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**WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)**

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Brzezinski to The President (4 pp.) re: Meeting with Sen. Baker re: SALT negotiations <i>OPENED 8/17/93</i>	5/9/79	A
memo w/ att.	From Brzezinski to The President (10 pp.) re: Meeting with Senators to discuss SALT <i>OPENED 8/17/93</i>	5/9/79	A

**FILE LOCATION**

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File  
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10:15 am

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THE WHITE HOUSE  
WASHINGTON

MEETING WITH SENATOR HOWARD H. BAKER, JR.

Date: Wednesday, May 9, 1979  
Time: 10:45 a.m. (20 minutes)  
Place: The Oval Office

From: Zbigniew Brzezinski  
Frank Moore FM/BB

I. PURPOSE

To brief Senator Howard H. Baker, Jr.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: In the planning for the 48-hour period around the SALT/Summit, you agreed to meet with Senator Baker to give him a personal briefing.

Baker once again becomes pivotal in a major foreign policy issue for us, but this time his eyes are firmly on 1980 and his decision will clearly be made in that context. He is in an awkward position. If he supports SALT II he will alienate the right wing of the Republican party even further than he did over the Panama vote which will only compound his primary campaign problems. If he opposes SALT II, he risks being branded as a politically expedient, irresponsible reactionary, who has put politics before the national interest, thus making his general election prospects look bleak. It is Baker's belief however that SALT is important for the country and he wants to do what is right. The question is how to do what is right for the country and right for himself.

Baker will therefore try to find a middle ground, i.e., a way to support SALT, but make the Administration pay a huge and well-publicized price for his support. In this regard, Baker attempted at the Republican leadership meeting in Tidewater last fall to steer the GOP away from "linkage" as a focal issue in SALT toward using SALT as a platform to attack your defense policies with particular attention to the B1 and neutron decisions. It is believed that Baker would then demand a reversal of some of these decisions as his price for supporting the Treaty.

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E.O. 12356, Sec. 3.4  
DATE 7/23/83  
BY NRS

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This strategy has been all but assumed by Sam Nunn in his recent speech on our defense requirements and has left Baker no alternative but to attack the substance of SALT -- a very dangerous development. It is not unlikely that Baker will team up with Jackson or other Republicans and propose a series of unacceptable amendments to the treaty. If his amendments pass, he can maintain that he strengthened SALT and then fought for final passage. If they fail, he can justify a no vote on the grounds that the treaty is weak. In any event, Baker holds the key to his and up to ten other Republican votes.

We suggest that you appeal to Baker in the national interest to keep the SALT debate above partisan politics as he has done so effectively on other foreign policy issues you have faced together. You should suggest that serious changes in the treaty will result in its being rejected by the Soviets and that it is your hope that the Senate will look at the treaty carefully as it is now written before discussing changes. You may want to point out the special emphasis our allies put on Senate ratification and the importance for them of continuing the SALT process beyond the Carter Administration so as to work toward significant reductions in nuclear weapons in the future.

- B. Participants: Senator Baker  
Wife's name: Joy (will not attend)  
Committees:  
    Committee on Environment and Public Works  
    Committee on Foreign Relations  
    Committee on Rules and Administration  
    Committee on the Library

- C. Press Plan: White House Photo

III. TALKING POINTS

As appropriate from attached suggestions.

TALKING POINTS  
FOR  
PRESIDENT'S MEETINGS WITH SENATORS  
ON  
SALT

You should make the following points (many of which have been taken from your April 25 speech):

-- We have now reached agreement with the Soviets on all of the significant outstanding issues in the SALT negotiations which have been under discussion between Secretary Vance and Ambassador Dobrynin.

-- In light of this situation, we will announce this afternoon that a Summit meeting with Soviet President Brezhnev has been scheduled for June in

-- It will probably take three to four weeks of work in Geneva to wrap up all of the final details of the Treaty text which we then expect to sign at the Summit.

-- No issue is more important than the control of nuclear arms.

-- In the coming months, we will be faced with the choice of whether to accept or to reject a new Strategic Arms Limitation Treaty.

-- We face this choice from a position of strength -- as the strongest nation on earth -- politically, economically, and militarily. As a result, we have a capacity for leadership in the world that surpasses that of any other nation.

-- In our relations with the Soviet Union, the possibility of mutual makes a strategy of peace the only rational choice for both sides.

-- The competition between us makes it imperative that we bring under control its most dangerous aspect -- the nuclear arms race. That is why the Strategic Arms Limitation Talks are so important.

-- As the Congress and the American people consider the SALT Treaty, the debate will center around four basic questions:

- o Why do we need SALT II?
- o How is the Treaty related to our overall defense strategy?
- o Can Soviet compliance be verified?
- o How does the Treaty relate to Soviet activities which challenge our interests?

-- In the months ahead, we will do all in our power to explain the Treaty clearly and fully to the American people. I know that you and the other members of the Senate will join in this effort to ensure an informed public debate.

-- During this debate, it is important that we exercise care. We will be sharing with you some of our most sensitive defense and intelligence secrets. You will have a particular responsibility to ensure that these secrets will be guarded carefully so that the debate does not undermine our security.

-- The basic issue is whether we will move ahead with strategic arms control or resume an unrestrained competition on strategic arms. That is the choice we face -- between an imperfect world with SALT II and an imperfect, and more dangerous, world without it.

-- The fact is that the alternative to this Treaty is not a perfect agreement drafted unilaterally by the United States in which we gain everything and the Soviets nothing. The alternative, now and in the foreseeable future, is no agreement at all.

Answers to each of these questions were provided in my speech in New York.

1:00 pm?

THE WHITE HOUSE

~~CONFIDENTIAL~~

WASHINGTON

MEETING WITH KEY SENATORS

Date: Wednesday, May 9, 1979

Time: ? ~~2:00 p.m.~~ (30 minutes)

Place: Cabinet Room

From: Zbigniew Brzezinski

Frank Moore FM /BB

I. PURPOSE

To brief key Senators on SALT.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: In the planning for the 48-hour period around the SALT/Summit, you agreed to meet with a group of key Senators to brief them.

In addition to the entire Senate Foreign Relations Committee, we have asked the Chairmen and Ranking Members of the Armed Services Committee, Intelligence Committee, and other key Senators to attend.

B. Participants:

Vice President Mondale  
Secretary of State Vance  
Secretary of Defense Brown  
Zbigniew Brzezinski  
Frank Moore

Bayh, Senator Birch (D-Ind)  
Biden, Senator Joseph R., Jr. (D-Del)  
Church, Senator Frank (D-Idaho)  
Cranston, Senator Alan (D-Calif)  
Culver, Senator John C. (D-Iowa)  
Durenberger, Senator David (R-Minn)  
Glenn, Senator John (D-Ohio)  
Goldwater, Senator Barry (R-Ariz)  
Hart, Senator Gary (D-Colo)  
Hayakawa, Senator S. I. (R-Calif)  
Helms, Senator Jesse (R-NC)  
Inouye, Senator Daniel K. (D-Hawaii)

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E.O. 12356, Sec. 3A

PER 2/4/92 NCL HZ RE MR-NCL-93-101  
BY [Signature] NARS. DATE 7/23/93

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Jackson, Senator Henry M. (D-Wash)  
Javitz, Senator Jacob K. (R-NY)  
Kennedy, Senator Edward M. (D-Mass)  
Lugar, Senator Richard G. (R-Ind)  
Magnuson, Senator Warren G. (D-Wash)  
McGovern, Senator George S. (D-S. Dak)  
Muskie, Senator Edmund S. (D-Maine)  
Nunn, Senator Sam (D-Georgia)  
Pell, Senator Claiborne (D-RI)  
Percy, Senator Charles H. (R-Ill)  
Pryor, Senator David (D-Ark)  
Sarbanes, Senator Paul S. (D-Md)  
Stennis, Senator John C. (D-Miss)  
Stone, Senator Richard (D-Fla)  
Tower, Senator John (R-Tex)  
Zorinsky, Senator Edward (D-Neb)

C. Press Plan: White House Photo only

III. TALKING POINTS

As appropriate from attached suggestions.

TALKING POINTS  
FOR  
PRESIDENT'S MEETINGS WITH SENATORS  
ON  
SALT

You should make the following points (many of which have been taken from your April 25 speech):

-- We have now reached agreement with the Soviets on all of the significant outstanding issues in the SALT negotiations which have been under discussion between Secretary Vance and Ambassador Dobrynin.

-- In light of this situation, we will announce this afternoon that a Summit meeting with Soviet President Brezhnev has been scheduled for June in

-- It will probably take three to four weeks of work in Geneva to wrap up all of the final details of the Treaty text which we then expect to sign at the Summit.

-- No issue is more important than the control of nuclear arms.

-- In the coming months, we will be faced with the choice of whether to accept or to reject a new Strategic Arms Limitation Treaty.

-- We face this choice from a position of strength -- as the strongest nation on earth -- politically, economically, and militarily. As a result, we have a capacity for leadership in the world that surpasses that of any other nation.

-- In our relations with the Soviet Union, the possibility of mutual <sup>destruction</sup> makes a strategy of peace the only rational choice for both sides.

-- The competition between us makes it imperative that we bring under control its most dangerous aspect -- the nuclear arms race. That is why the Strategic Arms Limitation Talks are so important.

-- As the Congress and the American people consider the SALT Treaty, the debate will center around four basic questions:

- o Why do we need SALT II?
- o How is the Treaty related to our overall defense strategy?
- o Can Soviet compliance be verified?
- o How does the Treaty relate to Soviet activities which challenge our interests?

-- In the months ahead, we will do all in our power to explain the Treaty clearly and fully to the American people. I know that you and the other members of the Senate will join in this effort to ensure an informed public debate.

-- During this debate, it is important that we exercise care. We will be sharing with you some of our most sensitive defense and intelligence secrets. You will have a particular responsibility to ensure that these secrets will be guarded carefully so that the debate does not undermine our security.

-- The basic issue is whether we will move ahead with strategic arms control or resume an unrestrained competition on strategic arms. That is the choice we face -- between an imperfect world with SALT II and an imperfect, and more dangerous, world without it.

-- The fact is that the alternative to this Treaty is not a perfect agreement drafted unilaterally by the United States in which we gain everything and the Soviets nothing. The alternative, now and in the foreseeable future, is no agreement at all.

Answers to each of these questions were provided in my speech in New York.

TALKING POINTS  
FOR  
PRESIDENT'S MEETINGS WITH SENATORS  
ON  
SALT

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Answers to each of these questions were provided in my speech in New York.

THE WHITE HOUSE

WASHINGTON

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MEETING WITH SENATOR ROBERT C. BYRD

Date: Wednesday, May 9, 1979  
Time: ~~10:15~~ <sup>7:20</sup> a.m. (20 minutes)  
Place: Oval Office

From: Zbigniew Brzezinski  
Frank Moore **FM/BB**

I. PURPOSE

To brief Senator Byrd on SALT.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: In the planning for the 48 hours around the SALT/Summit, you agreed to meet with Senator Byrd to give him a personal briefing.

