill and we initially saw this as a disadvantage. However, because of the Congressional skepticism about the Commission's ability to effectively administer its product safety program, his Hill background will be an asset.

Chairwoman King, Esther Peterson and Frank Moore concur in this recommendation.

RECOMMENDATION

Nominate Stuart M. Statler to be a Member of the Consumer Product Safety Commission for the term expiring October 27, 1979, and for a full seven year term expiring October 27, 1986.

✓ approve _____ disapprove

J

STUART MICHAEL STATLER
Washington, D.C.

EXPERIENCE

1973 - Present	Chief Counsel to the Minority, Senate Permanent Subcommittee on Investigations
1971 - Present	Counsel to Senator Charles Percy
1971 - 1973	Minority Counsel, Senate Subcom- mittee on Executive Reorganization
1970 - 1971	Senior Staff Associate, President's Advisory Council on Executive Organization
1968 - 1970	Special Assistant to the Chairman, National Commission on Product Safety

EDUCATION

1968	Harvard Law School, J.D.
1965	Amherst College, B.A., Phi Beta Kappa

ACTIVITIES

Member, New York Bar
Member, District of Columbia Bar
Chairman, Giant Foods' Toy Safety Advisory Committee,
1974 - 1975
Editor, Final Report of the National Commission on
Product Safety, "Recommending Enactment of a Child
Protection Act", February 1969

PERSONAL

White Male
Age 35
Republican

COMMENTS ON STUART M. STATLER

Michael Pertschuk, Chairman, Federal Trade Commission

"Stuart Statler is close to an ideal choice for the CPSC. He is superbly qualified, and is a good craftsman with good judgment. In his work with the Senate Governmental Operations Committee, he was cooperative with the Democratic members. He has a good consumer commitment."

Carol T. Foreman, Assistant Secretary of Agriculture
(Formerly President, Consumer Federation of America)

"In the three years that I was associated with Statler in working on the Consumer Protection Agency bill, I found him to be strongly supportive of product safety issues specifically, and consumer issues in general. He was a major Congressional aid in helping to get the consumer bill through Congress. If Statler were appointed, he would be the only one on the Commission who would have the necessary legal background. He is a good moderate-to-liberal Republican."

Larry Krause, General Counsel, Chamber of Commerce of
the United States

"I have a very high regard for Stuart. He is very reasonable and even-handed. While I have not always agreed with him, it is pleasant to work with someone who treats you with respect as Stuart does. He won't be highly visible, but he gets more done in his quiet way than people who are dynamos. He won't be either pro-business or pro-consumer. He is as objective as possible."

Kathleen F. O'Reilly, Executive Director, Consumer
Federation of America

"Statler is bright, has good common sense and he won't be knee-jerk for either business or consumers. He is politically sensitive to the need for cost-benefit analysis, but recognizes the limitations of quantifying both costs and benefits."

x Arnold Picker

THE WHITE HOUSE

WASHINGTON

April 2, 1979

Dore - F.C.

AP: "Available to help in any way - at any time"
J.C. "Stop by to see me"

JC

PERSONAL

MEMORANDUM FOR THE PRESIDENT

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

Senator Muskie called Friday morning to say that Arnold Picker, who is the retired President of United Artists, had called from Florida to say he was very high on President Carter--particularly since meeting you at Muskie's birthday party. Muskie suggests handling him easily and not taking advantage of him. In other words, do not have a young staff member call him and assign him fund-raising but rather that you call him for a brief conversation and have Hamilton or Tim Kraft follow-up to establish contact immediately after and gently ease him into the campaign.

cc: The Vice President,
Hamilton Jordan
Tim Kraft

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

03 Apr 79

Secretary Blumenthal
The Vice President
Stu Eizenstat
Jim McIntyre
Charles Schultze
Alfred Kahn

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

Rick Hutcheson



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

THE WHITE HOUSE
WASHINGTON

April 2, 1979

Blumenthal Memo on Monetary
Policy and Consumer Credit
Controls

Mr. President:

It is understood by your economic advisers that they may hold preparatory discussions with Bill Miller and other members of the Fed this week but that no final Administration "go-ahead" will be given until we examine the employment data (due April 6) and the retail sales data (due April 10) and conclude that these data do not reflect a significant weakening in the economy.

Stu

Stu Eizenstat

McIntyre concurs with Blumenthal. No comments from Kahn or Schultze.

Rick



THE SECRETARY OF THE TREASURY

WASHINGTON 20220

March 30, 1979

ACTION

C

MEMORANDUM FOR THE PRESIDENT

Subject: Monetary Policy and Consumer Credit Controls

It is the unanimous opinion of your economic advisors that our anti-inflation program needs the strengthening of a somewhat more restrictive monetary policy. Although growth in the money supply has been sluggish for several months, banks have been intensively exploiting other sources of funds to sustain a very rapid rate of expansion in bank credit. In the context of rising inflationary expectations, the overly-ample availability of credit is fueling a business scramble for inventories and adding to pressures on prices of materials.

Your advisors also agree unanimously that action should be taken to limit the most liberal terms on consumer credit. Such action would require you to invoke the Credit Control Act of 1969 and to request that the Federal Reserve Board take steps to put consumer credit controls into effect.

Monetary Policy

The Federal Reserve has been reluctant to increase restraint on the banking system; their analysis suggests more current and potential weakness in the economy than we perceive. Our concern is that much further delay in exercising restraint will permit and encourage a surge in both business and consumer spending that will add significantly to the already poor prospects for prices in the next few months.

