

**6/6/79**

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# THE PRESIDENT'S SCHEDULE

Wednesday - June 6, 1979

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- 7:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 8:00 Breakfast with Congressional Leaders.  
(60 min.) (Mr. Frank Moore) - First Floor Private Dining Room.
- 9:45 Mr. Frank Moore, Mr. Dan Tate, and Mr. Bill Cable - The Oval Office.
- 10:30 Honorable Averell Harriman. (Dr. Zbigniew Brzezinski) - The Oval Office.  
(30 min.)
- 11:30 Vice President Walter F. Mondale, Admiral Stansfield Turner, Dr. Zbigniew Brzezinski and Mr. Hamilton Jordan - The Cabinet Room.  
(60 min.)
- 1:00 Meeting and Luncheon with His Excellency, Helmut Schmidt, Chancellor of the Federal Republic of Germany. (Dr. Zbigniew Brzezinski).  
(90 min.) Cabinet Room and Oval Office.
- 3:00 Senator Russell B. Long. (Mr. Frank Moore).  
(15 min.) The Oval Office.

THE WHITE HOUSE  
WASHINGTON

05 Jun 79

Stu Eizenstat

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

Rick Hutcheson

Hamilton Jordan

ADMINISTRATIVELY CONFIDENTIAL

LETTER WAS SIGNED 6/6 AND  
HAND DELIVERED BY NELSON  
CRUIKSHANK. (RESUBMITTED BY  
EIZENSTAT 6/6)-

2497

No other copies



FOR ACTION  
FYI

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

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

	H. CARTER
--	-----------

	CLOUGH
--	--------

	CRUIKSHANK
--	------------

	FIRST LADY
--	------------

	HARDEN
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	HERNANDEZ
--	-----------

	HUTCHESON
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	KAHN
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	LINDER
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	MARTIN
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	MILLER
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	MOE
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	PETERSON
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	PETTIGREW
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	PRESS
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	SANDERS
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	WARREN
--	--------

	WEDDINGTON
--	------------

	WISE
--	------

	VOORDE
--	--------

/	ADMIN. CONFIDEN.
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	CONFIDENTIAL
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	SECRET
--	--------

	EYES ONLY
--	-----------

no other  
copies

THE WHITE HOUSE

WASHINGTON

June 5, 1979

*oh*  
*Stu -*  
*Send letter -*  
*you sign - J*

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Social Security

Attached is a proposed letter from you to Henry Aaron, Chairman of the HEW Advisory Council on Social Security, responding to his attached letter to you.

Henry Aaron's letter results from the fact that legislation backing up the budget cuts has been submitted to the Congress and the Advisory Council, and Nelson Cruikshank, feel strongly that the Council should have the opportunity to review the proposals before Congress acts.

Nelson has made this a matter of paramount importance for himself and has indicated that he would resign if an appropriate response is not forthcoming, because of the importance of the advisory process to the Social Security system.

In turn, Secretary Califano and Jim McIntyre, as well as I, want to make sure that we do not back away from our budget request. Ham has also stressed to me the importance of keeping Nelson on board.

The attached letter is the result of extensive consultations I have had with Cruikshank, Califano and OMB, all of whom have now agreed to this letter.

In addition, I have convinced Nelson that you ought not to send a letter to Ullman asking him not to take up your budget proposals until the Advisory Council forwards its report.

This letter to Aaron should solve the problem all around.

cc: Hamilton Jordan

**Electrostatic Copy Made  
for Preservation Purposes**



THE WHITE HOUSE  
WASHINGTON

To Henry Aaron

Thank you for your letter of May 17 referring to my State of the Union Message concerning your review of proposed changes in certain Social Security benefits.

I am pleased to know that the Advisory Council on Social Security has instituted such a review, and intends to respond by September 30th -- or sooner if Congressional action on the matter appears imminent. As soon as your report is forwarded to the Secretary of HEW, he will forward it immediately to the Congress so that the Congress can have your recommendations prior to their consideration of the proposed changes, as I indicated in my State of the Union Message.

I have asked members of my Administration to convey this message to appropriate members of Congress, and I have asked the Secretary to inform you if Congressional action appears imminent before you would normally expect to make your final report.

I am aware of the value of the Social Security review process by advisory groups when substantive changes in the system are contemplated. Since the inception of the Social Security system in 1935, the participation of the broadly-based, non-governmental citizen advisory bodies has been singularly valuable to both the President and the Congress, and has served to maintain public confidence in the strength and integrity of the Social Security system.

Please convey to the Council members my appreciation of their continuing efforts within this tradition.

Sincerely,

Mr. Henry Aaron, Chairman  
Advisory Council on Social Security  
c/o Brookings Institution  
1775 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

THE WHITE HOUSE  
WASHINGTON

6/6/79

rick --

president ended up signing  
letter, which he gave  
directly to stu this morning....  
a copy of which is attached

--susan

THE WHITE HOUSE

WASHINGTON

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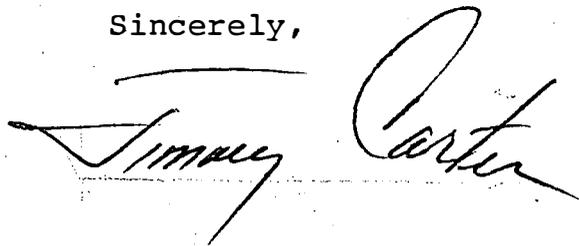
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Please convey to the Council members my appreciation of their continuing efforts within this tradition.

Sincerely,

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

Mr. Henry Aaron, Chairman  
Advisory Council on Social Security  
c/o Brookings Institution  
1775 Massachusetts Avenue, N.W.  
Washington, D.C. 20036

THE WHITE HOUSE

WASHINGTON

June 5, 1979

*ok*  
*Stu - letter -*  
*Send*  
*you sign - J*

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FROM: STU EIZENSTAT *Stu*  
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This letter to Aaron should solve the problem all around.

cc: Hamilton Jordan

THE WHITE HOUSE  
WASHINGTON

6/5/79

Mr. President:

Stu's letter responding to  
the Congressmen is attached.