Byrd has told you that he will remain undecided through the hearings and possibly into the debate. He has indicated that his will not be a partisan decision because this issue "goes beyond the President and politics to the nation's security." Byrd has had a long history of hostility and mistrust of the Russians. We cannot expect the kind of effort he gave us on Panama. He has, however, become increasingly interested in world affairs, and the international importance of SALT will weigh heavily on his decision, particularly the reaction of our allies.

He will most likely want to see what Nunn, Stennis, and Baker will do before taking a firm position. He has made a decision, however, to try to complete the treaty this year.

We suggest that you ask Byrd to appeal to his colleagues to give SALT a fair hearing before making a final judgment on the treaty. You should tell him that we expect amendments to surface early in the debate and that it would be helpful for the majority leader to discourage talk of amendments until the treaty as it is now written is fully debated in the hearing process. You should re-emphasize the importance our allies place on ratification of SALT II. You may also wish to ask Byrd to give as optimistic an assessment as he feels comfortable with of the chances of ratification.

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BY  
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EO 12356, Sec. 3A  
DATE  
1/24/83

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B. Participants: Senator Byrd  
Wife's Name: Erma (will not attend)  
Committees:  
    Committee on Appropriation  
    Committee on Judiciary  
    Committee on Rules and Administration

C. Press Plan: White House photo only.

III. TALKING POINTS

As appropriate from attached suggestions.

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THE WHITE HOUSE  
WASHINGTON

5/9/79

Secretary Blumenthal

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  
Jody Powell  
Jim McIntyre  
Charlie Schultze  
Jerry Rafshoon  
Alfred Kahn

<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 -

ACTION  
FYI

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<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	CRUIKSHANK
<input type="checkbox"/>	FALLOWS
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<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
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<input type="checkbox"/>	PRESS
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<input type="checkbox"/>	SCHNEIDERS
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THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

May 8, 1979

Q

MEMORANDUM FOR THE PRESIDENT

FROM: W. Michael Blumenthal

*Mike*

Subject: Increase in the savings bond interest rate

I recommend that the interest rate on the United States Savings Bonds be increased from 6 percent to 6-1/2 percent.

The debt limit bill which you signed on April 2 provides that the Secretary of the Treasury, with the approval of the President, may increase the interest rate of savings bonds up to a maximum rate of 7 percent.

An increase in the savings bond interest rate is warranted at this time because:

- Savings bond redemptions have exceeded sales each month since June of 1978.
- Interest rates on competing market instruments increased substantially in 1978 and are currently at or near record levels.
- The current 6 percent rate is simply not a fair rate of return to the small investors participating in the savings bond program.
- An increase in the savings bond interest rate could contribute to your anti-inflationary program by encouraging increased savings and reduced consumption.

The increase involves an annual \$400 million rise in budget outlays, but will save us from longer-term debt financing costs if the program collapses.

This proposal has been reviewed and unanimously approved by the EPG Steering Group. (Background memorandum attached.)

Recommendation: That you approve an increase to 6-1/2 percent in the savings bond interest rate.

Approve: \_\_\_\_\_ ✓

Disapprove: \_\_\_\_\_

Other: \_\_\_\_\_

*J*

Attachment

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Subject: Savings Bond Interest Rate

We recommend that the interest rate on savings bonds be increased from 6 percent to 6-1/2 percent at this time.

#### Background

The debt limit bill enacted on April 2 also raised from 6 percent to 7 percent the maximum rate of interest that you may pay on savings bonds. Thus, you are now authorized, with the approval of the President, to increase the present 6 percent savings bond rate by as much as 1 percent. In your debt limit testimony on February 6, 1979, you asked for authority to increase the rate to 6-1/2 percent, and this amount was authorized in the bill reported by the Ways and Means Committee. Congressman Vanik secured a floor amendment to change the 6-1/2 percent to 7 percent. Your testimony stated that it "may be essential to increase the savings bond interest rate in order to avoid further substantial cash drains to the Treasury and permanent damage to the savings bond program." A copy of your testimony is attached at Tab A (see pp. 4 and 5).

#### Cash drain from savings bonds

The substantial cash drain throughout the first quarter of this year has been unprecedented in amount. If the present rate of net cash outflow continues, we will lose \$5 billion this year -- and more if it should increase. As shown in Chart I (Tab B), redemptions exceeded sales in the first quarter by over \$1.2 billion. The chart shows that, after three record post-World War II sales years in 1975 - 1977, the savings bond cash flow to the Treasury began to deteriorate

in June 1978 simultaneous with introduction of the private money market certificates, and this deterioration accelerated in 1979. The deterioration largely reflects increased redemptions, rather than decreased sales.

### Sales

Sales in January - March 1979 were down 11 percent from January - March 1978. As indicated in Chart II (Tab B), the deterioration was almost entirely in the larger denominations of \$500 and over, which were down 30 percent. Sales of bonds with denominations of \$200 and under were virtually flat.

### Redemptions

As shown in Chart III (Tab B), redemptions of both large and small denomination savings bonds increased substantially from \$.7 billion in June 1978 to \$1.2 billion in January 1979 and \$1.0 billion in March 1979. Although interest rates on competing market instruments had increased dramatically in the last half of 1978, it appears that many holders of E bonds delayed cashing them until January so as to avoid having to include the accrued interest in their taxable income of 1978.

### Changing Competitive Conditions for Savings Bonds

There has been a significant change in the competitive environment. In the past the Treasury has generally viewed the savings and loan association passbook account as the most likely investment alternative. (The S&L passbook rate was last increased in July 1973 to its present 5-1/4 percent level, and the savings bond rate was increased from 5-1/2 percent to 6 percent in December 1973.) However, the competitive situation has changed with the introduction of the money market certificate (although these are available only in minimum denominations of \$10,000) and with the current proposals for other higher rate instruments for smaller savers in banks and thrift institutions.

The reasons for our recommended interest rate increase are as follows:

-- Fairness to savings bond investors

The Treasury has in the past felt that it had a special "trustee" responsibility to provide a fair rate of return to

savings bonds investors. These investors are relatively unaware of trends in market rates of interest and yields on alternative investments. Also, they are "locked in" their E bonds to some degree because of the tax deferral feature and the fact that E bonds must be held for 5 years in order to earn the full 6 percent rate. Finally, many savings bond investors come into the program in response to patriotic appeals. The current 6 percent rate does not appear fair to existing holders, in light of the much higher rates prevailing on competing instruments.

-- Possible stemming of redemptions

It is possible that an increase in the savings bond interest rate to, say, 6-1/2 percent, or even 7 percent, could reduce the current cash drain to the Treasury from the savings bond program. Theoretically, an increase in the rate would induce more holders to retain their ownership. Yet, it also is argued that the cash drain is largely a result of people turning in their accumulated holdings of 6 percent E bonds in order to purchase money market certificates and other instruments paying interest rates of 9-1/2 percent or more. If this is true, savings bond redemptions may not be affected much by a 1/2 to 1 percent increase in the savings bond rate.

-- Impact on new EE and HH bonds

Beginning in January 1980 the Treasury will replace the current E and H bonds with the new EE - HH program. An interest rate increase would undoubtedly be a big help to the new program, particularly since payroll savers will be required to "sign up again" if they want to continue in the program. Promotional material is scheduled to go to the printer at the end of the month. Thus, if the savings bond rate is to be increased, it would be desirable to announce the increase now.

-- Avoiding destruction of the program

The savings bond program is dependent upon a corps of volunteers, who should feel that they have a good product to sell. It is essential to maintain the spirit and momentum of this program. We have received an increasing number of requests for a rate increase as, on a competitive basis, the rate is now too low. If redemptions continue at the recent high levels, and if there is a significant downturn in sales of the smaller denomination bonds, the program results may deteriorate and it may be very difficult to revive the program's momentum.

-- Possible anti-inflation benefits

A rate increase could have an anti-inflationary effect to the extent that the higher rate encouraged savings. This effect is not likely to be large, but it would at least be symbolic of the Treasury's posture on the savings/consumption issue in the current inflationary environment.

While it is difficult to argue strongly that a higher rate will attract much more new savings, it is likely that actions to stem redemptions will prevent some of the slippage into the spending stream that occurs when bonds are redeemed.

The arguments against an increase are as follows:

-- Impact on the budget

Since there are about \$80 billion E and H bonds outstanding, a 1/2 of 1 percent increase in the savings bond interest rate would add about \$400 million to budget outlays. Except for the first two increases in the savings bond rate, in 1952 and in 1957, the Treasury has not increased the interest rate on new issues of savings bonds without also increasing the rate on outstanding bonds. Otherwise, since savings

bonds are redeemable on demand, a significant number of holders (even though E bond holders would incur a tax liability) would simply turn in their old low-rate bonds in order to buy the new higher-rate bonds, at considerable administrative expense to the Treasury. While it would be possible to lower the savings bond interest rate later on, after market rates go down, the Treasury has never done this. The added budget cost of an increase in the savings bond interest rate might be offset to some extent if the rate increase has the effect of increasing sales or decreasing redemptions and thus reduces the amount of higher-cost Treasury borrowing in the market.

-- Further pressure for tax-incentives for small savers

The savings bankers are actively pushing for a tax deferral feature on passbook savings accounts as a means of stimulating individual savings. A rate increase on savings bonds with their tax-deferral character, will further stimulate this effort as well as possible additional measures to reward the small saver.

Recommendation: That you propose to the EPG that the President be requested to approve an increase in the interest rate on savings bonds from 6 percent to 6-1/2 percent.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Other \_\_\_\_\_

FOR RELEASE ON DELIVERY  
EXPECTED AT 9:30 A.M.  
February 6, 1979

STATEMENT OF THE HONORABLE W. MICHAEL BLUMENTHAL  
SECRETARY OF THE TREASURY  
BEFORE THE SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT  
OF THE SENATE COMMITTEE ON FINANCE

Mr. Chairman and Members of the Committee:

I am here today to advise you of the need for an increase in the public debt limit. I am also requesting an increase in the authority to issue long-term securities in the market and an increase in the statutory interest rate ceiling on savings bonds. After discussing these specific debt management requirements, I would like to comment on our recent issues of securities denominated in foreign currencies. Then, I will discuss the need to strengthen the process by which Congress establishes the debt limit.

Debt Limit

Turning first to the debt limit, the present temporary debt limit of \$798 billion will expire at the end of March, and the debt limit will then revert to the permanent ceiling of \$400 billion. Based on our current estimates, however, the \$798 billion ceiling will be exceeded sooner -- around March 9. Legislation by that date will be necessary, therefore, to permit the Treasury to borrow to refund maturing securities and to pay the Government's other legal obligations. This assessment on timing is virtually identical to that which I presented to you in testimony last July. Thus, Congress was made aware at that time that the \$798 billion limit probably would not be enough to carry us through March 31.

Let me explain why legislative action is needed by early March. The debt subject to limit actually would exceed the \$798 billion sooner -- by the end of this month -- unless we reduce our normal \$15 billion cash balance assumption.

As a practical matter, we believe that we can get through this month without any serious debt limit problems, since the assumed \$15 billion cash balance is more than we need for this period.

Our cash balance requirements fluctuate substantially, because of the seasonal flows of tax receipts and outlays, but we think that we can safely run the cash balance down to approximately \$7 billion at the end of this month. At the end of February last year our cash balance was \$7.4 billion. On this basis, the debt subject to limit could be kept below \$798 billion until approximately March 9.