We would like to initiate a meeting with Chairman Miller and other members of the Federal Reserve Board next week to indicate our concerns to them. We plan to urge that they tighten monetary policy further, unless the statistics on employment and retail sales reported in the next ten days suggest that a significant weakening in the economy is already occurring.

**Electrostatic Copy Made
for Preservation Purposes**

Given the Board's reluctance to take the initiative in restricting credit growth, it will be important that we convey not only our concern, but yours as well. At this point in time, when our wage/price guidelines are under such strong pressure, it is essential that the public perceive that we support the use of all the tools of economic policy to restrain inflation. No incomes policy has ever succeeded in the face of expansionary macro-economic policy.

Consumer Credit Controls

A useful adjunct to a tightening of monetary policy would be to impose a modest tightening of terms on consumer credit. Since the effects of such controls on consumer spending are uncertain, a heavy-handed action would be inadvisable. Putting limits on the terms of credit can be justified, however, because competitive pressures are pushing lenders to move steadily toward more liberal terms. In the process, some consumers may be overextending their debt positions to an extent that is not desirable. Our tentative thinking is to limit the maximum maturity on new car loans to 42 months, and to increase the minimum monthly repayment on revolving credit (charge cards) to 10 percent of the outstanding balance attributable to new loans.

The Credit Control Act of 1969 permits the Federal Reserve Board to impose such controls on your authorization, but you cannot order them to do so. The Board will have to be persuaded of the wisdom of this action.

Decision

We request your approval for us to meet with Chairman Miller and the other members of the Federal Reserve Board to discuss these matters.

W. Michael Blumenthal

W. Michael Blumenthal

Approve: _____ ✓

Disapprove: _____

preliminary discussions only
J

Rick & Bill

FYI - Evidently, the VP is mad about this memo because it was his idea and now its been staffed out and under another name.

MEMORANDUM OF CALL

TO:

YOU WERE CALLED BY—

YOU WERE VISITED BY—

OF (Organization)

PLEASE CALL → PHONE NO. CODE/EXT. _____ FTS

WILL CALL AGAIN

IS WAITING TO SEE YOU

RETURNED YOUR CALL

WISHES AN APPOINTMENT

MESSAGE

RECEIVED BY

DATE

TIME

DATE: 31 MAR 79

FOR ACTION: STU EIZENSTAT *attached*

JIM MCINTYRE *WANT DOWNS comment*

CHARLIE SCHULTZE *nc*

ALFRED KAHN *nc*

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

JODY POWELL

SUBJECT: BLUMENTHAL MEMO RE MONETARY POLICY AND CONSUMER

CREDIT CONTROLS -- ADMINISTRATIVELY CONFIDENTIAL

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM TUESDAY 03 APR 79 +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

Conf breakfast

4-3-79

3 mile -

Debt limit - Spkr, Jim

Comp PS - Byrd

Okl, Tex, W, S → Va, Ros Mass, Oh, Ca, Mich
→ Conn,

Panama

Dept of Ed

D 2 - Udall version ok

Hosp Cost

Health

Inst - Sc & Tech Coop

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

April 3, 1979

0
/

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON



SUBJECT: Energy Speech

I promised you a new speech draft by 2:00 p.m. Rick worked all night and we had one by 7:00 a.m. It is good. It is down to 21 minutes.

We just concluded a meeting which began at 9:00 a.m. and lasted until 11:30 a.m. with the following people:

Secretary Schlesinger
Fred Kahn
Secretary Blumenthal
Frank Press
Charlie Schultze
Bo Cutter
Doug Costle
Secretary Andrus
Jody Powell

Stu Eizenstat
Secretary Adams
Henry Owen
Richard Cooper
Jim McIntyre
Eliot Cutler
Secretary Califano
Al Alm

They have all given their comments, suggestions, changes, and even tried to make new policy. We are now in the process of incorporating all this and cutting as much as possible from 21 minutes.

All things considered, we should be able to give you another draft, fully staffed, by 4:00 p.m. today.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE
WASHINGTON
4/3/79

Stu Eizenstat
Jack Watson
Frank Press
The attached was returned in
the President's outbox today
and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Jerry Rafshoon
Jody Powell

THE WHITE HOUSE

WASHINGTON

April 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT
JACK WATSON
FRANK PRESS

Stu
Jack
F.P.

SUBJECT:

Energy Speech: Presidential Review
Commission on the Three Mile Island
Nuclear Accident

Your energy speech must, of course, contain several paragraphs on nuclear energy which put into perspective the Three Mile Island nuclear accident as a serious event in a long history of safe operation of nuclear power plants.

We recommend that you announce in the speech that a Presidential Commission will be established to examine and assess the events that led to the accident, as well as the response of the utility, state, local and federal agencies to the emergency; the Commission would make recommendations in light of its analysis that would enhance the safe operation of existing and future reactors. Although the NRC could organize such a review, the national and international attention given the accident has elevated it to President level. A Presidential review would lend the credibility required to assure the public that nuclear energy can be provided at an acceptable level of risk if operating procedures are strengthened as a result of the accident.

In addition, a very significant aspect of the Commission's review would be a thorough evaluation of the federal, state and local civil capability to respond to the emergency; the NRC does not have the background or expertise to do that kind of evaluation.