Rick



**Electrostatic Copy Made  
for Preservation Purposes**

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: MAY 16, 1979

PAGE: - 3 -

FROM	SUBJECT	DISPOSITION	COMMENTS
REP. DAN MICA (D) - FLORIDA	DISTRESSED TO LEARN THAT THE STATE AND DEFENSE DEPARTMENTS HAVE NOT BEEN IN TOUCH WITH THE VIETNAMESE ON A REGULAR BASIS TO RECOVER MORE INFORMATION ON POW'S AND MIA'S IN SOUTHEAST ASIA; REQUESTS THAT YOU INSTRUCT OFFICIALS IN THESE DEPARTMENTS TO RESUME THEIR CONTACT WITH THE VIETNAMESE GOVERNMENT TO HELP SOLVE ACCOUNTABILITY QUESTIONS; NOTES THAT THE SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS WILL FOLLOW THESE COMMUNICATIONS CLOSELY.	ACKNOWLEDGED BY FM REFERRED TO DEFENSE CC:STATE	
REP. ED STACK (D) - FLORIDA REP. DANTE FASCELL (D) - FLORIDA REP. BILL LEHMAN (D) - FLORIDA REP. CLAUDE PEPPER (D) - FLORIDA REP. DAN MICA (D) - FLORIDA	URGE YOUR SUPPORT FOR H.R. 2792, THE CONDOMINIUM ACT OF 1979, TO SOLVE THE PROBLEM OF RECREATION LEASES AND SET NATIONAL STANDARDS FOR CONSUMER PROTECTION AND DISCLOSURE REQUIREMENTS OF CONDOMINIUM SALES; NOTE THAT CONDOMINIUMS WERE SOLD WITH LONG-TERM RECREATION LEASES AS A CONDITION OF PURCHASE; CONCERNED BECAUSE THESE LEASES CONTAIN AUTOMATIC ESCALATION CLAUSES WHICH HAVE CAUSED A HEAVY FINANCIAL BURDEN FOR MANY CONDOMINIUM UNIT OWNERS, PARTICULARLY IN SOUTH FLORIDA.	ACKNOWLEDGED BY FM REFERRED TO HUD CC:PETERSON	<i>Stack - I promised during campaign to help with this problem - advise</i>

THE WHITE HOUSE

WASHINGTON

June 5, 1979

Dear Congressman Pepper:

The President has asked me to thank you for your recent letter urging support of H.R. 2792 and its companion legislation, S. 612, the Condominium Act of 1979.

As you know, the Administration has consistently been involved in the development of this legislation and participated in the original drafting through the Department of Housing and Urban Development. In the near future, the Administration intends to testify in the Senate on behalf of S. 612, and I have asked Undersecretary Jay Janis of HUD to personally take the lead in presenting Administration support for this bill.

The Administration is deeply committed to resolving the recreation lease problem. We share your view that unit owners should be authorized to seek a judicial determination that such leases are unconscionable, and that the statute should set forth standards for the court to consider in determining unconscionability.

I look forward to continuing to work closely with you on this important legislation.

Sincerely,



Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

The Honorable Claude Pepper  
U.S. House of Representatives  
Washington, D.C. 20515

Congress of the United States

House of Representatives

Washington, D.C. 20515

May 11, 1979

The President  
The White House  
Washington, D.C. 20500

ACK. FM/ HUD <sup>SE</sup>  
CONGRESSIONAL  
LIAISON

MAY 16 1979  
CC: Peterson, HUD

Dear Mr. President:

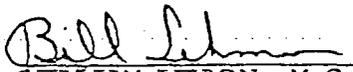
As you know, we have cosponsored H.R. 2792, the Condominium Act of 1979, which is designed to solve the long standing problem of recreation leases as well as setting national standards for consumer protection and disclosure requirements of condominium sales.

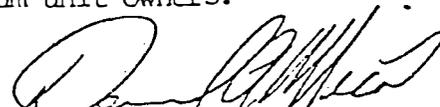
During the early 1970's, condominiums were sold with long-term recreation leases as a condition of purchase. These leases contain automatic escalation clauses, usually tied to the consumer price index, which have caused a heavy financial burden for many condominium unit owners, particularly in South Florida. While we were pleased with your involvement and support which the Department of Housing and Urban Development gave to the bill during the previous Congress, we have become very concerned this year over your commitment to help solve this serious problem.

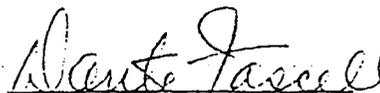
Recently, the House Subcommittee on Housing and Community Development held hearings on the bill, but has decided not to take any further action at this time. This development was very disappointing to the thousands of unit owners in South Florida who have had to continually pay these rent increases.

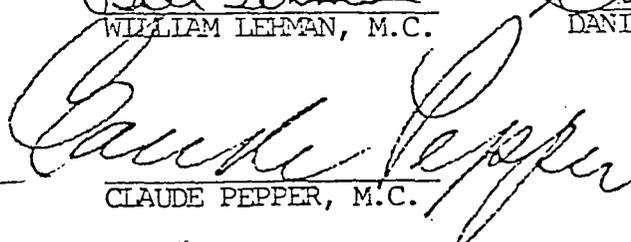
In the Senate, Senator Williams has recently assured Senator Stone of his commitment to hold hearings on S. 612, the companion legislation to H.R. 2792. We urge that you lend your active support to this legislation in order to help bring relief to thousands of condominium unit owners.

  
EDWARD J. STACK, M.C.

  
WILLIAM LEHMAN, M.C.

  
DANIEL A. MICA, M.C.

  
DANTE B. FASCELL, M.C.

  
CLAUDE PEPPER, M.C.

SU09  
H000

ID 792168

THE WHITE HOUSE

WASHINGTON

DATE: 22 MAY 79

FOR ACTION: STU EIZENSTAT

INFO ONLY:

SUBJECT: CONGRESSIONAL LETTER RE H.R. 2792, THE CONDOMINIUM ACT  
OF 1979

*w/ maffie → Bert today  
on*

+++++

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

+ BY: 1200 PM THURSDAY 24 MAY 79 +

+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

May 18, 1979

Patti--

I retrieved this from HUD so that it can be referred to Stu Eizenstat for action per the President's request. I go through Nancy Dorman when I send things to Stu, but since I didn't know how you do it, I think it best to send this original straight to you for your handling. I have sent an information copy of the incoming to HUD and to Esther Peterson, and have acknowledged receipt of the letter in Frank Moore's name. But, I have not done anything other than that. Please let me know the ending so that I can close this out. Thanks.