In the circumstances, I strongly urge that Congressional action on the debt limit be completed as soon as possible.

Over the longer term, our current estimates of the amounts of debt subject to limit at the end of each month through the fiscal years 1979 and 1980 are shown in the attached table. The table indicates that the debt subject to limit will increase to \$833 billion at the end of September 1979, and to \$893 billion on September 30, 1980, assuming a \$15 billion cash balance on those dates. These estimates are consistent with the budget estimates which the President submitted to Congress on January 22. The usual \$3 billion margin for contingencies would raise these amounts to \$836 billion in September 1979, and \$896 billion in September 1980. Thus, the present debt limit of \$798 billion should be increased by \$38 billion to meet our financing requirements through the remainder of fiscal 1979 and by an additional \$60 billion to meet the requirements in fiscal 1980.

The amount of the debt subject to limit approved by Congress in the September 1978 Budget Resolution is also \$836 billion for the fiscal year ending September 30, 1979. Yet, since the Budget Resolution does not have the force of law, it will be necessary for Congress to enact a new debt limit bill before the Treasury can borrow the funds needed to finance the programs approved by Congress last September.

## Bond Authority

I would like to turn now to our need for an increase in the Treasury's authority to issue long-term securities in the market without regard to the 4-1/4 percent ceiling.

Under this Administration, the Treasury has emphasized debt extension as a primary objective of debt management, a policy which we believe to be fundamentally sound. This policy has caused a significant increase in the average maturity of the debt, reversing a prolonged slide which extended over more than 10 years. In mid-1965, the average maturity of the privately-held marketable debt was 5 years, 9 months. By January 1976, it had declined to 2 years, 5 months, because huge amounts of new cash were raised in the bill market and in short-term coupon securities. Since that time, despite the continuing large needs for cash of the Federal Government, Treasury has succeeded in lengthening the debt to 3 years, 4 months currently.

Debt extension has been accomplished primarily through continued and enlarged offerings of long-term bonds in our mid-quarterly refundings as well as routine offerings of 15-year bonds. These longer-term security offerings have contributed to a more balanced maturity structure of the debt in order to facilitate efficient debt management in the future. Also, these offerings have complemented the Administration's program to restrain inflation. By meeting some of the Government's new cash requirements in the bond market rather than the bill market, we have avoided adding to the liquidity of the economy at a time when excessive liquidity is being transmitted into increasing prices.

Congress has increased the Treasury's authority to issue long-term securities without regard to the 4-1/4 percent ceiling a number of times, and in the debt limit act of August 3, 1978, it was increased from \$27 billion to the current level of \$32 billion. To meet our requirements in the remainder of the fiscal year 1979, the limit should be increased to \$40 billion; and to meet our requirements in the fiscal year 1980, the limit should be increased to \$55 billion.

The Treasury to date has used about \$30 billion of the \$32 billion authority, which leaves the amount of unused authority at about \$2 billion. While the timing and amounts of future bond issues will depend on prevailing market conditions, a \$23 billion increase in the bond authority

would permit the Treasury to continue its recent pattern of bond issues throughout fiscal year 1980. We are currently issuing long-term securities at an annualized rate of approximately \$15 billion.

### Savings Bonds

In recent years, Treasury has recommended frequently that Congress repeal the ceiling on the rate of interest that the Treasury may pay on U.S. Savings Bonds. The current 6 percent statutory ceiling was enacted by Congress in 1970. Prior to 1970 the ceiling had been increased many times as market rates of interest rose and it became clear that an increase in the savings bond interest rate was necessary to provide investors in savings bonds with a fair rate of return.

Mr. Chairman, we do not feel that an increase in the interest rate on savings bonds is necessary today. Yet, we are concerned that the present requirement for legislation to cover each increase in the rate does not provide sufficient flexibility to adjust the rate in response to changing market conditions. The delays encountered in the legislative process could result in inequities to savings bond purchasers and holders if interest rates rise on competing forms of savings.

The Treasury relies on the savings bond program as an important and relatively stable source of long-term funds. On that basis, we are concerned that participants in the payroll savings plans and other savings bond purchasers might drop out of the program if the interest rate were not maintained at a level reasonably competitive with comparable forms of savings. In this regard, market interest rates increased substantially in 1978 and are currently close to the historic highs reached in the 1973-74 period when the savings bond interest rate was increased from 5-1/2 percent to 6 percent. Moreover, there was a significant increase in savings bond redemptions last year. Savings bond sales exceeded redemptions by \$748 million in 1975, \$793 million in 1976, and \$840 million in 1977. However, in 1978, as market rates of interest increased, redemptions exceeded sales by \$236 million. The resulting cash loss to the Treasury, which has been steadily increasing in the past few months, must be made up by increasing the amounts the Treasury borrows in the market, and the Treasury is currently paying significantly higher interest rates on its market borrowings. If this situation continues, it may be essential to increase

the savings bond interest rate in order to avoid further substantial cash drains to the Treasury and permanent damage to the savings bond program.

Any increase in the savings bond interest rate by the Treasury would continue to be subject to the provision in existing law which requires approval of the President. Also, the Treasury would, of course, give very careful consideration to the effect of any increase in the savings bond interest rate on the flow of savings to banks and thrift institutions.

While I continue to believe that the savings bond interest ceiling should be removed, I recognize that it may not be possible to gain prompt approval by Congress of a proposal to eliminate the ceiling. Thus, I am requesting that the ceiling be increased at this time from 6 percent to 6-1/2 percent. This one-half of one percent increase should be enough to provide us with the flexibility we need at this time.

#### Foreign Currency Issues

Let me turn briefly to the issuance of Treasury securities denominated in foreign currencies.

As you know, Mr. Chairman, on November 1, 1978, the Treasury announced its intention to issue up to \$10 billion in securities denominated in foreign currencies. The purpose of these borrowings is to acquire foreign currencies which the United States can use in its exchange market operations.

The securities are issued pursuant to Section 16 of the Second Liberty Bond Act (31 U.S.C. 766), which provides specific authority for the Secretary of the Treasury to issue securities denominated in foreign currencies. These are public debt securities, and, as such, are direct obligations of the United States. The amount of their issuance is subject to the public debt limit.

On December 15, 1978, the Treasury issued the first of these obligations, in the form of three- and four-year notes denominated in Deutsche marks, in an aggregate amount of approximately DM 3.0 billion (\$1.6 billion dollar equivalent). Just recently, on January 26, 1979, the Treasury issued two and one-half and four-year notes denominated in Swiss francs totaling SF 2.0 billion (\$1.2 billion dollar equivalent).

The interest rates which the United States is paying on these obligations are substantially below current domestic interest rates. The notes were offered through the central banks of Germany and Switzerland, acting as agent on behalf of the United States. There were no commissions associated with these offerings, and this is unprecedented in both countries for a public offering of a foreign borrower.

There were special features associated with our German and Swiss offerings which were intended to restrict final investors. In each offering, the notes were placed only with residents of the country in whose currency they are payable. Also, only very limited transferability was permitted among such residents. Further, the German Bundesbank and the Swiss National Bank maintain a register of beneficial owners, and transfers are only effected after each central bank checks to insure that the transferee is a resident of the respective country. These limitations will help minimize the extent to which dollar holdings might be converted into foreign currencies for the purchase of the securities, which would tend to counter the intended purpose of the offerings.

The decision to sell these foreign-denominated securities, as part of the November 1 program, was made to help deal with the severe and persistent disorders in foreign exchange markets, and excessive declines in the dollar, which were undermining our efforts to control inflation and damaging the climate for investment and growth in the United States.

#### Debt Limit Process

Mr. Chairman, I would now like to comment on the process by which the public debt limit is established.

It is well recognized that the present statutory debt limit is not an effective way for Congress to control the debt. In fact, the present debt limit process may actually divert public attention from the real issue -- control over the Federal budget. The increase in the debt each year is simply the result of earlier decisions by Congress on the amounts of Federal spending and taxation. Consequently, the only way to control the debt is through firm control over the Federal budget. In this regard, the Congressional Budget Act of 1974 greatly improved Congressional budget procedures and provided a more effective means of controlling

the debt. That Act requires Congressional concurrent resolutions on the appropriate levels of budget outlays, receipts, and public debt. This new budget process thus assures that Congress will face up each year to the public debt consequences of its decisions on taxes and expenditures.

Moreover, the statutory limitation on the public debt occasionally has interfered with the efficient financing of the Federal Government and has actually resulted in increased costs to the taxpayer. For example, when the temporary debt limit expired on September 30, 1977, and new legislation was not enacted on the new debt limit until October 4, and again when the limit lapsed from July 31, 1978 to August 3, 1978, Treasury was required in the interim periods to suspend the sale of savings bonds and other public debt securities. The suspension of savings bonds sales, in particular, resulted in considerable public confusion, additional costs to the Government, and a loss of public confidence in the management of the government's finances.

Accordingly, I believe that the public debt would be more effectively controlled and more efficiently managed by tying the debt limit to the new Congressional budget process. I hope that we can work together to devise an acceptable way to do this.

Attachment

PUBLIC DEBT  
SUBJECT TO LIMITATION  
FISCAL YEAR 1979  
Based on: Budget Receipts of \$456 Billion,  
Budget Outlays of \$493 Billion,  
Unified Budget Deficit of \$37 Billion,  
Off-Budget Outlays of \$12 Billion

(\$ Billions)

	<u>Operating Cash Balance</u>	<u>Public Debt Subject to Limit</u>	<u>With \$3 Billion Margin for Contingencies</u>
<u>1978</u>	-Actual-		
September 30	22.4	773	
October 31	15.5	778	
November 30	12.9	784	
December 29	16.3	790	
<u>1979</u>			
January 31	15.1	792	
	-Estimated-		
February 28	15	804	807
March 30	15	809	812
April 30	15	807	810
May 31	15	822	825
June 29	15	810	813
July 31	15	819	822
August 31	15	826	829
September 28	15	833	836

PUBLIC DEBT  
SUBJECT TO LIMITATION  
FISCAL YEAR 1980

Based on: Budget Receipts of \$503 Billion,  
Budget Outlays of \$532 Billion,  
Unified Budget Deficit of \$29 Billion,  
Off-Budget Outlays of \$12 Billion

(\$ Billions)

	<u>Operating Cash Balance</u>	<u>Public Debt Subject to Limit</u>	<u>With \$3 Billion Margin for Contingencies</u>
<u>1979</u>		-Estimated-	
September 28	15	833	836
October 31	15	843	846
November 30	15	856	859
December 31	15	857	860
 <u>1980</u>			
January 31	15	858	861
February 29	15	874	877
March 31	15	881	884
April 30	15	872	875
May 31	15	889	892
June 30	15	878	881
July 31	15	887	890
August 29	15	897	900
September 30	15	893	896