Electrostatic Copy Made
for Preservation Purposes

Finally, and perhaps most importantly, the NRC's procedures and responses to the Three Mile accident will themselves be the object of Congressional and press inquiry. It would be inappropriate to assign the NRC responsibility to examine its own procedures under these circumstances, though they will, of course, be doing their own in-house review of the situation as well.

Approve _____

Disapprove _____

J

**Electrostatic Copy Made
for Preservation Purposes**

DATE: 03 APR 79

FOR ACTION:

INFO ONLY:	THE VICE PRESIDENT	HAMILTON JORDAN
	JODY POWELL	JERRY RAFSHOON

SUBJECT: EIZENSTAT, WATSON, PRESS MEMO RE ENERGY SPEECH:
 PRESIDENTIAL REVIEW COMMISSION ON THE THREE MILE ISLAND
 NUCLEAR ACCIDENT

+++++
 + RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
 + BY: +
 +++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

4/3/79

Jerry Rafshoon

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

Rick Hutcheson

cc: Hamilton Jordan
Tim Kraft
Jody Powell

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" 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 -

ACTION
FYI

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

<input type="checkbox"/>	VICE PRESIDENT
<input type="checkbox"/>	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
<input checked="" type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input checked="" type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	MCINTYRE
<input type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input checked="" type="checkbox"/>	RAFSHOON
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE

<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

THE WHITE HOUSE

WASHINGTON

April 2, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Jerry Rafshoon

SUBJECT: Book

I would like your permission to get moving on preparation of a book to be drawn from your speeches, statements, articles and public papers since the Inauguration. Because of the notorious slowness of the publishing business, we need to start now if such a book is to be in the stores at the right time - roughly a year from now.

The book would be professionally edited, organized along thematic rather than chronological lines and indexed. We would deal with one of the publishing houses known for its high-quality production, such as Knopf or Random House.

We would also work with Lipshutz on the legal and financial questions involved.

APPROVE

DISAPPROVE

Electrostatic Copy Made
for Preservation Purposes

DATE: 03 APR 79

FOR ACTION:

INFO ONLY: JODY POWELL

SUBJECT: RAFSHOON MEMO RE BOOK

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: +

+++++

ACTION REQUESTED: YOUR COMMENTS

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE
WASHINGTON

4/3/79

Secretary Bergland

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
Jim McIntyre
Charlie Schultze
Alfred Kahn

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" 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 -

ACTION
FYI

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

<input checked="" type="checkbox"/>	VICE PRESIDENT
<input checked="" type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	MOE
<input type="checkbox"/>	PETERSON
<input type="checkbox"/>	PETTIGREW
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	RAFSHOON
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	VOORDE
<input type="checkbox"/>	WARREN
<input type="checkbox"/>	WISE
<input checked="" type="checkbox"/>	KATZ

<input type="checkbox"/>	ADAMS
<input type="checkbox"/>	ANDRUS
<input type="checkbox"/>	BELL
<input checked="" 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

THE WHITE HOUSE
WASHINGTON

4/2/79

Mr. President:

Eizenstat and OMB concur;
Kahn has no comment.

Charlie Schultze's comments
are attached.

Rick/Bill



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

March 27, 1979

Bob
Anticipate no
change in the
proclamation
J

MEMORANDUM FOR THE PRESIDENT

RL
FROM: BOB BERGLAND 

SUBJECT: Quarterly Adjustment in Imported Sugar Fees

Proclamation #4631, dated December 28, 1979, established fees on imported sugars to protect our domestic sugar price support loan program and our 15 cent market price objective. It also established a formula for quarterly and within-quarter fee adjustments.

The adjustment mechanism is automatic. The world price for raw sugar is averaged for the 20 consecutive market days preceding the 20th day of the last month of the quarter. This price is adjusted by the import duty and other costs associated with bringing sugar into the United States, and the result is subtracted from the 15 cent market price objective to determine the fee on imported raw sugar for the subsequent quarter. The fee on imported refined sugar is specified at 0.52 cents above the fee on raw sugar.

Last Friday I announced that a 0.59 cent reduction in fees would become effective April 1, as required by the formula in the Proclamation.

I am concerned about this fee reduction. Sugar prices in the U.S. have been generally below 15 cents a pound since you made the commitment to the 15 cent market price objective last October.

In addition, there is concern in the trade that the adjustment was based upon a short-term market movement that does not reflect long-term conditions. Some believe that the world spot price (London) was manipulated in a manner that required the fee to be reduced.

I have instructed our sugar specialists to closely monitor the world price and the domestic price on a daily basis in an attempt to determine if there appears to be justification for the charges of manipulation. That is, if the world price declines after April 1 to a level that clearly indicates the 15 cent market price cannot be realized in our domestic market I will recommend that emergency action be taken to adjust the fees.

You have the authority to modify the Proclamation if a condition exists that warrants emergency action.

Electrostatic Copy Made
for Preservation Purposes

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

April 2, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CS}

Subject: Secretary Bergland's Memorandum on
Sugar Import Fees

I think it would be unwise to take any emergency action to adjust sugar import fees. The basic purpose of the proclamation you issued last December was to provide a predictable mechanism by which import fees would be adjusted in response to changes in the world price. This was done to remove risk premiums from forward pricing of sugar and thus to remove an unnecessary cost. Reintroduction of the threat of arbitrary and unpredictable changes in import fees will have a significant adverse impact on consumers and on the trade.