Ev

SUMMARY OF CONGRESSIONAL MAIL TO THE PRESIDENT

DATE: MAY 16, 1979

PAGE: - 3-

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REP. CLAUDE PEPPER (D) - FLORIDA			
REP. DAN MICA (D) - FLORIDA			

4

**Congress of the United States**

**House of Representatives**

**Washington, D.C. 20515**

May 11, 1979

The President  
The White House  
Washington, D.C. 20500

SE  
ACK. FM/ HUD  
CONGRESSIONAL  
LIAISON

MAY 16 1979  
CC: Peterson, HUD

Dear Mr. President:

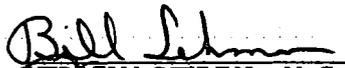
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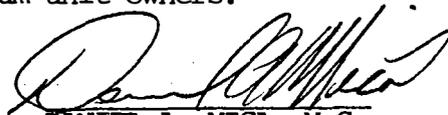
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In the Senate, Senator Williams has recently assured Senator Stone of his commitment to hold hearings on S. 612, the companion legislation to H.R. 2792. We urge that you lend your active support to this legislation in order to help bring relief to thousands of condominium unit owners.

  
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THE WHITE HOUSE

WASHINGTON

June 5, 1979

Dear Congressman Mica:

The President has asked me to thank you for your recent letter urging support of H.R. 2792 and its companion legislation, S. 612, the Condominium Act of 1979.

As you know, the Administration has consistently been involved in the development of this legislation and participated in the original drafting through the Department of Housing and Urban Development. In the near future, the Administration intends to testify in the Senate on behalf of S. 612, and I have asked Undersecretary Jay Janis of HUD to personally take the lead in presenting Administration support for this bill.

The Administration is deeply committed to resolving the recreation lease problem. We share your view that unit owners should be authorized to seek a judicial determination that such leases are unconscionable, and that the statute should set forth standards for the court to consider in determining unconscionability.

I look forward to continuing to work closely with you on this important legislation.

Sincerely,



Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

The Honorable Daniel A. Mica  
U.S. House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 5, 1979

Dear Congressman Fascell:

The President has asked me to thank you for your recent letter urging support of H.R. 2792 and its companion legislation, S. 612, the Condominium Act of 1979.

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Sincerely,



Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

The Honorable Dante B. Fascell  
U.S. House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 5, 1979

*Bill*  
Dear Congressman Lehman:

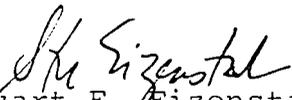
The President has asked me to thank you for your recent letter urging support of H.R. 2792 and its companion legislation, S. 612, the Condominium Act of 1979.

As you know, the Administration has consistently been involved in the development of this legislation and participated in the original drafting through the Department of Housing and Urban Development. In the near future, the Administration intends to testify in the Senate on behalf of S. 612, and I have asked Undersecretary Jay Janis of HUD to personally take the lead in presenting Administration support for this bill.

The Administration is deeply committed to resolving the recreation lease problem. We share your view that unit owners should be authorized to seek a judicial determination that such leases are unconscionable, and that the statute should set forth standards for the court to consider in determining unconscionability.

I look forward to continuing to work closely with you on this important legislation.

Sincerely,

  
Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

The Honorable William Lehman  
U.S. House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

June 5, 1979

Dear Congressman Stack:

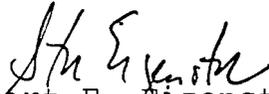
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I look forward to continuing to work closely with you on this important legislation.

Sincerely,



Stuart E. Eizenstat  
Assistant to the President  
for Domestic Affairs and Policy

The Honorable Edward J. Stack  
U.S. House of Representatives  
Washington, D.C. 20515

*xc: Bert  
Orin*

ID 792168

THE WHITE HOUSE

WASHINGTON

DATE: 22 MAY 79

FOR ACTION: STU EIZENSTAT

INFO ONLY:

SUBJECT: CONGRESSIONAL LETTER RE H.R. 2792, THE CONDOMINIUM ACT  
OF 1979

+++++  
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +  
+ BY: 1200 PM THURSDAY 24 MAY 79 +  
+++++

ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

6/6/79

Attorney General Bell

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

Rick Hutcheson

cc: Bob Lipshutz

FOR ACTION  
FYI

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

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

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

THE WHITE HOUSE  
WASHINGTON

6/6/79

Mr. President:

Attorney General Bell sent  
this over.

Sen. Goldwater's suit about  
your recognition of the  
People's Republican of  
China was dismissed today.

Rick

FILED

JUN 3 1979

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

JAMES F. DAVEY, Clerk

*Restores some*

SENATOR BARRY GOLDWATER, ET AL., )  
 )  
 Plaintiffs, )  
 )  
 v. )  
 )  
 JAMES EARL CARTER, ET AL., )  
 )  
 Defendants. )

Civil Action

No. 78-2412

*of my confidence in the judicial system*  
J

ORDER

Upon consideration of defendants' motion to dismiss or, in the alternative, for summary judgment, and of plaintiffs' cross-motion for summary judgment, the memoranda in support thereof, the oppositions thereto, the arguments of counsel in open Court, the entire record herein, and for the reasons set forth in the Court's memorandum of this same date, it is by the Court this 6<sup>th</sup> day of June, 1979,

ORDERED that defendants' motion to dismiss be, and hereby is, granted; and it is further

ORDERED that plaintiffs' cross-motion for summary judgment be, and hereby is, denied; and it is further

ORDERED that this action be, and hereby is, dismissed.

*Walter E. ...*

Judge

Electrostatic Copy Made  
for Preservation Purposes

A

FILED

JUN 6 1979

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA

JAMES F. DAVEY, Clerk

SENATOR BARRY GOLDWATER, ET AL.,	)	
	)	
Plaintiffs,	)	Civil Action
	)	
v.	)	
	)	No. 78-2412
JAMES EARL CARTER, ET AL.,	)	
	)	
Defendants.	)	

MEMORANDUM

This is a suit by eight members of the United States Senate, a former senator, and sixteen members of the House of Representatives seeking declaratory and injunctive relief against the notice given by defendant President Carter to the Republic of China ("ROC" or "Taiwan") to terminate the 1954 Mutual Defense Treaty Between the United States of America and the Republic of China. Plaintiffs seek to have this Court declare that the termination of the 1954 Treaty cannot be legally accomplished, nor can notice be given of intended termination, without the advice and consent of the United States Senate or the approval of both houses of Congress.

Plaintiffs contend that President Carter's unilateral notice of termination violated their legislative right to be consulted and to vote on the termination and also impaired the effectiveness of prior votes approving the 1954 Mutual Defense Treaty. They also claim that the President's action violated section 26 of the International Security Assistance Act of 1978.

Defendants have moved to dismiss or, in the alternative, for summary judgment contending that this case is nonjusticiable because it presents a political question, plaintiffs lack standing

pl

to sue, and the President possesses constitutional authority to give notice of the termination of the Mutual Defense Treaty. Plaintiffs have filed a cross-motion for summary judgment, asserting that the case is justiciable, plaintiffs have standing, and the President is without legal authority to terminate treaties without congressional participation.