CHART I

# CUMULATIVE NET CASH FLOW IN E AND H SAVINGS BONDS <sup>1/</sup>

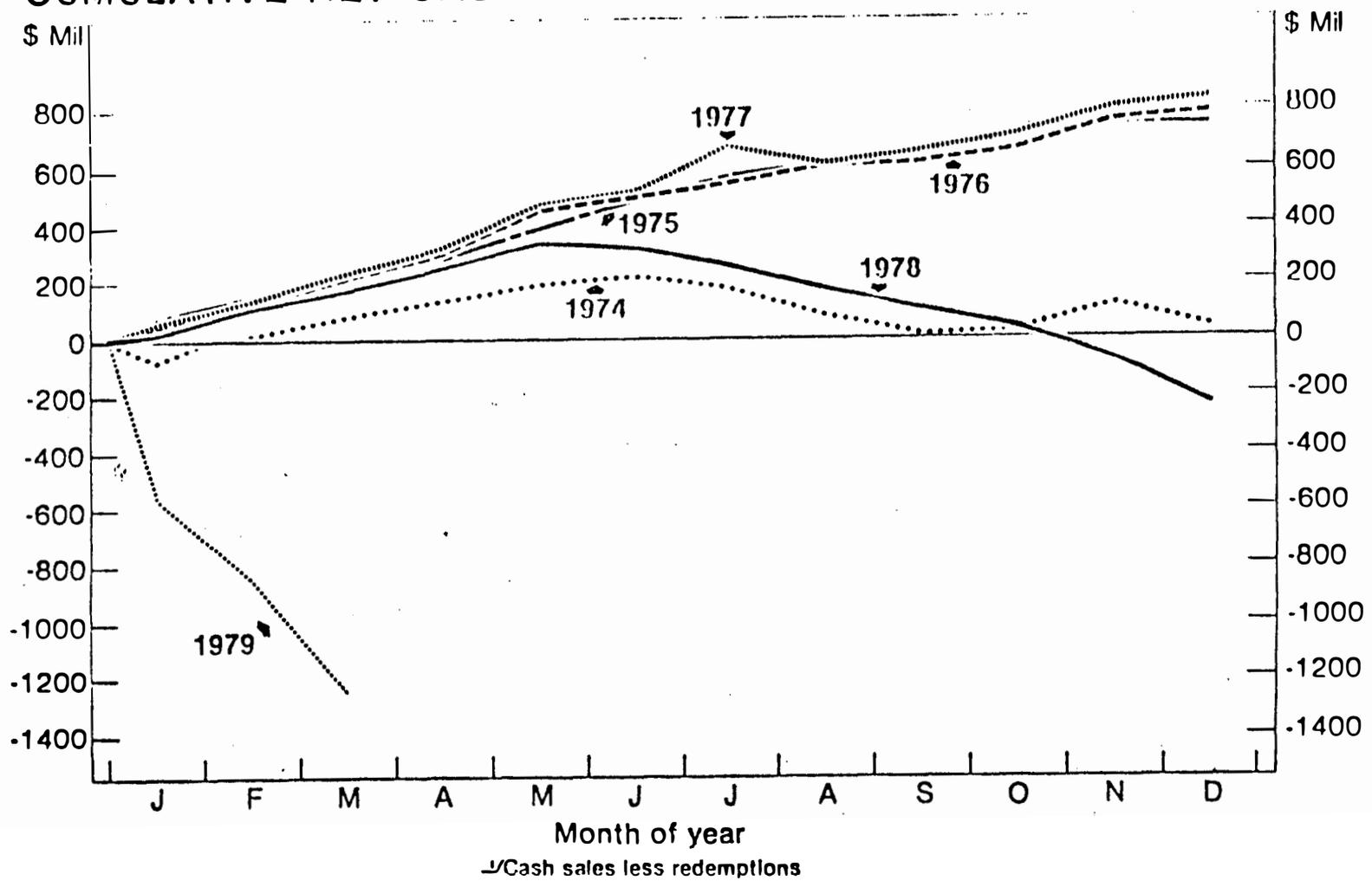


CHART II

SALES OF E AND H SAVINGS BONDS

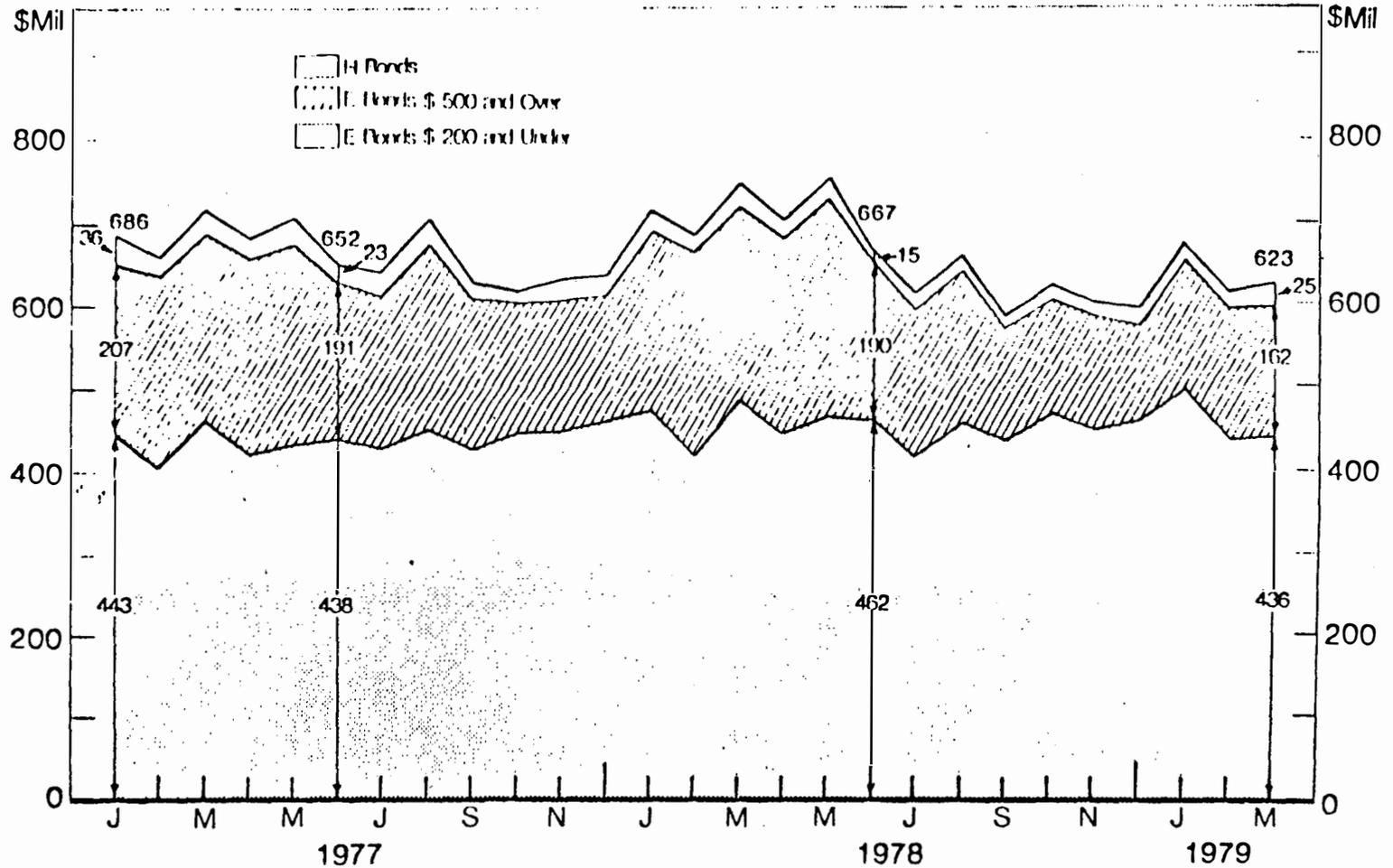
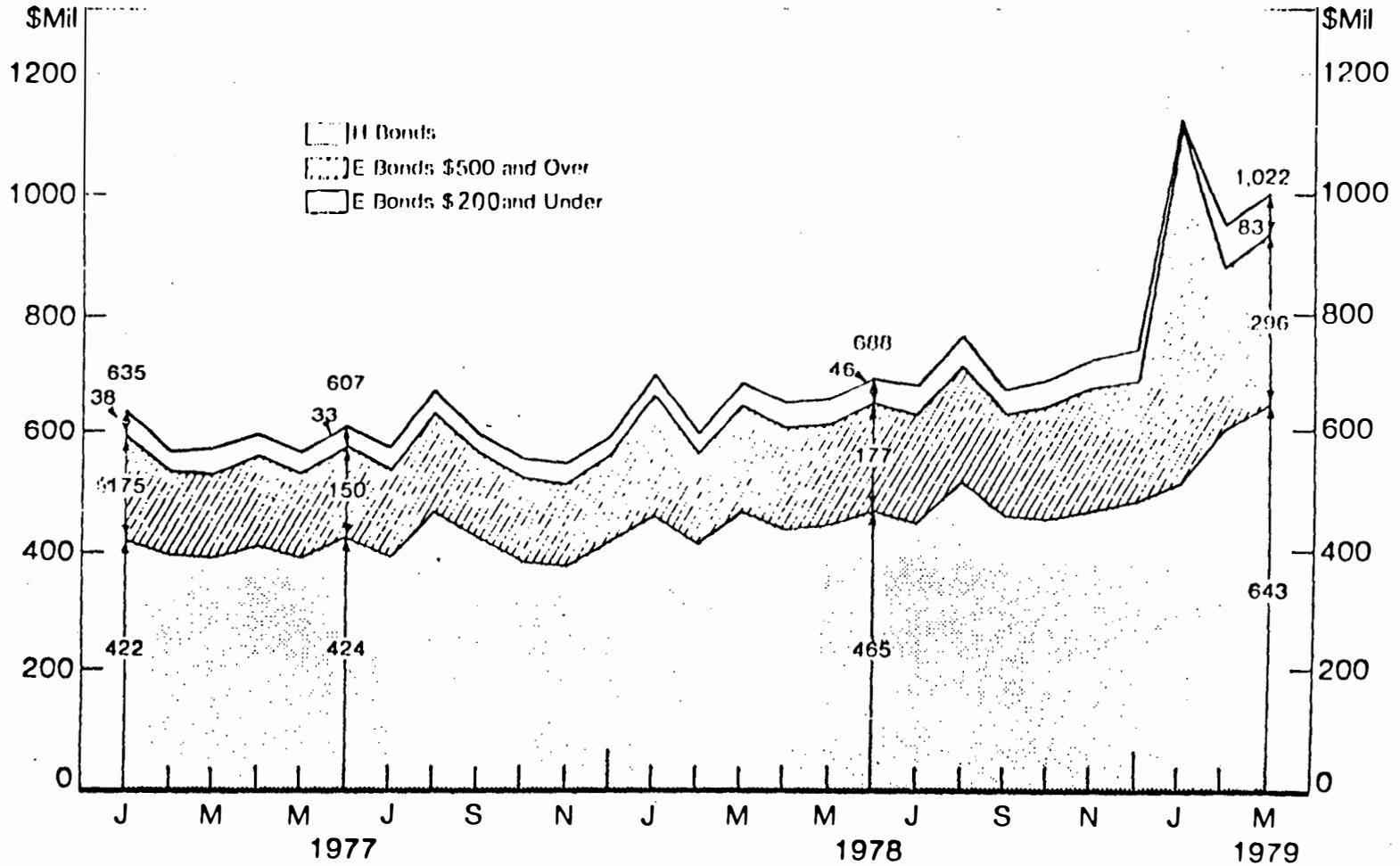


CHART III

REDEMPTIONS OF E AND H SAVINGS BONDS



8:00 AM

THE WHITE HOUSE

WASHINGTON

May 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: W. MICHAEL BLUMENTHAL  
ALFRED E. KAHN *Fred*

SUBJECT: Agenda for the Inflation Breakfast, May 9, 1979, 8:00 a.m., Cabinet Room

1. Savings bond interest rate

The EPG Steering Committee unanimously recommends that you authorize an increase in the interest rate of savings bonds from 6 percent to 6½ percent. (A decision memorandum is enclosed.) In brief, this increase is necessary to prevent the Savings Bonds program from collapsing under a very high (and, for the U.S. Government, very expensive) rate of bond redemption. The interest rate increase will involve an annual budget cost of about \$400 million, but collapse of the program would entail large and growing debt service costs. Also, in today's market, a 6 percent interest rate is clearly a bad deal for the many small savers who buy Savings Bonds.