Although spot sugar prices have remained below 15 cents, it is quite possible that the average prices being received by domestic producers are at or above 15 cents since most sugar sold in the United States is not priced on a spot basis. Moreover, domestic producers are receiving higher returns on molasses than was assumed when the 1978 support price was determined. Additional action in their interest is not necessary.

Issuing another sugar proclamation at this early date will reinforce the perception that we are indecisive about sugar policy and that we give domestic sugar producers what they want.

DATE: 30 MAR 79

FOR ACTION: STU EIZENSTAT *concur*

JIM MCINTYRE *concur*

CHARLIE SCHULTZE *attached*

ALFRED KAHN *attached*

INFO ONLY: THE VICE PRESIDENT

BOB LIPSHUTZ

FRANK MOORE (LES FRANCIS)

SUBJECT: BERGLAND MEMO RE QUARTERLY ADJUSTMENT IN IMPORTED

SUGAR FEES

+++++

+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +

+ BY: 1200 PM MONDAY 02 APR 79 +

+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

0000

0000

0000

0000

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 checked="" type="checkbox"/>	LIPSHUTZ
<input checked="" type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	RAF SHOON
<input type="checkbox"/>	WATSON
<input type="checkbox"/>	WEXLER
<input type="checkbox"/>	BRZEZINSKI
<input checked="" type="checkbox"/>	MCINTYRE
<input checked="" type="checkbox"/>	SCHULTZE
<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 checked="" 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



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

APR 2 1979

MEMORANDUM FOR: Rick Hutcheson
Staff Secretary

FROM: Eliot R. Cutler *ERC*
Associate Director

SUBJECT: Quarterly Adjustment in Imported Sugar Fees

We are clearly on record in support of a 15 cent domestic market price for sugar for the 1978 crop year. We most recently enunciated this position in USDA testimony and reports to the House and Senate stating the Administration's position on pending sugar bills. Consequently, we see no alternative to the course of action suggested by Secretary Bergland.

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

APR 2 1979

MEMORANDUM FOR: Rick Hutcheson
Staff Secretary

FROM: Eliot R. Cutler (signed) E.R.C.
Associate Director

SUBJECT: Quarterly Adjustment in Imported Sugar Fees

We are clearly on record in support of a 15 cent domestic market price for sugar for the 1978 crop year. We most recently enunciated this position in USDA testimony and reports to the House and Senate stating the Administration's position on pending sugar bills. Consequently, we see no alternative to the course of action suggested by Secretary Bergland.

Bill THE WHITE HOUSE
WASHINGTON

02 apr 79

Kahn's comments on
Bergland sugar fees memo:

no comment -- "of course if
he actually recommends action
we would have strong
misgivings and would comment."

Marion

March 27, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: BOB BERGLAND

SUBJECT: Quarterly Adjustment in Imported Sugar Fees

Proclamation #4631, dated December 28, 1979, established fees on imported sugars to protect our domestic sugar price support loan program and our 15 cent market price objective. It also established a formula for quarterly and within-quarter fee adjustments.

The adjustment mechanism is automatic. The world price for raw sugar is averaged for the 20 consecutive market days preceding the 20th day of the last month of the quarter. This price is adjusted by the import duty and other costs associated with bringing sugar into the United States, and the result is subtracted from the 15 cent market price objective to determine the fee on imported raw sugar for the subsequent quarter. The fee on imported refined sugar is specified at 0.52 cents above the fee on raw sugar.

Last Friday I announced that a 0.59 cent reduction in fees would become effective April 1, as required by the formula in the Proclamation.

I am concerned about this fee reduction. Sugar prices in the U.S. have been generally below 15 cents a pound since you made the commitment to the 15 cent market price objective last October.

In addition, there is concern in the trade that the adjustment was based upon a short-term market movement that does not reflect long-term conditions. Some believe that the world spot price (London) was manipulated in a manner that required the fee to be reduced.

I have instructed our sugar specialists to closely monitor the world price and the domestic price on a daily basis in an attempt to determine if there appears to be justification for the charges of manipulation. That is, if the world price declines after April 1 to a level that clearly indicates the 15 cent market price cannot be realized in our domestic market I will recommend that emergency action be taken to adjust the fees.

You have the authority to modify the Proclamation if a condition exists that warrants emergency action.

THE WHITE HOUSE
WASHINGTON

Bert and Lynn concur
with this Bergland memo.

Joanne

2 Apr. 79

791249

THE WHITE HOUSE

WASHINGTON

*xc: Best ✓
Lynn ✓*

DATE: 30 MAR 79

FOR ACTION: STU EIZENSTAT
CHARLIE SCHULTZE

JIM MCINTYRE
ALFRED KAHN

INFO ONLY: THE VICE PRESIDENT
FRANK MOORE (LES FRANCIS)

BOB LIPSHUTZ

SUBJECT: BERGLAND MEMO RE QUARTERLY ADJUSTMENT IN IMPORTED
SUGAR FEES

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1200 PM MONDAY 02 APR 79 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Stu E.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

March 27, 1979

MEMORANDUM FOR THE PRESIDENT

RL
FROM: BOB BERGLAND

SUBJECT: Quarterly Adjustment in Imported Sugar Fees

Proclamation #4631, dated December 28, 1979, established fees on imported sugars to protect our domestic sugar price support loan program and our 15 cent market price objective. It also established a formula for quarterly and within-quarter fee adjustments.