I.

On December 15, 1978, President Carter announced that the United States would, as of January 1, 1979, recognize the Government of the People's Republic of China ("PRC") as the sole government of China.<sup>1/</sup> The United States and the PRC agreed to exchange ambassadors and to establish embassies on March 1, 1979. This represented a significant change in the relationship between the two countries, because for almost thirty years after the establishment of the PRC on mainland China in 1949, the United States had no diplomatic ties or other regular relationship with it due to the United States' continued recognition of the Nationalist Government on Taiwan as the sole legitimate government of China.<sup>2/</sup>

On December 2, 1954, a Mutual Defense Treaty Between the United States of America and the ROC was signed in Washington, D.C. The Senate gave its consent to ratification on February 9, 1955 and the treaty was ratified by President Eisenhower on February 11, 1955. The treaty entered into force on March 3, 1955.<sup>3/</sup> The Mutual Defense Treaty obligates the United States,

1/ See Declaration of Warren Christopher in Support of Defendants' Motion to Dismiss or, in the Alternative, for Summary Judgment, ¶ 4.

2/ For background information on the historical relationship between the United States and the PRC and events leading up to the present diplomatic initiatives, see generally Scheffer, The Law of Treaty Termination as Applied to United States De-Recognition of the Republic of China, 19 Harv. Int'l L. J. 931 (1978).

3/ 6 U.S.T. 433, T.I.A.S. No. 3178.

upon joint agreement with the ROC and "in accordance with its constitutional processes," to defend Taiwan and the Pescadores from an armed attack.<sup>4/</sup> Article X of the treaty contains a termination clause, which states that the treaty "shall remain in force indefinitely," but continues: "Either party may terminate it one year after notice has been given to the other party." The issue posed by this lawsuit is thus not whether the United States has the right to terminate the defense treaty, a right expressly guaranteed by Article X, but the procedure by which that right of termination should be accomplished.

During the past decade, initial steps towards normalizing relations between the United States and the PRC were taken. The PRC has always maintained that recognition of two Chinas was unacceptable and that continuation of the Mutual Defense Treaty with Taiwan was incompatible with normalization of relations with PRC. On December 15, 1978, the leaders of the United States and the PRC announced their agreement to establish diplomatic relations as of January 1, 1979. On December 23, 1978, United States Deputy Secretary of State Warren Christopher, at the direction of the President, gave notice of termination of the Treaty to ROC authorities on Taiwan. According to this notice, the Mutual Defense Treaty will terminate on January 1, 1980.

Perhaps anticipating this change in United States policy, in the latter part of 1978 both houses of Congress passed the International Security Assistance Act of 1978, which was signed by President Carter on September 26, 1978.<sup>5/</sup> Section 26 of the Act, popularly known as the Dole-Stone amendment, provides:

---

<sup>4/</sup> Id. Art. V.

<sup>5/</sup> Pub. L. No. 95-384, § 26, 92 Stat. 746 (1978).

(a) The Congress finds that--

(1) the continued security and stability of East Asia is a matter of major strategic interest to the United States;

(2) the United States and the Republic of China have for a period of twenty-four years been linked together by the Mutual Defense Treaty of 1954;

(3) the Republic of China has during that twenty-four-year period faithfully and continually carried out its duties and obligations under that treaty; and

(4) it is the responsibility of the Senate to give its advice and consent to treaties entered into by the United States.

(b) It is the sense of the Congress that there should be prior consultation between the Congress and the executive branch on any proposed policy changes affecting the continuation in force of the Mutual Defense Treaty of 1954.

22 U.S.C.A. § 2151 note (1979). Defendants maintain that consultations with members of both Houses occurred both prior and subsequent to the enactment of this act and that these consultations, which concerned negotiations with the PRC generally and the necessity for terminating the Mutual Defense Treaty, fully complied with the intent of the Dole-Stone amendment.<sup>6/</sup> For reasons subsequently set forth, the Court does not reach the question whether the contacts mentioned amount to consultation.

## II.

The issue with which the Court is confronted is whether the President has unilateral authority to terminate a mutual defense treaty with a friendly nation which has not violated any of the provisions of the treaty. Reference to the historical precedents since the beginnings of this nation discloses terminations of treaties in more than fifty instances.<sup>7/</sup> Some have been terminated by

<sup>6/</sup> See Declaration of Richard Holbrooke in Support of Defendants' Motion to Dismiss or, in the Alternative, for Summary Judgment, ¶¶ 2-3.

<sup>7/</sup> See generally Resolution Concerning Mutual Defense Treaties: Hearings on Sen. Res. 15 Before the Committee on Foreign Relations, 96th Cong., 1st Sess. 157 (1979) (history of treaty terminations by the United States prepared by the Dept. of State); Emerson, The Legislative Role in Treaty Abrogation, 5 J. Legis. 46, 52-64 (1978); Scheffer, supra note 2, at 979-985, 993, 995.

legislative action; some have been terminated by the President with the concurrence of both houses of Congress; some have been terminated by the President with senatorial consent; and some have been terminated by the President acting alone, but these Presidential terminations have been in situations in which it might be inferred that the Congress had no reason to question Presidential action, such as the termination by President Coolidge of the Mexican Smuggling Treaty, which had been found to be completely ineffectual. Based on the Court's consideration of these historical precedents, the Court believes the power to terminate treaties is a power shared by the political branches of this government, namely, the President and the Congress. In this instance, however, since the Congress has not yet acted on the question of treaty termination, a serious question arises concerning the standing of these congressional plaintiffs to seek a judicial injunction or declaration respecting the power of the executive.

An increasing number of senators and congressmen have invoked the jurisdiction of the courts to challenge executive actions and policies.<sup>8/</sup> Because of their political overtones, these cases present difficult jurisdictional questions. In a number of cases the United States Court of Appeals for the District of Columbia Circuit has considered the interrelationship between standing to sue and the political question doctrine and expressed its view that the standing issue should be resolved first.<sup>9/</sup> Thus,

8/ See, e.g., Edwards v. Carter, 580 F.2d 1055 (D.C. Cir.), cert. denied, 436 U.S. 907 (1978); Metcalf v. National Petroleum Council, 553 F.2d 176 (D.C. Cir. 1977); Dole v. Carter, 444 F. Supp. 1065 (D. Kan.), motion for injunction pending appeal denied, 569 F.2d 1109 (10th Cir. 1977).