2. Regulatory issues

We attach a copy of Fred's proposed letter to John deButts, surveying our achievements in the area of regulatory reform. Fred, Charlie and Stu will bring you up to date on a number of other economically significant regulatory matters now approaching the decision stage. Possible candidates are dairy price supports, automobile fuel economy standards, status of the trucking deregulation and maritime shipping proposals, and timber cutting on federal lands. None of these discussions will be intended to have you reach a decision at this time.

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3. Price monitoring and enforcement actions

Barry will discuss one or two impending actions.

For your information, we attach the minutes of this week's EPG meeting.

Attachments

THE WHITE HOUSE  
WASHINGTON

5/9/79

rick--

original was given to  
dan tate during meeting  
this morning....cpy attached

--SSC

THE WHITE HOUSE

WASHINGTON

May 8, 1979

*Susan  
retype  
J*

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*  
FRANK MOORE *FM/DT*

SUBJECT:

Standby Gasoline Rationing Plan

Attached is a letter that Senator Jackson feels he needs to pass the rationing plan on the Senate floor, which restates our commitment to insure priority for farmers in our rationing plan.

We would like you to sign this so that we can get it to the Hill early Wednesday morning.

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THE WHITE HOUSE

WASHINGTON

May 9, 1979

To Chairman Henry Jackson

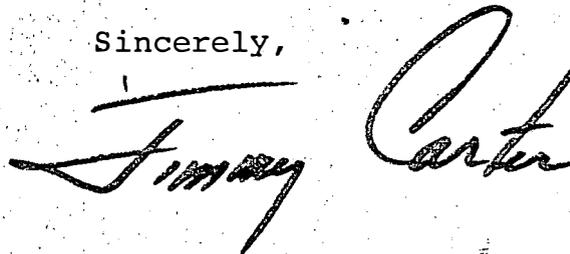
During the deliberations of the Senate Energy and Natural Resources Committee on the amended Standby Gasoline Rationing Plan, the issue was raised as to how the needs of the agricultural community are addressed.

The Plan already specifically earmarks priority ration allotments for vehicles and equipment used in the production of food and fiber. The purpose of this provision is to insure adequate energy for essential agricultural production.

While we believe that the Plan's current agricultural priority is adequate, the Administration will monitor the situation closely. If the agricultural system is not sufficiently protected from serious disruption, I would not hesitate to take further action necessary to protect this vital system.

On a related subject, the Department of Energy is issuing regulations granting farmers the highest priority for supplies of diesel fuel to meet their needs for spring planting. As I said in Iowa a few days ago, "I will not allow agricultural production to be disrupted by a shortage of petroleum. And I will not allow rural America to run dry."

Sincerely,

A handwritten signature in black ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written in a smaller, more compact script, while "Carter" is written in a larger, more prominent cursive script.

The Honorable Henry Jackson  
United States Senate  
Washington, D.C.

THE WHITE HOUSE

WASHINGTON

May 9, 1979

To Chairman Henry Jackson

During the deliberations of the Senate Energy and Natural Resources Committee on the amended Standby Gasoline Rationing Plan, the issue was raised as to how the needs of the agricultural community are addressed.

The Plan already specifically earmarks priority ration allotments for vehicles and equipment used ~~directly~~ in the production of food and fiber. The purpose of this provision is to insure adequate energy for essential agricultural production.

While we believe that the Plan's current agricultural priority is adequate, the Administration will monitor the situation closely. If the agricultural system is not sufficiently protected from serious disruption, we would not hesitate to ~~take~~ a further amendment to the Plan. *action necessary to protect this vital system.*

On a related subject, the Department of Energy is issuing regulations granting farmers the highest priority for supplies of diesel fuel to meet their needs for spring planting. As I said in Iowa a few days ago, "I will not allow agricultural production to be disrupted by a shortage of petroleum. And I will not allow rural America to run dry."

Sincerely,

The Honorable Henry Jackson  
United States Senate  
Washington, D.C.

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THE WHITE HOUSE  
WASHINGTON  
5/9/79

Jack Watson

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

Rick Hutcheson

cc: The Vice President  
Hamilton Jordan  
Fran Voorde  
Phil Wise

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

THE WHITE HOUSE  
WASHINGTON

Mr. President:

This will fit in your  
schedule.

Phil

THE WHITE HOUSE

WASHINGTON

May 9, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JACK WATSON *Jack*  
HAMILTON JORDAN

SUBJECT:

SALT Briefing for the Cabinet:  
Friday, May 11, 1979  
11:00 a.m.  
Cabinet Room

---

As part of our efforts to insure a common Administration posture on SALT, we propose a one hour, special Cabinet meeting on Friday morning at 11:00 a.m.

The Vice President would preside at the meeting. The briefing would be conducted by Cy and Harold.

You would drop-by at the opening of the meeting to stress the importance of the briefing and to urge each member to become knowledgeable on SALT in order to assist in getting Senate ratification.

The briefing will last approximately 30 minutes with 30 minutes of questions and answers.

Approve  \_\_\_\_\_

Disapprove \_\_\_\_\_

cc: Vice President

*J*

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To: Mr. O'Neill  
From: Ari

1. FY '80 Budget: Appropriation subcommittees on track for floor action beginning June 13th.

First Budget Resolution: Committee resolution provides for a \$24.9 billion deficit. It does not include money for real wage insurance or for the state share of general revenue sharing.

2. Panama Canal: Granted a rule, with five hours of debate. Because of one budget act problem, and the need for time to muster support, will probably not reach floor before week after next.

3. Alaska D-2 Lands: In Rules today. Scheduled for floor Thursday. Rule will probably insure first vote on Udall substitute, which will not be amendable.

4. Hospital Cost Containment: Rangel subcommittee approved bill 6-3. Waxman subcommittee has started hearings. Planning floor action before August break.

5. Energy Contingency Plans: These plans must be approved by both Houses. The deadline is May 15th. The plan relating to thermostat settings is eligible as of tomorrow. Rationing will be reconsidered in Committee today. As to outdoor advertising, weekend closings, and rationing if it is disapproved, any member who supports the plan may move to discharge the Committee. Dingell plans to do so.

6. Windfall Profits Tax: Treasury has sent up specifications for a bill. The Joint Tax Committee staff is drafting legislative language. Ways and Means will begin hearings May 8th. Plan is to move the tax through the House in July, and then go back and decide how to spend the money.

7. SBA Authorization: The pressure has been building to act quickly. Hopefully OMB and Neal Smith can reach an agreement.

8. Department of Education: Full Committee markup scheduled tomorrow.

#### OTHER MAJOR LEGISLATION:

National Health Insurance (await Administration proposal)  
Welfare Reform (await Administration proposal)  
Trade Agreement (planning floor action in July)  
Rail Deregulation (Administration bill in Florio subcommittee)  
Department of Natural Resources (Strong opposition. Administration deciding whether to submit as reorganization order, or as legislation)  
Public Financing (Committee closely divided)  
Intelligence Charters  
Criminal Code Reform  
Nuclear Waste Management  
Nuclear Licensing  
160 Acre Amendment  
Sugar Bill (reported by Agriculture; also in Vanik subcommittee)  
Countercyclical  
Federal Pay Comparability  
Regulatory Reform (Administration bill in Danielson subcommittee, which is deciding whether to give priority to the Federal Torts Claim Act)  
Revolving Door Amendments (possible for floor action next week; Eckhardt has asked that the bill not be considered under suspension)  
Illinois Brick (Judiciary waiting for Senate Committee action)

#### LEGISLATION APPROVED:

Council on Wage and Price Stability  
Countervailing Duties  
China-Taiwan  
Debt Limit  
First recession for FY '79

April 3, 1979

TO: Mr. O'Neill  
FROM: AM

1. FY'80 Budget: Appropriation subcommittees have begun hearings. Bills on track for floor action beginning June 13th.

First Budget Resolution: In markup this week. Administration has reduced deficit estimate to \$28.4. Democratic Caucus approved \$27, with substantial cuts in defense, state share of general revenue sharing and highway money. There is still pressure from some Democrats to send a message by reporting a balanced budget.

2. Real Wage Insurance: Sympathetic Committee Democrats are exploring means to hold down the cost, which Committee staff predict could reach \$9 billion. One suggestion would be to move the trigger from 7% to 7.5%. Being kept alive largely with an eye to the Teamster's negotiation.

3. Panama Canal: The four committees (Merchant Marine, Foreign Affairs, Judiciary, Post Office) are under April 10th reporting deadline. Murphy remains a problem on some features. Full Committee markup going on and Murphy is working with the Republicans.

4. Hospital Cost Containment: Serious problems in Commerce. Both Luken and Murphy (a pro vote last year) are against the bill. Waxman subcommittee rebelled at July 1 deadline. Waxman advises an extension till September. Full Ways and Means Committee is closely divided.

5. Alaska D-2 Lands: Interior adopted Huckaby weakening amendment. Both Merchant Marine and Interior under April 23 reporting deadline. Merchant Marine subcommittee adopted Huckaby-type version by 16-14 vote. Will be fought out on floor.

6. Constitutional Amendment: Judiciary has held two days of hearings — may resume the last week in April.

7. Standby Energy Plans: The four plans submitted by the President (restrictions on outdoor lighting; thermostat settings in federal buildings, weekend gas closings, and rationing) must be approved by both Houses by early May. Only thermostat settings is in good shape. Hearings this week.

8. SBA Authorization: Awaiting a rule. This measure makes loans available at 3% and 5% for homeowners and businessmen. It does not include a credit elsewhere test. It includes farm operations. In addition OMB believes the authorization level is too high. Bolling, Giaino, Foley, Mineta, Derrick, Panetta, Bedell are prepared to take on the first two in a substitute. This would virtually cure the third. But its not worth doing if the authorization level alone will draw a veto.

9. Illinois Brick: Minority has demanded a day of hearings on April 10. Committee expects to report favorably.

10. Department of Education: One more day of hearings from opponents. Subcommittee markup next week. Expect full committee to report first week in May with possible floor action the next week.