The adjustment mechanism is automatic. The world price for raw sugar is averaged for the 20 consecutive market days preceding the 20th day of the last month of the quarter. This price is adjusted by the import duty and other costs associated with bringing sugar into the United States, and the result is subtracted from the 15 cent market price objective to determine the fee on imported raw sugar for the subsequent quarter. The fee on imported refined sugar is specified at 0.52 cents above the fee on raw sugar.

Last Friday I announced that a 0.59 cent reduction in fees would become effective April 1, as required by the formula in the Proclamation.

I am concerned about this fee reduction. Sugar prices in the U.S. have been generally below 15 cents a pound since you made the commitment to the 15 cent market price objective last October.

In addition, there is concern in the trade that the adjustment was based upon a short-term market movement that does not reflect long-term conditions. Some believe that the world spot price (London) was manipulated in a manner that required the fee to be reduced.

I have instructed our sugar specialists to closely monitor the world price and the domestic price on a daily basis in an attempt to determine if there appears to be justification for the charges of manipulation. That is, if the world price declines after April 1 to a level that clearly indicates the 15 cent market price cannot be realized in our domestic market I will recommend that emergency action be taken to adjust the fees.

You have the authority to modify the Proclamation if a condition exists that warrants emergency action.

THE WHITE HOUSE
WASHINGTON

4/3/79

Zbig Brzezinski

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

Rick Hutcheson

cc: Hamilton Jordan

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

ACTION
FYI

	ADMIN CONFID
	CONFIDENTIAL
	SECRET
	EYES ONLY

	VICE PRESIDENT
	EIZENSTAT
✓	JORDAN
	KRAFT
	LIPSHUTZ
	MOORE
	POWELL
	WATSON
	WEXLER
✓	BRZEZINSKI
	MCINTYRE
	SCHULTZE

	ARAGON
	BOURNE
	BUTLER
	H. CARTER
	CLOUGH
	COSTANZA
	CRUIKSHANK
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HUTCHESON
	JAGODA
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	PRESS
	RAFSHOON
	SCHNEIDERS
	VOORDE
	WARREN
	WISE

	ADAMS
	ANDRUS
	BELL
	BERGLAND
	BLUMENTHAL
	BROWN
	CALIFANO
	HARRIS
	KREPS
	MARSHALL
	SCHLESINGER
	STRAUSS
	VANCE



DEPARTMENT OF STATE

Washington, D.C. 20520

30 MAR 1979

To 369
cc Hamm
J

MEMORANDUM FOR: THE PRESIDENT
From : Patrick J. Lucey *PJL*
Subject : Current Issues Involving our Relations
with Mexico

Secretary Vance suggested that I give you my thoughts concerning the following issues involving Mexico:

IMMIGRATION

It would be unfortunate if the Administration found it necessary to introduce immigration legislation this session of Congress. The Mexicans are pleased to have the opportunity to provide input into the Askew Commission Report. The Government of Mexico intends to receive Askew with considerable fanfare later this month. We could anticipate a distinct cooling of our relations if we submit legislation which did not take into account Mexican input into the Askew Commission's deliberations.

BORDER FENCE

If the fence must be built, I suggest that we proceed as promptly and quietly as possible. In announcing our decision, we should stress that the fence is merely replacing one already in existence; that it is not designed to injure; and that there are no plans for extending its length.

NATURAL GAS

It is important that government to government discussions take place as planned on April 3-4. However, I believe it to be desirable that the discussions be brief as possible with the objective of merely setting the parameters within which PEMEX and the private U.S. transmission companies can negotiate a contract that we can be certain would be approved by the U.S. regulatory agencies. In a recent discussion

Electrostatic Copy Made
for Preservation Purposes

with Diaz Serrano, Director of PEMEX, I asked how soon commercial negotiations could begin after we reach government to government agreement and he responded "immediatley." I then asked how soon after that could the gas start flowing to the United States and he responded "within thirty days."

NUCLEAR COOPERATION

You promised President Lopez Portillo to intervene personally in the matter of an export license for enriched nuclear fuel. The Mexicans are pleased that the Nuclear Regulatory Commission on March 2 issued the export license for the Laguna Verde fuel.

TUNA NEGOTIATIONS

You will recall that during your recent meetings in Mexico City President Lopez-Portillo raised the problem of achieving an agreement relating to the fisheries for tuna in the eastern Pacific ocean. It was agreed that the negotiators would get together again, and they did so March 7-8 in Washington. I understand that essentially no further progress towards an agreement was made at that meeting.

The regular annual bilateral fisheries consultations between the U.S. and Mexico are scheduled to take place May 3-4. There have been no seizure incidents to date involving Mexico despite the stalemate, and we have no reason to believe that this will change in the near future. It would appear that we can live with present deadlock for now with minimum concern for disruptive confrontation.

HUMAN RIGHTS TREATMENT OF UNDOCUMENTED ALIENS IN THE U.S.

You committed yourself to protect the human rights of everyone in the U.S. whether or not they are citizens. This matter is receiving increasing attention, both private and public, in Mexico. A Mexican Congressional study group will soon be going to the border in preparation for discussion of the issue in the May US-Mexican Interparliamentary Conference. I under-

stand that Washington agencies are pulling together information on alleged abuses, status and legal or other impediments resolving the problems. One question is how to approach the problem on the local and state level where many of the allegations lodge.