9/ Reuss v. Balles, 584 F.2d 461, 465 n.14 (D.C. Cir.), cert. denied, 99 S. Ct. 598 (1978); American Jewish Congress v. Vance, 575 F.2d 939, 943-44 (D.C. Cir. 1978).

at the outset, the Court must consider whether plaintiffs have standing to obtain a judicial declaration that the President lacks authority unilaterally to terminate the Mutual Defense Treaty with Taiwan.

A. Standing.

There are no special standards to be employed in analyzing congressional standing questions. Harrington v. Bush, 553 F.2d 190, 204 (D.C. Cir. 1977). Like all plaintiffs, a legislator must show that he has suffered an injury in fact; that the interests he asserts are within the zone protected by the statute or constitutional provision in question; that the injury resulted from the challenged illegal action of defendants; and that the injury be capable of being redressed by a decision in his favor. Id. at 205 n.68.

Perhaps the most important decision concerning congressional standing is Kennedy v. Sampson, 511 F.2d 430 (D.C. Cir. 1974). In that case the Court found that Senator Kennedy had standing to seek a declaratory judgment that a bill for which he had voted had become law despite a presidential pocket veto. The Court held that to the extent the powers of Congress are impaired, so too is the power of each congressman, because his office confers the right to participate in the exercise of the powers of the institution. Id. at 435-36; see Tribble v. Brown, No. 79-1229 (4th Cir. Apr. 26, 1979) (oral opinion).

Plaintiffs Thurmond and Curtis, who voted to ratify the 1954 Mutual Defense Treaty, rely on Kennedy to support their claim that the President's action impaired the effectiveness of their prior votes approving the treaty. In considering the analogous

claim of legislators who alleged that they had an interest in ensuring enforcement of laws for which they voted, however, the United States Court of Appeals for the Fourth Circuit held that once a bill has become law the legislators' interests are indistinguishable from those of any citizen and legislators "cannot claim dilution of their legislative voting power because the legislation they favored became law." Harrington v. Schlesinger, 528 F.2d 455, 459 (4th Cir. 1975).

All plaintiffs with the exception of former Senator Curtis claim that the unilateral notice of termination impaired their legislative right to be consulted and to vote on treaty termination. Several courts have suggested that the availability of alternative political remedies to redress executive action, such as impeachment, denial of funds, or a vote on pending legislation, is evidence that there has been no injury in fact to congressional rights or powers.<sup>10/</sup> For example, in Public Citizen v. Sampson, 379 F. Supp. 662 (D.D.C. 1974), aff'd mem., 515 F.2d 1018 (D.C. Cir. 1975), a group of congressmen sued to overturn an agency regulation granting inventors exclusive rights to patents developed under federal research contracts. This regulation was promulgated by the General Services Administration ("GSA") without congressional approval, and the congressmen claimed that it infringed on their right to participate in the disposal of government-owned property. The Court found no injury in fact and denied standing because promulgation of the regulation could not deprive Congress of its uncontested right to dispose of government property by limiting the contractual powers of the GSA. 379 F. Supp. at 666-67.

<sup>10/</sup> See, e.g., Harrington v. Schlesinger, 528 F.2d 455, 459 (4th Cir. 1975); Metcalf v. National Petroleum Council, 407 F. Supp. 257, 260 (D.D.C. 1976), aff'd on other grounds, 553 F.2d 176 (D.C. Cir. 1977).

The availability of alternative means to remedy an allegedly unconstitutional action was recently considered in Reuss v. Balles, 584 F.2d 461 (D.C. Cir.), cert. denied, 99 S. Ct. 598 (1978). In that case a congressman sought declaratory and injunctive relief from the allegedly unconstitutional composition of the Federal Open Market Committee ("FOMC") of the Federal Reserve System. In rejecting the theory of legislator standing advanced by plaintiff, the Court noted that the congressman was not without the means of challenging the allegedly unconstitutional composition of the FOMC because he could introduce a bill requiring all FOMC members to be presidential appointees. Id. at 468. The Court stated: "This circumstance, while certainly not fatal to [plaintiff's] standing claim, does illustrate that his actual controversy lies, or may lie, with his fellow legislators; no supposed impairment of his legislative functions is due, in any part, to the actions or omissions of the named defendants." Id.

This analysis of congressional standing is based on a consideration of prudential and functional concerns, similar to those described by the Supreme Court in Baker v. Carr, 369 U.S. 186 (1962), the leading statement of the political question doctrine that reflects the deference to be accorded a coordinate <sup>11/</sup> branch of government under our system of separation of powers. A suit such as this by a group of individual legislators seeking to vindicate derivative constitutional rights bypasses the political arena which should be the primary and usual forum in which such views are expressed. <sup>12/</sup>

<sup>11/</sup> See Henkin, Is There a "Political Question" Doctrine?, 85 Yale L.J. 597 (1976).

<sup>12/</sup> See Note, Congressional Access to Federal Courts, 90 Harv. L. Rev. 1632, 1649 (1977).

At least three resolutions dealing with the treaty termination power and the notice of termination given with respect to the 1954 Mutual Defense Treaty are presently pending before the United States Senate.<sup>13/</sup> If the Senate as a whole were to take action approving the termination of the Mutual Defense Treaty, the issues raised by this suit would be moot because the President's action would no longer be unilateral.<sup>14/</sup> If the Senate or the Congress rejected the President's notice of termination or asserted a right to participate in the treaty termination process, the Court would be confronted by a clash of the political branches in a posture suitable for judicial review.

The situation then would be comparable to that presented in Kennedy v. Sampson, in which congressional power had been exercised and was about to be frustrated by a pocket veto. Here, however,

<sup>13/</sup> Senate Resolution 10, which was introduced by Senator Dole on January 15, 1979, and referred to the Foreign Relations Committee, resolves: "That the Senate disapproves of the action of the President of the United States in sending notice of termination of the Mutual Defense Treaty with the Republic of China." 125 Cong. Rec. S209 (Jan. 15, 1979). Senate Resolution 15, which was introduced by Senator Harry F. Byrd, states: "That it is the sense of the Senate that approval of the United States Senate is required to terminate any mutual defense treaty between the United States and another nation." *Id.* S220 (Jan. 18, 1979). Hearings on this resolution were conducted before the Committee on Foreign Relations on April 9-11 and a report was issued on May 7, 1979. S. Rep. No. 96-119, 96th Cong., 1st Sess. (1979). Senate Concurrent Resolution 2, which is subtitled "To uphold the separation of powers between the executive and legislative branches of Government in the termination of treaties," was introduced by Senator Goldwater and referred to the Committee on Foreign Relations. 125 Cong. Rec. S219 (Jan. 15, 1979).