**PASSED HOUSE:**

Council on Wage & Price Stability  
Countervailing Duties

**PASSED BOTH HOUSES:**

China-Taiwan  
Debt Limit  
First rescission for FY '79

**OTHER MAJOR LEGISLATION:**

National Health Insurance (Administration decision imminent)  
Welfare Reform (Awaiting Administration bill)  
Trade Agreement (Expected in April)  
Social Security amendments (only disability before summer)  
Rail deregulation (Administration bill submitted)  
Department of Natural Resources (Strong opposition to Forestry transfer. Tentative Administration decision to proceed by reorganization order subject to one House veto, rather than by legislation, threatens full-scale battle)  
Public Financing (Hearings nearly complete. Committee closely divided)  
Intelligence Charters  
Criminal Code Reform  
Nuclear Waste Management  
Nuclear Licensing  
160 Acre Amendments  
Sugar Bill  
Countercyclical  
Federal Pay Comparability  
Regulatory Reform (Administration Bill in Judiciary)

THE WHITE HOUSE  
WASHINGTON

5/9/79

Jack Watson

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

Rick Hutcheson

*letter sent via  
Shipping*

THE WHITE HOUSE

WASHINGTON

May 9, 1979

*Jack -  
Call Hugh -  
Tell Jim Hon Adm  
to be Careful  
J*

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
JACK WATSON *Jack*

SUBJECT: Letter to Governor Gallen  
Regarding Industrial Development Loan

We suggest you send the attached letter to Governor Gallen of New Hampshire regarding approval of a Farmers Home Administration loan guarantee. It is our understanding the Governor discussed this with you during your recent visit.

The project involves the construction and operation of a new type of fiber board in Claremont, New Hampshire, that will compete directly with plywood used in the building industry. The total project cost will be \$31 million, involving a 90 percent guarantee by the Farmers Home Administration on a \$24.7 million loan. The fiber board to be made in this plant is produced utilizing tree tops and other trash timber taken from New Hampshire forests resulting from saw lumber harvesting. There appears to be widespread support among both the timber interests and environmentalists for the project.

The Farmers Home Administration had earlier approved an 80 percent loan guarantee. Since then, problems arose among the investor groups that threatened the future of the project. With the approval of a 90 percent guarantee, these problems have generally been resolved and the project is expected to move forward.

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THE WHITE HOUSE

WASHINGTON

May 9, 1979

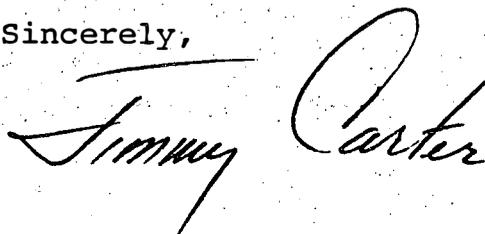
To Hugh Gallen

I am pleased to inform you of the successful completion of negotiations between the Farmers Home Administration (FmHA) and the representatives of the Elmendorf Board Corporation in connection with the requested adjustment from 80 percent to 90 percent in the FmHA guaranteed loan for \$24,700,000. We hope this clears the way for the investor-insurance companies to make their final decisions in time for a May or June construction start-date of the project.

I wish to extend my personal appreciation for your efforts in bringing about this agreement. This project promises long-term benefits to New Hampshire under practices vital to the growth of the forest products industry. The increase in employment and the development of a new product for the building industry, achieved under sound environmental practices, is an endeavor in which we all take pride.

Again, congratulations to you and others involved for your fine example of Federal, State, and private cooperation.

Sincerely,

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

The Honorable Hugh J. Gallen  
Governor of New Hampshire  
Concord, New Hampshire 03301

12:15 PM

THE WHITE HOUSE

WASHINGTON

May 9, 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Sm*  
BETH ABRAMOWITZ

SUBJECT: Photo Session with Lesley College - May 9, 1979,  
12:15 p.m. (5 minutes) - Oval Office

Background

At the request of Speaker Thomas P. O'Neill, you will be greeting about 20 members of the National Advisory Board of the newly formed National Center of Economic Education for Children at Lesley College. The college, located in Cambridge, Massachusetts, is the largest private teachers college for women in the nation specializing in elementary school education. The new National Center of Economic Education for Children is supported solely through corporate giving. The Center will develop course offerings for elementary school teachers, classroom materials, and teacher techniques in economics education, as well as do research in this area.

Talking Points

- ° Future strength of our country depends on today's students -- tomorrow's leaders -- expanding public understanding economics in daily life.
- ° As a charter member of the Joint Council on Economic Education, I congratulate you for creating a new National Center of Economic Education for Children. I understand that the Center is an affiliate of the Joint Council.
- ° Dr. Orton (President of Lesley College) is to be commended for an Advisory Board for the Center which pools the talents of national business and education leaders.

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12:20

THE WHITE HOUSE

WASHINGTON

May 9, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

JODY POWELL *JHP*

SUBJECT:

12:20 pm Photo with Walt Wurfel  
and family today

Walt Wurfel, who has been one of my deputies since we arrived at the White House, is leaving us and will be working for Gannett News Service as Director of Information. The purpose of his seeing you today is to say farewell. His last day here will be May 17.

In his new position, Walt will essentially be involved in efforts to raise the profile of Gannett News Service here and around the country. I know this sounds kind of vague, but this is a new position at Gannett and there really isn't a good description of it.

Walt will be accompanied by his wife Sara Fitzgerald, an editor at The National Journal, and his son Ted. Sara and Walt, as you will undoubtedly notice, are expecting a child -- due in June.

Walt and his son had their photo taken with the Vice President this morning. A White House photographer will be present during this meeting.

Pat Barrio will be promoted to take Walt's position but will stay in the Old Executive Office Building rather than moving to his West Wing office.

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12:25 PM

THE WHITE HOUSE  
WASHINGTON

GREETING OF MULTIPLE SCLEROSIS MOTHER AND FATHER OF THE YEAR

Wednesday, May 9, 1979  
12:25 p.m.  
The Oval Office

FROM: ANNE WEXLER 

I. PURPOSE

To greet the recipients of the Multiple Sclerosis Mother and Father of the Year awards.

II. BACKGROUND

This event has occurred annually and been timed to coincide with the National Multiple Sclerosis Society's Hope Chest Campaign. The National Multiple Sclerosis Society is the only one in the world to support research for a cure for MS, a disease of the central nervous system known for its sudden onset and unpredictability.

This year's recipients are Nancy Katz of New City, New York, and mother of a five-year-old son; and Michael Allara of Wayland, Mass. and father of two children, aged 10 and 8. Mrs. Katz, a former airline stewardess, has continued her active life as a volunteer in the Mid-Hudson Valley MS chapter. Mr. Allara, an executive administrator of the Fidelity Management and Research Company of Boston, is known in his community for his coaching of the local Little League team.

The National Multiple Sclerosis Society is also well known for its READ-a-thon program whereby children are paid to read books, and funds go to fight multiple sclerosis. Donna Fargo, a singer who was recently diagnosed as having MS, will be presenting you a toy Mystery Sleuth bassett hound as thanks for Amy's participation in the program last year.

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III. TALKING POINTS

- (As you present the plaques) I would like to commend you both for your courage in the face of this debilitating disease. Your determination to live normal lives serves as an inspiration to all Americans.
  
- (After you receive stuffed basset hound on behalf of Amy) The READ-a-thon program is one in which I would like to see thousands of children participate. The \$20 million raised by the Society since this program began in 1974 is a indication of the recognition on the part of American children of the need to find a cure for MS. I will certainly encourage all children to become "READ-a-thoners" when they get older.

IV. PARTICIPANTS, AGENDA, AND PRESS PLAN

A. Participants

Michael A. Allara, father of the year, his wife, Pamela, son, Mark, and daughter, Anne-Marie;

Nancy Katz, mother of the year, her husband, Harvey, and her son, David;

Donna Fargo, singer;

Audrey Ullman, wife of Congressman Al Ullman of Oregon and Vice Chairman of the National Capitol Chapter of the Society;

Sylvia Lawry, founder and executive director of the society;

Norman Cohn, President of the Society, and

Roy Harris, Chairman of the National Capitol Chapter.

B. Agenda

- 1) Audrey Ullman will introduce the mother and father of the year to you.
  
- 2) You will then present the MS Mother and Father of the Year with plaques.

- 3) Donna Fargo will present you with the Mystery Sleuth, a stuffed basset hound and the symbol of the search for a cure for multiple sclerosis.

C. Press Plan

White House press pool photo session.

THE WHITE HOUSE

WASHINGTON

May 8, 1979

MEETING COACH BOBBY DODD

Wednesday, May 9, 1979

12:00 p.m. (3 minutes)

The Oval Office

From: Hugh Carter *HC*

I. PURPOSE

Photograph with Georgia Tech's former football coach, Bobby Dodd, and

To urge Coach Dodd to accept football building fund-raising drive honorary chairmanship when it is offered to him.

II. PARTICIPANTS, BACKGROUND AND PRESS PLAN

- A. Participants: Coach Bobby Dodd  
Kim King - former All American Georgia Tech quarterback who is leading the fundraising drive  
  
Hugh Carter

B. Background:

Georgia Tech will soon kick off a drive to raise \$3,500,000 to build a badly needed football facility. The building, to be built where the old Navy Armory presently stands at the north end of Grant Field, will house dressing rooms, a physical therapy room, a weight room, coaches' offices, etc. It is very crucial to Tech's ability to recruit and therefore continue to compete successfully in major college football. Without it, Tech's football program will deteriorate.

Coach Bobby Dodd is very important to the fundraising drive, and will be asked to be the honorary chairman if it can be determined beforehand that he will accept it.

There is some doubt that he will accept the position because:

- (1) Coach Dodd feels that Georgia Tech has somewhat forgotten him, and is hurt by this. I feel this may be partially true, but not nearly so much as Coach Dodd would like for one to believe.
- (2) Because of the above, there is some coolness between Coach Dodd and Dr. Joe Pettit, and Coach Dodd and Pepper Rodgers. (Both Pettit and Rodgers agree, however, that Dodd is the best man to head the drive.)

We feel that if Coach Dodd's love for Georgia Tech and his sizable ego are appealed to properly by the right person, he will accept the job when he is asked.

This is where we need your help. We need for you to tell Coach Dodd

- (1) that you are familiar with the fundraising drive, the building plans, and the crucial need for the building.
- (2) that you feel he is the best man to be honorary chairman of the drive, and you hope he will accept it if he is asked.
- (3) that if he does it you would be in favor of naming the building for him.

C. Press Plan: White House Photographer

12:05 PM

THE WHITE HOUSE

WASHINGTON

May 8, 1979

COURTESY VISIT AND PHOTO WITH THE PATRIARCH OF THE ROMANIAN  
ORTHODOX CHURCH

Wednesday, May 9, 1979

12:05-12:08 p.m.

The Oval Office

From: ANNE WEXLER *Ann*

I. PURPOSE

To greet and have your photo taken with the religious leader who heads Romania's Orthodox Church.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background:

This session was set up at the request of Archbishop Iakovos, the head of the Greek Orthodox Church of North and South America and the spiritual leader of this country's Greek-American community. The Patriarch of the Romanian Orthodox Church, Beatitude Justin, asked Archbishop Iakovos to arrange a courtesy visit with you. Justin is touring the United States in connection with the 50th anniversary of the establishment of the first Romanian Orthodox Church in this country.