WORKING GROUP MEETINGS OF THE CONSULTATIVE MECHANISM

Roel has agreed to the U.S. suggestions on the new structure. We have been working hard in the Embassy to support Washington in making progress on the issues in working group meetings now being prepared and scheduled. These include:

- Gas negotiations begin in Mexico City April 3-4,
- Meeting on electrical energy interchange scheduled for Mexico City April 5-6,
- Migration Working Group meets in Washington April 17-18,
- Border Working Group meets in Washington April 17-18,
- Tourism Working Group meets in Mexico April 19-20,
- Trade Working Group may meet in Washington week of April 2, and
- Plans for several other meetings are upcoming for late April and early May on finance, industry and development, law enforcement, science and technology and multilateral consultations.

X Harley Staggers

THE WHITE HOUSE

WASHINGTON

CONGRESSIONAL TELEPHONE CALL

TO: Rep. Harley Staggers (D-2-W. VA.)

DATE: As soon as possible

RECOMMENDED BY: ^{F.M./BR}
Frank Moore and Bob Maher

PURPOSE: To express your concern regarding his hospital stay.

BACKGROUND: Congressman Staggers, Chairman of the Interstate and Foreign Commerce Committee, was in John Hopkins Hospital for the past few days following up on a eye injury of last year. He is home now in West Virginia and is feeling better, but I think he is a little down because of the prolonged prognosis. A call from you would be a big lift and you could mention that we are trying to be accommodating on the lifting of the deadline on hospital cost containment. Also let him know that he is one of our important allies and leaders. He can be reached in Keyser, West Virginia at 304-788-1229.

Date of submission March 29, 1979

Another operation
Thurs a.m.

Electrostatic Copy Made
for Preservation Purposes

X JOHN HUTCHISON

X JOE MCCORQUODALE

THE WHITE HOUSE

WASHINGTON

February 24, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

SUBJECT:

Telephone Calls - Week of February 26, 1979

John G. Hutchinson
Mayor of Charleston, West Virginia
(o) 304/348-8000
(h) 304/346-7985

Mayor Hutchinson is a good example of a mayor of a mid-sized city (68,000) who has benefited from the President's urban policies. Specifically, the Administration helped Mayor Hutchinson curb urban sprawl by refusing to provide federal funds to develop a shopping mall on the outskirts of the city; funds would have been provided if the development had been in the downtown area. Mayor Hutchinson ran against Jay Rockefeller in the gubernatorial primary and lost. He is in his mid-forties and holds a leadership position in the National League of Cities. He is up for re-election this year. He has been very supportive of your programs.

NOTES: United cancelled some flights - Allegheny picking up traffic - Good UDAG/urban decisions =
Gen 4/16 - no opposition! "Ready to help in '80"

Joe McCorquodale
Jackson, Alabama
(o) 205/832-5187
(h) 205/246-4456

He is Speaker of the House in Alabama and was slow to help us last year. However, he is very interested and thinks you are doing a good job. He is a fiscal conservative and a talk with you would be very effective.

NOTES: Legis session in prospect = Job James has a lot to learn = Coming to see NECD re. M. Health = (Dr. Bonner)

Telephone Calls - Week of February 26, 1979

K. Leroy Irvis

Pittsburgh, Pennsylvania

(o) 717/783-8677

(h) 412/621-3133

412/281-7734 (law office)

Irvis is a generally well respected political leader who has been in the Pennsylvania House of Representatives since 1958. After an impressive academic career he became a lawyer, and has been active in both NAACP and the Urban League in Western Pennsylvania. He was elected Speaker of the Pennsylvania House of Representatives in 1977 and left that post this year when the Democrats lost control of the House. He is currently the minority (Democratic) leader. Irvis is well respected for his intelligence and integrity, but has not been the type of driving heavy handed force frequently seen in the state. He has been active in the Black issues, and has expressed an interest in becoming involved in foreign affairs with the Administration at some point in the near future. In a meeting with me this past Monday he said he wants to help in the next two years. You might acknowledge that and express appreciation.

NOTES:

*No legis prob re 3-mile incident -
Proudest moment - Andrews return - Met in Philly -*

Howard Berman

Sacramento, California

(o) 916/445-4956

duplicate

Howard Berman, 35, Majority Leader of the California State Assembly, represents a very liberal, Jewish district in Los Angeles (Beverly Hills). He is a labor lawyer by training and is still keenly interested in labor issues. He served on Jerry Brown's Steering Committee in the '76 primary and is a close personal friend of Brown's. He is considered one of the sharpest political observers in the state and would like to run for Speaker in '82. Disappointed in the cavalier way in which Brown has treated the Assembly, he and Leo McCarthy led the fight against a constitutional convention on the budget. Many party people close to Berman say that he is a party man first; he's concerned that Brown's erratic behavior would be divisive to the party were he the Presidential nominee. ne thing Berman is sure to bring up is your policy in the Mideast.

NOTES:

X ROLAND BURRIS

X LAWRENCE CHEHARDY

THE WHITE HOUSE

WASHINGTON

March 19, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*
SUBJECT: Telephone Calls - Week of March 19, 1979

Roland Burris
Chicago, IL
312/782-7874 (o)
312/873-3371 (h)

Mr. Burris is the Comptroller for the State of Illinois. He is the first Black elected official for the State. From 1973 to 1977 he was Director of the State of Illinois Department of General Services. He served as VP of Continental Illinois National Bank for nine years. Louis Martin tells us he is a strong supporter of yours.