<sup>14/</sup> On April 10, 1979 the President signed the Taiwan Relations Act, which addresses major aspects of United States-Taiwan relations and contains a security assurance expressing continued United States concern in the absence of the Mutual Defense Treaty. Pub. L. No. 96-8, § 2(b) (Apr. 10, 1979). Defendants suggest that this Act can be interpreted as legislative ratification of the notice of termination. During debate on the proposed legislation, however, several members of the Foreign Relations Committee, including the majority and minority floor managers of the bill, stated that nothing in the bill constituted a determination of the legal and constitutional issue raised by the President's notice of termination. See 125 Cong. Rec. S2124, S2126, S2130, S2134, S2151 (March 7, 1979) (statements of Senators Javits, Glenn, Baker, Hayakawa, Helms, and Stone).

plaintiffs have not established the necessary injury required for standing. Either the Senate or the Congress as a whole still can utilize the legislative process to assert its right and demonstrate that it possesses a shared power with the President to act in terminating a treaty. Although the Court is inclined to agree with plaintiffs' assertion that the power to terminate the 1954 Mutual Defense Treaty is a shared power to be exercised by the action of both political branches, at the present time there is no indication that the Congress as a whole intends to assert its prerogative to act. Under these circumstances, the President's notice of termination does not constitute injury. In the absence of any injury to the institution as a whole, the individual legislators here cannot claim a derivative injury.

B. Cause of Action Under Pub. L. No. 95-384.

Plaintiffs also have alleged that the statutory rights conferred by section 26 of the International Security Assistance Act of 1978, Pub. L. No. 95-384, have been violated because there was no prior consultation between the Congress and the executive branch prior to the notice of termination of the Mutual Defense Treaty. Defendants dispute this factual allegation and have submitted an affidavit detailing the consultation that occurred after enactment.<sup>15/</sup>

The final language of the Dole-Stone amendment is general and nonmandatory in nature.<sup>16/</sup> This was substituted for the apparently mandatory language originally proposed by Senators Dole and Stone.<sup>17/</sup> Because section 26 apparently does not set forth

<sup>15/</sup> Declaration of Richard Holbrooke in Support of Defendants' Motion to Dismiss or, in the Alternative, for Summary Judgment; see Defendants' Answer to Plaintiffs' Interrogatory No. 7.

<sup>16/</sup> "It is the sense of the Senate that there should be prior consultation between the Congress and the executive branch on any proposed policy changes affecting the continuation in force of the Mutual Defense Treaty of 1954." 22 U.S.C.A. § 2151 note (1979).

<sup>17/</sup> The consultation language proposed by Senators Dole and Stone stated: "It is the sense of the Senate that any proposed policy

(footnote continued on page 11)

a mandatory or binding duty to consult and because the Court could not effectively resolve the question of how much consultation would meet its terms if it were binding,<sup>18/</sup> plaintiffs, in alleging injury under this section, have failed to state a claim upon which relief can be granted.

#### CONCLUSION

Our Constitution provides for a government of checks and balances. Legislative power is vested in the Congress. Among other powers the President is the "sole organ of the federal government in the field of international relations."<sup>19/</sup> In Article II, section 3 he is charged with the responsibility of faithfully executing the laws which under Article VI specifically include treaties.

The Court believes that the extraordinary remedy of injunction or the related power of a declaration should be exercised sparingly and only when the legislative branch has been given the opportunity of acting. At least three resolutions are presently pending in the Senate. For these reasons the Court believes that the resolution of the ultimate issue in this case should in the first instance be in the legislative forum. If the Congress approves the President's action, the issue presently before the Court would be moot. If the Senate or the Congress takes action, the result of which falls short of approving the President's

---

changes affecting the continuation in force of the United States-Republic of China Mutual Defense Treaty shall be a matter for prior consultation with the Senate." See 124 Cong. Rec. S11727 (July 25, 1978).

18/ See Greater Tampa Chamber of Commerce v. Adams, C.A. No. 78-0517, slip op. at 5-6 (D.D.C. Nov. 29, 1978), appeal docketed, No. 79-1123 (D.C. Cir. Dec. 21, 1978).

19/ United States v. Curtiss-Wright Export Corp., 299 U.S. 304, 320 (1936).

termination effort, then the controversy will be ripe for a judicial declaration respecting the President's authority to act unilaterally. Until then, the complaint is dismissed without prejudice.

*William G. Bush*

Judge

Date:

June 6<sup>th</sup> 1979

THE WHITE HOUSE  
WASHINGTON

6/6/79

Tim Kraft  
Arnie Miller

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

Rick Hutcheson

2520

FOR ACTION  
FYI

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

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARONSON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FIRST LADY

HARDEN

HERNANDEZ

HUTCHESON

KAHN

LINDER

MARTIN

/ MILLER

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

WARREN

WEDDINGTON

WISE

VOORDE

ADMIN. CONFIDEN.

CONFIDENTIAL

SECRET

EYES ONLY

THE WHITE HOUSE  
WASHINGTON

6/6/79

Mr. President:

Henry Owen concurs with  
Tim's recommendation.

Rick

THE WHITE HOUSE  
WASHINGTON

Susan -  
Tell Tim to  
check  
Henry Owen  
J

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for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

June 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT *TK*  
ARNIE MILLER *AM*

SUBJECT: Director of AID

The reorganization plan for the new International Development Cooperation Agency (IDCA) is expected to clear Congress in early July. Last month you named Tom Ehrlich to head it. We have been working with Ehrlich and Henry Owen to identify candidates for the Director of AID.

The new director of AID should be familiar with the international development field, have strong managerial skills, and enjoy good working relationships with the Congress, the Department of State, and the private voluntary organizations.

We recommend Douglas T. Bennet. Bennet served with AID in New Delhi in 1963-64. Later he was the Special Assistant to Ambassador Chester Bowles in India. After eight years on the Hill, Bennet was appointed Assistant Secretary of State for Congressional Relations. He has a sound knowledge of international development policy and a good reputation as a manager. He will be effective working with both the State Department and Congress, as well as with private voluntary agencies and the international community generally.

Although Bennet comes from the State Department, he will be seen as a fresh new face with practical know-how and substantial managerial experience. As the first Staff Director of the Senate Budget Committee, he organized and directed its initial operation, and gained high marks for his work.