Justin's church has a close relationship with the Romanian government. As a result, a substantial number of Romanian-American citizens decline to follow his leadership and instead follow a controversial, American-based bishop, Valerian Trifa, whom the Justice Department is presently investigating for World War II crimes against Jews in Romania. In addition, some American Baptists are unhappy with the Romanian Government (and thus Justin, to the extent he is identified with it) because of alleged persecution of Baptists in Romania. These problems can be turned to your

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advantage, however, by making clear to Justin that we hope he will be a voice for religious freedom in Romania (see attached talking points and draft statement).

B. Participants:

The principal outside participants will be Beatitude Justin and Archbishop Iakovos (whom you have met before on several occasions, most recently on July 31, 1978, at a meeting with religious leaders on foreign assistance). A full list of participants is attached.

C. Press Plan:

White House photographer only (no press). A draft statement (prepared by National Security Council staff) for issuance to the press after the meeting is attached for approval.

III. TALKING POINTS

Talking points prepared by National Security Council staff are attached.

MEETING BETWEEN THE PRESIDENT AND THE PATRIARCH OF RUMANIA

Wednesday, May 9, 1979, 12:05 p.m.

The Oval Office

Expected Attendees

Rumanians

His Beatitude Justin, the Patriarch of Rumania

Most Rev. Metropolitan Teoctist of Iassy

Most Rev. Metropolitan Nicolae

Bishop Antonie

Americans

Most Rev. Archbishop Iakovos, Archbishop of the Greek Orthodox  
Church of North and South America

Archbishop Victorin

White House

Anne Wexler

Mike Chanin

Phil Spector

NSC

Steve Larrabee

## TALKING POINTS

1. We are pleased that you have had an opportunity to visit the U.S. in your capacity as Patriarch of the Romanian Orthodox Church.
2. We are certain that you will use your moral authority and that of your church to further freedom of religious beliefs and practice in Romania.
3. As you know, in the context of our deep commitment to human rights, we strongly believe that religious freedom is a right which must be protected and cherished.

Presidential Statement for Release to the Press (Optional)

May 9, 1979

Today, Beatitude Justin, Patriarch of the Orthodox Church of Romania, made a short courtesy call on President Carter. Beatitude Justin was accompanied by the Most Rev. Archbishop Iakovos, Archbishop of the Greek Orthodox Church of North and South America. During the meeting, President Carter asked Beatitude Justin to use his moral authority and that of his church to further freedom of religious beliefs and practices in Romania.

\_\_\_\_\_  
APPROVE

\_\_\_\_\_  
DISAPPROVE

12:10 PM

THE WHITE HOUSE

WASHINGTON

May 8, 1979

GREET THE WEST VIRGINIA STRAWBERRY QUEEN, LISA ANN MILLER

Wednesday, May 9, 1979  
12:10 p.m. (3 minutes)  
The Oval Office

From: Frank Moore *f.m./pd*

I. PURPOSE

To greet the West Virginia Strawberry Queen, Lisa Ann Miller.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: The request for this appointment was made by Chairman Harley O. Staggers. The Queen of the West Virginia Strawberry Festival has met with every President since the first meeting with President Kennedy. Chairman Staggers takes enormous pride in the West Virginia Strawberry Festival, and this short greeting means a great deal to him.

Lisa Ann Miller is from Sistersville, West Virginia and is a junior at West Virginia University. She was a finalist in the Miss West Virginia Pageant and would like to become a model.

The West Virginia Strawberry Festival is held annually in Buckhannon, Upshur County, West Virginia. It lasts nearly a full week with various competitions and exhibits.

B. Participants: The President  
Ms. Lisa Ann Miller, West Virginia Strawberry Queen  
Chairman Harley O. Staggers (D-W.Va.-2) Chairman,  
House Interstate and Foreign  
Commerce Committee  
Mrs. Harley Staggers  
Miss Marguerite Furfari, Administrative Assistant to  
Chairman Staggers

Page two  
Lisa Ann Miller

Participants: Mr. David W. Miller, father of the Queen  
Mrs. Jean Ruth Miller, mother of the Queen  
Mr. H. Gene Starr, Festival Director  
Mr. Randall H. Sanders, Program Director  
Mrs. Jessie Virginia Sanders  
Miss Robin Lynne Woody  
Mr. Ronald E. Grant  
Frank Moore  
Jim Free

C. Press Plan: White House Photographer

III. TALKING POINTS

Usual courtesies.

## THE WHITE HOUSE

WASHINGTON

9 May 1979

MEETING WITH VERN RIFFE, SPEAKER, OHIO HOUSE OF REPRESENTATIVES

Wednesday, 9 May 1979

2:00 PM

The Oval Office

From: Tim Kraft *TK*Rick Hutcheson *Rich*I. PURPOSE.

Speaker Riffe is in town for a meeting of the Site Selection Committee. In the course of yesterday's phone conversation, you invited him to meet with you today.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN.

A. Background: Riffe is perhaps the most powerful Democrat in Ohio today. He is a strong Speaker, exercising considerable leverage over most Democratic state legislators. His support could be very helpful in 1980.

Additional background information is attached.

B. Participants: The President  
Speaker Vern Riffe

C. Press Plan: White House Photographer

III. TALKING POINTS.

1. Ask Riffe to describe the political situation in Ohio today -- the Cleveland situation, what needs to be done to prepare for the 1980 election, how the Administration is perceived in Ohio today.
2. Ask Riffe for his thoughts on the Ohio coal situation.
3. Ask Riffe what can be done to improve relations between the Administration and leading Ohio Democrats.

Cleveland. Cuyahoga County Chairman Tim Hagan and most of his 27 "vice chairmen" voted to introduce a "draft Kennedy" resolution at the May 26 Convention of Cleveland's precinct committeemen. State Chairman Paul Tipps talked with Hagan in advance, but was unable to dissuade him.

Hagan explained his actions as follows: (1) He has nothing to lose. He never hears from the Carter Administration (although Kraft and Hutcheson have phoned him sporadically). The Carter Administration has done nothing for him (although his father was recently appointed to the Home Loan Bank Board in Ohio). (2) Hagan's arch-enemy, Mayor Kucinich, was preparing to announce a "draft Kennedy" movement. Kennedy is more popular than Carter in Cleveland. For local political reasons, Hagan finds it advantageous to beat Kucinich in jumping to Kennedy.

Hagan was furious when Kucinich was invited to last year's Ohio state briefing, and refused to attend until Kucinich cancelled because of poor health.

Paul Tipps advises us to treat Hagan's activity as an event of little significance. Hagan's pro-Kennedy resolution is likely to pass easily when the approximately 800 precinct committeemen vote later this month.

Ohio coal. In the next few weeks, you will be receiving a decision memo on this issue.

Several Ohio electric utilities that now burn Ohio coal plan to shift to cleaner coal produced in Kentucky and West Virginia. These utilities believe that it will be cheaper for them to meet Federal clean air standards by burning inherently clean coal than by burning high-sulfur Ohio coal and using scrubbers to remove sulfur dioxide. However, Section 125 of the Clean Air Act authorizes you to mandate that local coal be burned to forestall "significant economic disruption." EPA has concluded that severe economic disruption would occur if Ohio utilities meet clean air standards by switching to out-of-state coal, and will recommend that Ohio's utilities be required to install scrubbers, and continue to use Ohio-mined coal.

Leading Ohio Democrats have generally expressed strong support for invoking Section 125. Denying EPA's recommendation is likely to have severe political consequences in Ohio. However, your advisers are divided on this issue, and will be presenting the issue to you shortly for decision.

THE WHITE HOUSE

WASHINGTON

May 7, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*

SUBJECT:

Telephone Calls - Week of May 7, 1979

Vern Riffe

Columbus, Ohio

(o) 614/466-3246

(h) 614/456-4960

*tc - 5/8/79*

Vern Riffe is Speaker of the Ohio House of Representatives. He is a strong Speaker, exercising great leverage over most Democratic state legislators, and as such is perhaps the most powerful Democrat in Ohio today. His support, and his ability to influence state legislators, would be very valuable in assembling an Ohio campaign organization. At our request, Riffe recently sent you a letter asking for your position on calling a constitutional convention to pass a balanced budget. Your response to him received wide publicity.

NOTES:

*Will see pres 1:30 tomorrow  
5/9/79.*

*Need help with soft coal use.*

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THE WHITE HOUSE

WASHINGTON

5/9/79

Stu Eizenstat

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

Rick Hutcheson

cc: Bob Linder

THE WHITE HOUSE

WASHINGTON

May 9, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*  
STEVE SIMMONS *Steve*

SUBJECT:

Presidential Memorandum in  
Support of the Summer Employment  
Program for Youth

Director Alan Campbell of the Office of Personnel Management has requested that you sign the attached memorandum to department and agency heads in support of the Federal Summer Employment Program for Youth. You have sent similar memos over the past two years, and we recommend you sign this one. The memorandum you issued February 14, 1978 is attached.

Director Campbell reports that last summer agencies employed 91,704 temporary workers, mostly students. Of these, 55,215 were needy youth. As you can see, the proposed memorandum again highlights the need for employing needy youth.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

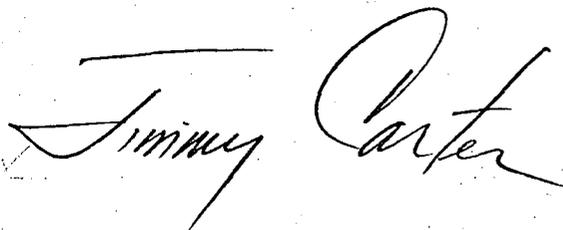
DEPARTMENTS AND AGENCIES

Within a few weeks, schools will close for the summer and many of our young people will be seeking summer jobs. To some the money earned from summer employment may affect whether they return to school in the fall or discontinue their education. For others, summer employment will enable them to help out at home or to gain experience which may assist them in making decisions regarding their future careers.

This year, we are again faced with a high rate of unemployment among our youth. Many of you are already participating in the task force reviewing youth employment and training programs under the Vice President's leadership. As one of several solutions to the problem of unemployment, we as Federal managers along with managers within the private sector should increase our efforts to provide productive summer experiences for young men and women.

I am again asking all of you to continue your personal support for the Federal Summer Employment Program for Youth. Federal programs should be a balanced effort to employ those who qualify through successful competition in the Summer Employment Examination as well as through agency merit staffing procedures. Additionally, we must continue to support summer employment for needy youth. To accomplish this objective, I am again setting a general goal to employ one needy youth for every 40 regular employees. We exceeded this goal on a governmentwide basis last summer.

Director Alan K. Campbell and his staff at the Office of Personnel Management will continue to provide leadership to the Government's Summer Employment Program.

A handwritten signature in cursive script that reads "Jimmy Carter". The signature is written in dark ink and is positioned at the bottom right of the page.

THE WHITE HOUSE  
WASHINGTON

rick--

read to president over  
telephone

5/8/79

--SSC

THE WHITE HOUSE

WASHINGTON

May 8, 1979

MEMORANDUM FOR THE PRESIDENT

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

FOR YOUR INFORMATION

About 5:15 p.m. this afternoon, the Senate Energy Committee by a vote of 9 to 7 approved the 100% historical use amendment which we transmitted a short time earlier. Senator Jackson will try to get a final Senate vote approving the amended plan tonight.