NOTES: Election today. Thinks Jane Byrne will win -
closer than people think - Some political problems for
pres in Ill & labor - "I'm with you"

Lawrence A. Chehardy, Sr.
Metairie, Louisiana
504/831-2030 (o)
504/834-7700 (o)
504/362-4100 (o)
No Home Phone

Empire

Mr. Chehardy is a past supporter and is the retired tax assessor of Jefferson Parrish. He is the most influential politician in Metairie and a long-time Democrat who always supports the ticket. A call from you would help. You should encourage him to keep helping Democrats and make sure that a Democrat is elected Governor.

NOTES: DA good friend = re. pol/s - Trave 30%
Fitzmorris 23% = I antedated Prop 13 by
12-15 years = very pleased & call

Electrostatic Copy Made
for Preservation Purposes

Telephone Calls - Week of March 19, 1979 Page Two

Raul Longoria
Austin, Texas
512/475-3471 (o)
512/383-3831 (o)

State Senator Longoria was very supportive during the '76 campaign. He represents a Senatorial District that is largely Mexican-American. He was an ardent supporter of Senator Bentsen until recently -- a serious rift has developed over Bentsen's failure to nominate more than one Mexican-American for federal judgeships. Most recently, he rebuked Governor Clements publicly for trying to upstage and undercut the President by going to Mexico and talking to Lopez Portillo.

NOTES: Problems - "Bentsen has not nominated me for District judge" to take Garza's seat"

Howard Berman
Sacramento, California
916/445-4956 (o)

Howard Berman, 35, is the Majority Leader of the California State Assembly. He represents a very liberal, Jewish district in Los Angeles (Beverly Hills). Berman is a labor lawyer by training and is still keenly interested in labor issues. He served on Jerry Brown's Steering Committee in the '76 primary and is a close personal friend of Brown's. Berman is considered one of the sharpest political observers in the state and would like to run for Speaker in '82. Berman is disappointed in the cavalier way in which Brown has treated the Assembly. Along with Leo McCarthy, he led the fight against a constitutional convention on the budget. Many party people close to him say that Berman is a party man first; he's concerned that Brown's erratic behavior would be divisive to the party were he the Presidential nominee.

NOTES: Going well = Prop. 13 = Gann initiative limit local spending. Gov Brown has mind on other things = "Staying in touch w Kraft & Les Francis"

Telephone Calls - Week of March 19, 1979 Page Three

Ed Koch
New York, New York
212/566-1300 (o)
212/260-4092 (h)

Ed Koch is the Mayor of New York City. Deputy Mayor Peter Solomon, who was the New York Financial Chairman in the '76 campaign, called and suggested that the President call the Mayor simply to discuss matters of interest to N.Y.C. New York political leaders feel it would be good for the President to touch base with Koch before any re-election plans are announced.

NOTES: Congrats! No complaints - Stu, Roger delivering -
"Will do anything for Pres. in 1980. Political
helpers call on me -"

* George Dunne

3-31 - no answer

4-3

THE WHITE HOUSE

WASHINGTON

March 30, 1979

Heavy vote -
good sign -
Byrne / B. Landis - not
yet reconciled
Corporate on M. East

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*

SUBJECT: The Call to George Dunne, Cook County Chairman

Two timely items for discussion are:

1) Thanks to Dunne for his support in the fight against inflation.

-- Note: Cook County Board Chairman Dunne has been unwavering in his stand against the 30% pay raise Cook County Board members voted themselves last November 27.

-- Dunne immediately vetoed the 30% raises and agreed only to compromise down to a 5.5% increase for the commissioners.

-- A recent Cook County Circuit Court decision, in a case brought against Dunne by Board Finance Chairman Jerome Huppert, supported Dunne by finding that the pay-raise action did not meet the requirements for such action under Illinois law.

2) Mayoral/Aldermanic Elections in Chicago to be held April 3.

-- Note: Cook County Democratic Chairman Dunne is publicly backing Democratic mayoral nominee Jane Byrne. She has announced her support for his continuing as County Chairman and has said she will put the patronage under Dunne.

Telephone Numbers:

312/443-6400 - County Board Office

312/263-0574 - County Democratic Headquarters

* the situation (party/political) is in flux; we need to keep in touch with key players -

X Mrs. Virginia Calloway

Sol Chaikin no

Mrs. Virginia Calloway
Hamilton, Georgia
(404) 628-4494

Bo Calloway's mother (wife/widow of Cason Calloway)...
per First Lady, who has spoken to you about this call.

Another dance together
3 grand children to marry before June

no Sol Chaikin (per First Lady)

(I've seen him twice in person)

THE WHITE HOUSE
WASHINGTON
4/3/79

Tim Kraft
Arnie Miller

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

Rick Hutcheson

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Kraft to The President (2 pp.) re:Nominations to Federal Reserve Board/enclosed in Hutcheson to Kraft 4/3/79	3/30/79	C
memo w/att.	From Brzezinski to The President (46 pp.) re:FY 1979 Supplemental Security Assistance/enclosed in Hutcheson to Brzezinski 4/3/79	3/28/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File 4/3/79 BOX 125

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE
WASHINGTON

March 30, 1979

*Phill.
see me
J
C*

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*
ARNIE MILLER *AM*

SUBJECT: Federal Reserve Board

Last month you agreed to appoint Emmett Rice and Philip Searle to the two existing vacancies on the Fed. Rice accepted. However, Searle had second thoughts and because of purely personal factors he declined. We asked Chairman Bill Miller, Charlie Schultze and Dick Moe to identify another candidate.