RECOMMENDATION:

We recommend that you appoint Douglas J. Bennet, Jr., to be Director of the Agency for International Development. Secretary Vance, Frank Moore and Thomas Ehrlich concur.

approve  disapprove

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for Preservation Purposes

## Curriculum Vitae

Name: Douglas J. Bennet, Jr.

Residence: Selden Road  
Hadlyme, Connecticut 06439  
(203) 526-3388

3206 Klinge Road, N.W.  
Washington, D. C. 20008  
(202) 337-4424

Birth Date: June 23, 1938

Family: Married in 1959 to Susanne Klejman  
Children: Michael, James, Halina

### Employment:

1977 Assistant Secretary of State,  
Congressional Relations

1974-1977 Staff Director, Senate Budget  
Committee

1974 Candidate for Democratic Congressional  
nomination, 2nd District, Connecticut

1973-1974 Administrative Assistant to  
Senator Abraham Ribicoff

1969-1973 Administrative Assistant to  
Senator Thomas F. Eagleton

1967-1969 Assistant to Vice President  
Hubert Humphrey

1964-1966 Special Assistant to Ambassador  
Chester Bowles, American Embassy  
New Delhi

1963-1964 Assistant to the Economic Advisor  
Agency for International Development,  
New Delhi

### Education:

B.A. 1959 Wesleyan University (Phi Beta Kappa)

M.A. 1960 University of California, Berkeley (History)

Ph.D. 1968 Harvard University (History)

3:00 PM

①

THE WHITE HOUSE  
WASHINGTON

MEETING WITH SENATOR RUSSELL LONG

Wednesday, June 6, 1979  
3:00 p.m. (15 minutes)  
The Oval Office

From: Stu Eizenstat *Stu*  
Frank Moore

I. PURPOSE

To discuss the National Health Plan.

II. BACKGROUND AND PARTICIPANTS

You are scheduled to announce the specifications of the first phase of your national health plan (and a description of a comprehensive plan) on June 12. Senator Long has scheduled markup sessions on national health insurance beginning the week of June 18. We have begun meeting with Long's staff to describe our proposal and to explore what the key concerns of the Finance Committee are likely to be.

The most important goals of this meeting are:

- To stress the importance of passing hospital cost containment. Senator Long can help achieve passage on the Senate floor, even if he cannot get the Finance Committee to report a satisfactory bill.
- To stress that this bill must contain substantial benefits for the poor if it is to pass the House. We understand that Long intends to support our general approach, but may be pressured by his Committee to scale down aid to the poor substantially.

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for Preservation Purposes

Senator Long wants to provide some benefits as early as 1980. Our plan contains off-budget benefits which can be implemented earlier than 1983 -- for example, requiring that employers who now provide insurance include catastrophic benefits and 90 days of coverage for laid-off workers.

Since we are not sending up a bill at this time, we do not need Senator Long to sign on as a sponsor. What we would like is his agreement with our general approach and his commitment to seek a bill which includes benefits for the poor and cost containment as well as catastrophic coverage.

The participants are: Stu Eizenstat, Frank Moore, Dan Tate, Joe Onek, and Joe Califano.

### III. TALKING POINTS

- You are planning to announce your national health plan on June 12. Senator Long has been briefed and knows that the plan includes catastrophic coverage through the private sector, new benefits for the poor, and cost containment provisions.
- The new benefits we are proposing, especially in the catastrophic area, make passage of a meaningful hospital cost containment bill more important than ever. You hope that he will help secure approval of the Administration's approach -- a bill which covers all costs and all payors -- either in Committee or on the Senate floor. You also seek his support for a limitation on capital expenditures by hospitals. You do not want hospitals to go on a buying spree when catastrophic insurance passes.
- You believe it is crucial that the proposal also contain substantial new benefits for the poor. This will broaden the appeal of the legislation in the Senate. In the House, a broader bill is indispensable to passage. Speaker O'Neill has told your staff that a catastrophic-only bill will not pass in the House.

You believe that a bill which combines catastrophic with benefits for the poor will attract a broad coalition of moderate Democrats and Republicans in both the House and the Senate.

- You understand that Senator Long wants to provide some benefits as early as possible. You believe that the benefits in your programs which are off-budget can be implemented earlier than 1983 and you will direct your staff to work with the Committee on this.
- You hope that Long will give general support to the Administration's approach -- that he can agree that the legislation should seek benefits for the poor and cost containment, as well as catastrophic coverage. You look forward to working with him to achieve these three objectives.

LANE AND IRENA KIRKLAND (pronounced "eye re neh" )  
Secretary Treasurer of AFL-CIO

We feel it is important to invite labor in in protocol order (Meany was invited and regretted). Our labor support group strongly advised this approach.

One personal note about Kirkland: he is a native southerner -- from Camden, South Carolina.

Irena, his wife, was born in Czechoslovakia, has lived in Israel, Switzerland and England, and speaks several languages. She does not work and they have no children.

MAYOR COLEMAN YOUNG AND GUEST JOYCE GARRETT Detroit, Michigan

Coleman has been a strong and consistent defender of ours. His influence takes multiple forms: a big city mayor, DNC Vice Chair, close personal friend of Doug Frazer and highly respected by other Black leaders. You need to pull him closer to you and get him to be more aggressive on your behalf.

Joyce Garrett has been Coleman's guest at previous White House functions.

GOVERNOR JOE BRENNAN Maine (alone; he is divorced)

Brennan is a new Governor, one of a group of five New England Governors who will meet with Schlesinger and Watson tomorrow.

Maine's State Party Chair Hal Pachios, tells us that the Governor continues to be generally supportive, and has the only organization in the state. Maine will again have their caucuses after Iowa but before the New Hampshire primary. Although their date (February 26) is outside the DNC window, they are inclined to go with it and take their chances with the Credentials Committee at the Convention.

6:30 p.m.

June 6, 1979

MEMORANDUM FOR: PRESIDENT CARTER  
THE FIRST LADY

FROM: HAMILTON JORDAN *H.J.*

SUBJECT: DINNER, WEDNESDAY, JUNE 6TH, 6:30 PM

The guests are friends who are politically significant nationally or in a particular state. We hope it will be an informal relaxed evening that will bring each of them closer to you and perhaps elicit expressions of support. It need not take the form of any pointed questions from you on commitments. On the front end you should mention that you consider your comments "off-the-record."

We will be inviting in similar small groups on a weekly basis, alternating dinners with lunches. The goal is to create a more positive mood in the Party among the Democratic elites.

Vice President and Mrs. Mondale will be hosting similar weekly events. Between you, we should reach up to 200 of the most influential leaders in the Party over the next several months.