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THE WHITE HOUSE

WASHINGTON

May 8, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
FRANK MOORE

SUBJECT: Telephone Call to Congressman John Dingell

We strongly suggest that you call Congressman John Dingell as early as possible tomorrow to make the following points:

1. Thank him for his flexibility on accepting "historic use" as the basis for allocation of rationing coupons, and for his leadership on the rationing issue. John has really shown statesmanship on this issue and has accommodated the Senate position.

2. Dingell is threatening to cause trouble on renewed efforts in his Subcommittee to extend controls and reverse your decontrol position, since he feels that your statement in Iowa undercut his position as the defender of your decision to decontrol. It would be helpful, before he makes a final decision on whether to now support an extension of controls (which he is threatening to do) for you to call him and make the following points:

- a. You decontrolled not only because of the Congressionally imposed deadline but because it will increase production, encourage conservation, reduce imports, and end the pernicious entitlements system.
- b. You are opposed to efforts to further extend controls since that would reverse your decision and would divert attention from the windfall tax to a futile endeavor. You have instructed Jody Powell to inform the news media of this position and Secretary Blumenthal will also state this in his testimony tomorrow.

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- c. You could not accept a simple extension of controls and could consider signing such an extension only if combined with other measures which would achieve the same positive results as decontrol -- something you think is highly unlikely.
- d. You want him personally to continue to lead the charge against Moffett's efforts and appreciate the help he has given the Administration thus far.

We are very concerned that if you do not get to him shortly, he will publicly commit to a change of position on this issue, which may well mean that the House will pass an extension of controls and the emphasis we have given to the windfall profits tax will be dissipated.

THE WHITE HOUSE  
WASHINGTON

5/9/79

Jerry Rafshoon

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

Rick Hutcheson

cc: The First Lady  
Phil Wise  
Fran Voorde

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

THE WHITE HOUSE  
WASHINGTON

5/7/79

Mr. President:

The First Lady concurs with  
Jerry.

Phil suggests that these be  
scheduled once every two  
weeks.

Rick

THE WHITE HOUSE

WASHINGTON

May 1, 1979

*ok -  
no more than  
one per week  
Leave last half  
of June free  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON *Jerry*

SUBJECT: Media Dinners

I think the next couple of months are an opportune time for another series of media dinners. The goal of this series should be rather specific: i.e., to attack the "poor leadership" issue. At each dinner if the issue does not come up on its own the conversation can easily be started in that direction. We have attached some talking points on the subject. Following is a list of proposed invitees. Most of these folks have been here before. They should come again so that they are re-oriented to you and so that we "de-institutionalize" the process.

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cc: Mrs. Carter

## TALKING POINTS ON LEADERSHIP

1. We are at a frustrating point in our nation's history. We are faced, in foreign and domestic affairs, with a series of difficult problems that require patient and persistent action. Because of this frustration many among the public and the press are calling for "bold" or precipitous action.
2. The essence of real leadership right now is to point the direction toward long-term solutions to these problems and resist the pressure for counter-productive or even dangerous action.
3. On issues such as SALT, Iran, the Middle East, there are those on the right and the left of you who want more drastic action. Domestically, on inflation and energy your major goal has been to chart a moderate course and avoid extremes such as recession, mandatory controls or rationing.
4. It is understandable that the public would begin to look for dramatic or simplistic solutions in these frustrating times. The more discouraging fact is that the press has too often encouraged this kind of reaction rather than explaining the complexities of the problems and the need for restraint.

5. You will not be pushed by the press, the public or political candidates into taking unwise steps even if this is politically damaging.

MEDIA DINNERS TO BE SCHEDULED

Group I                    Jane Pauley, NBC's Today Show  
                              Herb Block, editorial cartoonist  
(This is left                Anthony Lewis, syndicated columnist  
from Mrs.                    William Raspberry, syndicated columnist  
Carter's                     Earl Foell, Editor-designee, Christian Science Monitor  
original list)                Godfrey Sperling, Christian Science Monitor

Group II                    Agronsky and Company  
                              Martin Agronsky  
                              Hugh Sidey  
                              Carl Rowan  
                              George Will  
                              James J. Kilpatrick  
                              Elizabeth Drew

Group III                   Washington Week in Review  
                              Paul Duke  
                              Jack Nelson  
                              Rick Smith  
                              Al Hunt  
                              Hank Trewitt

Group IV                   Columnists  
                              David Broder  
                              Germond and/or Witcover  
                              Meg Greenfield  
                              Tom Wicker  
                              James Reston

Group V                    Television  
                              Walter Cronkite  
                              Harry Reasoner  
                              John Chancellor  
                              David Brinkley  
                              Rod MacLeish  
                              Howard K. Smith

the ch  
CEN

the christian CENTURY

MAY 9, 1979

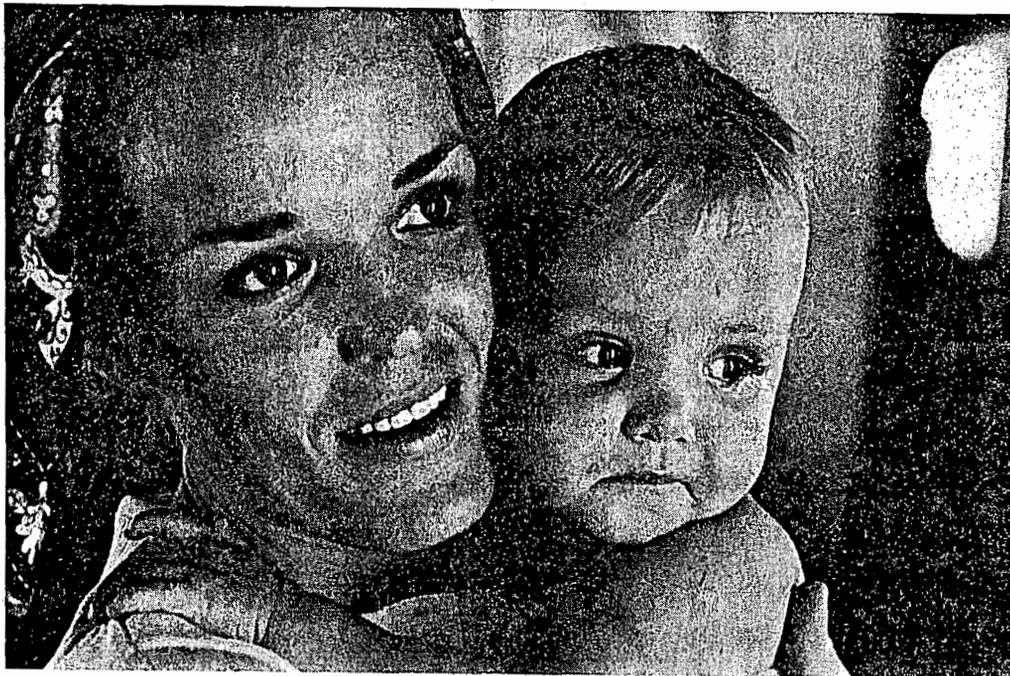
JAMES M. WALL  
EDITOR

407 SOUTH DEARBORN STREET  
CHICAGO, ILL. 60605  
312 - 427-5380  
HOME 312 - 279-7166



## Remember Mama: Thoughts on Motherhood and Ministry

William H. Willimon



## 'The Road Ahead in Theology' Revisited

Going Apart,  
Growing Together

Deane William Ferm

Elizabeth Kreider

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THE WHITE HOUSE

WASHINGTON

May 7, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: EDWARD SANDERS *Ed*

SUBJECT: Trips to New Jersey, Pennsylvania, New York  
and California

Beginning on April 24 I have made trips to New Jersey, Pennsylvania, New York and California. In each state I talked to various Jewish groups and met with prominent Jewish citizens. I learned a great deal from these excursions, and feel that each of them was constructive and helpful.

The general conclusion that I draw from these trips is that it is obvious that the situation in the Jewish community is much improved over what it was prior to March 26. In general the community recognizes the historic significance of the peace treaty and is appreciative of your personal contribution. However, support for the Administration is tentative and wary. The ultimate attitude will be influenced by whether there is a perception that undue pressure is being exerted on Israel in the upcoming talks relating to the West Bank and Gaza.

The general theme running through my meetings reflected this wariness, with particular reference to dealings with the PLO and the question of Jerusalem. There is an underlying fear that in an effort to show rapid progress, the United States will increase its contacts with the PLO. There also is a general attitude that our policy toward Jerusalem is one that will not in the long run be satisfactory.

As a result of my meetings, the general posture that I recommend is as follows:

(1) That we continue to stress the fact that the United States will live up to its commitment under the Sinai II Agreement, and have no dealings with the PLO until it recognizes 242 and Israel's right to exist. To this I would add that regardless of what the PLO says, we should not deal with them while

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they continue to kill innocent men, women and children. In addition, I was constantly questioned about the admission of al-Hout, the PLO representative from Lebanon. We should avoid any further repetition of this sort of episode. As a matter of fact, the admission of al-Hout was not only protested by Israel and the American Jewish community, but also by the Arab American community, who protested the restrictions placed on al-Hout after his arrival.

(2) I believe that it is important for us to emphasize that we have no pre-conceived solution to the question of Jerusalem, but that we recognize that Jerusalem will never again be divided and that there will be free access to the holy places. These two points take a great deal of sting out of the Jerusalem question for the audiences.

(3) Our policy in the upcoming negotiations should be to allow the parties, Israel and Egypt, to stake out their own positions and we should come in only when it is necessary to attempt to bridge the gaps. We should avoid pressuring events beyond their natural pace. The appearance of pressure on the Israelis will divert attention from the Arab-Israeli negotiations and shift it to the issue of American pressure. It seems to me that a fruitful bilateral relationship between Israel and Egypt can only improve the chances for success in the negotiations on the West Bank and Gaza.

I found it interesting to note that from April 24, the date of my trip to New Jersey, to May 5, the date of the trip to California, the general mood, even in the Jewish community, seemed to shift away from the preoccupation with foreign affairs to give more priority to such issues as inflation, energy and nuclear power. Particularly in California, the gas shortage is a preeminent subject. Because of the lack of other types of public transportation and the long distances to travel, the gasoline shortage is rupturing the economic and cultural life of the community. I think we should be careful not to refer to the shortage as an "inconvenience". This infuriates Californians. It seems to me that some recognition has to be given to the unique dependence of California on the automobile. The gas lines and resulting frustration will ultimately be blamed on the President.

There were two other points made which I think are worth repeating:

(1) There was widespread interest in the economic development of Israel and Egypt and a feeling that it would be advantageous to have you sponsor a White House Conference on this subject to be attended by prominent American businessmen. I think that this is a good suggestion and I have some further thoughts on it which I will put down on paper.

(2) Jackson-Vanik - While it appears to be a fact that the bulk of the leadership of the American Jewish community will not be opposed to some adjustment, which would allow the Soviet Union to receive MFN treatment provided that there is a periodic check, it was uniformly agreed that unless Senator Jackson supports the move there will be a great deal of difficulty with the rank and file in the Jewish community. There was the widespread belief that if you could meet with Senator Jackson, and if the two of you could reach a mutual understanding, that then there would be no significant problem.

Finally, as a result of these trips I believe there is substantial support in the Jewish community for Salt II and your energy program. I am directing my attention to maximizing this support.

c.c. Hamilton Jordan