They recommend Frederick H. Schultz, of Jacksonville, Florida, Chairman of the Board of Barnett Investment Services, Inc., a subsidiary of Barnett Banks of Florida, Inc.

Mr. Schultz's career has included service in both the private and public sectors. His family has had close ties to the Barnett National Bank of Jacksonville. Mr. Schultz has served as director of that institution and is currently director of its parent holding company.

He was also a founder of the Florida Wire and Cable Company. In the early 1970's Mr. Schultz became Chairman of Barnett Investment Services, Inc. His experience in both the investment and banking fields would relate directly to supervisory and regulatory functions of the Federal Reserve Board.

Mr. Schultz also served for seven years (1963-1970) as a Member of the Florida House of Representatives, and was elected Speaker in 1968. He is credited with effectively reorganizing the legislature. It is now a model for many other states. Mr. Schultz, a Democrat, ran unsuccessfully for the US Senate in 1979. He was later appointed by Governor Askew to head a two-year study of the Florida educational system and received a Presidential appointment to the position of Member of the National Council on Educational Research.

By professional experience and personality, Mr. Schultz would fit well into the collegial atmosphere of the Federal Reserve Board as a constructive member of the team. He is a moderate on economic and monetary policy. He is believed to have the management skill, dedication and personal qualities necessary to serve effectively as Vice Chairman.

Mr. Schultz has indicated that he will definitely accept the appointment if offered.

RECOMMENDATION:

We recommend that you nominate Frederick Schultz to be a Member of the Board of Governors of the Federal Reserve System.

approve disapprove



**Electrostatic Copy Made
for Preservation Purposes**

Comments on Frederick Schultz

Reuben Askew: Schultz was a good Speaker. Energetic, innovative, able utmost integrity. Appointed him to head my Citizens Committee on Education and was very pleased with the job he did. Can't vouch for his banking credentials but he's well regarded.

Dick Pettigrew: He preceded me as Speaker. Very public spirited and has good policy instincts. Has good management experience and he knows politics -- a good combination. He writes an excellent economics newsletter for the business community. I'm very high on him; his appointment would be well received in Florida.

Monroe Kimbrel, President of Federal Reserve Bank of Atlanta: Mr. Schultz is highly regarded in the community and is well known to business leaders. An understanding person who is easy to work with and would be a good team member. A prestigious appearing individual, but not a showman. I believe his background in the investment and banking fields would be an asset to the Board. Have nothing but confidence in Mr. Schultz's abilities.

Guy Botts, Chairman of Barnett Banks of Florida: Mr. Schultz would be an excellent addition to the Board. He has an intellectual interest in the economic process and performs particularly well in a collegial environment. An individual who is extremely innovative but who retains flexibility and accepts alternative views. A man of integrity with an excellent reputation and an extremely pleasant family.

Copeland D. Newbern, Chairman of the Jacksonville Branch of the Federal Reserve Bank of Atlanta: Mr. Schultz is one of the most capable men I know. A man of considerable means, a good leader and a "high class" individual. Highly regarded in the community.

Although Schultz narrowly lost to Lawton Chiles in the 1970 senatorial primary, both Chiles and Dick Stone are very complimentary of him and support his nomination.

BIOGRAPHICAL SKETCH - FREDERICK H. SCHULTZ

Born: Jacksonville, Florida, January 16, 1929
Graduated from The Bolles School 1946 and The Lawrenceville School, 1947.
AB Degree from Princeton University, 1952.
Artillery Officer - United States Army, 1952-1954. Served in Korea; awarded
The Bronze Star.
Attended the University of Florida Law School, 1954-1956.
Employed by Barnett National Bank of Jacksonville in the Executive Training
Program, 1956-1957. In 1957 opened own office concentrating efforts in securities
markets and in providing risk capital for new and expanding ventures.

FAMILY

Married the former Nancy Reilly of New Orleans, August 11, 1951.
Four children: Catherine, 26; Frederick H. Jr., 24; Clifford G., II, 22;
John Reilly, 15.

BUSINESS ACTIVITIES

Chairman of the Board: Barnett Investment Services, Inc., a subsidiary of
Barnett Banks of Florida, Inc.

Florida Wire and Cable Company

Director: Barnett Banks of Florida, Inc; Florida Steel Corporation;
Canada Dry Bottling Company of Florida; American Heritage
Life Insurance Company; UniCapital Corporation, and
Florida Gas Company.

CIVIC AND CHARITABLE

Past President: Jacksonville Area Chamber of Commerce.
Trustee: Jacksonville University and The Bolles School.

PUBLIC SERVICE

Jacksonville Expressway Authority, 1961-1963.
Member: Florida House of Representatives, 1963-1970.
Elected Speaker of the Florida House of Representatives, 1968.
Inaugurated new legislative process and procedures. Resigned
in 1970 to run unsuccessfully for the United States Senate.
Appointed in 1971 by Governor Reubin Askew as Chairman,
Citizens' Committee on Education, a two-year study of education
in Florida, public and private.
Chairman, Florida Education Council.
Member, National Council on Educational Research.

CIVIC HONORS

Jacksonville Junior Chamber of Commerce Award for
Outstanding Young Man, 1964.
Jacksonville Junior Chamber of Commerce Good Government
Award, 1969.

SPECIAL AWARD

Louis Brownlow Prize - given jointly by the Council of
State Governments and the American Association of Public
Administration for the best published writing in the area