The dinner guests for tonight are:

MAYOR ED KOCH & GUEST MAUREEN CONNELLY New York City

Koch has indicated that he is ready to be called on to help. We are having trouble with Governor Carey, and some visible progress with Koch would put pressure on Carey.

Maureen Connelly is the Mayor's press secretary. She previously worked for David Garth.

**Electrostatic Copy Made  
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8:00 AM

THE WHITE HOUSE

WASHINGTON

June 5, 1979

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/

CONGRESSIONAL LEADERSHIP BREAKFAST

June 6, 1979

8:00 a.m.

The Family Dining Room

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

I. AGENDA

1. You should stress the importance of the Department of Education vote and thank the Speaker for his help in the Rules Committee on Tuesday.
2. You should advise the Leadership that you spoke with former President Ford and at his recommendation you plan to have a breakfast meeting this Thursday with Republican Leadership.
3. Panama. Anne Wexler will arrive at 8:15 a.m. and will be prepared to brief the Leadership on the scope of her outreach efforts on Panama. Attached at TAB A is a run-down of Congressional contacts which have been made on Panama.
4. Energy. See TAB B.

II. PARTICIPANTS

The Vice President  
Senator Byrd  
Senator Cranston  
Senator Inouye  
Senator Magnuson  
Senator Jackson  
Speaker O'Neill  
Cong. Wright  
Cong. Brademas  
Cong. Foley  
Cong. Rostenkowski  
Cong. Chisholm  
Cong. Dingell  
Cong. Udall

Secretary Schlesinger  
Frank Moore  
Stu Eizenstat  
Jim McIntyre  
Jody Powell  
David Aaron  
Bill Smith

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CONGRESSIONAL CONTACTS ON PANAMA

1. State/DOD/White House contacts:
  - a. 175 personal visits to Members
  - b. 80 phone calls to Members
  - c. 120 calls or visits to staff
2. 80 phone calls to Members by Cabinet or other high-ranking Administration officials
3. A dinner for 100 Members in early May hosted by the President
4. A second dinner for 100 Members is planned for Monday, 6/11
5. Five briefings for a total of 250 Hill staff (3 held at White House; 2 held on the Hill)
6. Ambassador Moss has contacted 44 Members of Congress.
7. Briefings have been held for the Republican Study Group, Members of Congress for Peace Through Law, Illinois and Indiana Republicans.
8. Mailing of background booklet on the legislation to the Members of the four key committees followed by a mailing of the booklet to the entire House.
9. Administration staff has worked with Hill allies on "Dear Colleague" mailings and speeches.
10. Administration witnesses have appeared before the four key committees.
11. Three codels have gone to Panama (26 Members)
12. Secretary Vance Breakfast - 12 Members
13. Mailings to 350 newspapers, 20 radio programs and a White House press backgrounder.

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B

THE WHITE HOUSE

WASHINGTON

June 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Frank Moore

SUBJECT: Wednesday's Congressional Leadership  
Breakfast/Discussion on Energy

Clearly, your discussion with Congressional Leaders tomorrow morning on the subject of energy is likely to be one of the most important conversations this year. Rather than providing "Talking Points" in the usual format, I thought it would be helpful to provide you with a more detailed memorandum covering our thoughts about the course we think the meeting ought to take.

First of all, it is CL's opinion that the following four points accurately describe the context within which any discussion of national energy policies should take place:

- 1) The failure of Congress to face up to the energy problem is due primarily to the fact that public recognition of the severity of the problem lags far behind the need for such recognition. In the absence of a concerned and/or aroused constituency, one which is demanding responsible action on energy, Congress is institutionally incapable of taking on such a complex and painful issue.
- 2) Unfortunately, too many Members of Congress have forgotten, or have chosen to ignore, their responsibility to educate their constituents on important and controversial national issues. Energy is but one example. Most votes and most public statements seem to be based upon short-term, parochial political considerations, rather than upon long-term national needs.
- 3) The American public is deeply suspicious that the so-called "energy crisis" is really a hoax. The people believe most of the problem is attributable to dishonesty and chicanery on the part of energy industries, most especially

the oil companies. However, the suspicion goes even deeper in the minds of too many Americans; in their view, the government is a co-conspirator in the hoax.

- 4) Much of the public and Congressional skepticism and hostility on the entire energy issue stems from a widespread disenchantment with the Department of Energy. In fact, to some extent at least, the House action on rationing and the caucus vote on decontrol were votes of "No Confidence" in the Department of Energy.

While some of these perceptions may be unpleasant -- and others may be flat wrong -- we believe they play important roles in the current debate.

During your opening comments you should cover the following points:

#### Nature of the Problem

- The most critical aspect of the energy problem is petroleum and the world's heavy reliance on that fuel which is constrained both in availability and in the willingness of some of the major producing countries to supply it. Almost all energy analysts have predicted a "cross-over" between supply and demand sometime in the 1980's.
- That cross-over point has in fact arrived in 1979. The current imbalance between supply and demand has caused spot shortages of oil and oil products here in the United States and has also, and more seriously, substantially increased prices charged for oil. The average price of OPEC oil long-term contract has increased by about 30% since December of last year. Spot market prices are reported well above \$30 for crude oil and above \$40 for refined products. The spot market prices and the surcharge system now being used by most OPEC nations continue to increase pressures for further increases in the long-term contract price for OPEC -- and non-OPEC -- oil. The spiraling of prices threatens the U.S. and other countries with devastating inflation rates and severe economic consequences. 65% of all oil used in the U.S. is bought at the world price, since half of our oil is imported, and about one-third of our domestic production is not, by law, price-controlled.

- The restoration of Iranian production has not restored world supply and demand balances for oil. The current Iranian production level is almost 2 million barrels per day below its pre-Revolution levels, and that deficit is not being fully made up elsewhere. During the cessation of Iranian production, our stocks of crude oil and refined product, as well as those of other countries, were drawn down to very low levels. Given current demand for oil and the need to rebuild stocks, world demand is still 1-2 million barrels per day above available supply.
- We face the chronic condition of living on a thin edge of a demand/supply balance. Variations of as little as 1 or 2% of total world supplies are enough to throw our economies -- and the world oil pricing system -- into disarray. Another disruption such as occurred in Iran would have serious consequences.
- In the United States, the estimated shortfall in supplies is about 500,000 - 700,000 barrels per day, including supplies needed to rebuild currently depleted stocks. This difference has to be made up, in the immediate term, by conservation, either voluntarily taken, or induced through the lack of supplies. We currently estimate that actual demand is over 1 million barrels per day below that which it would have been, reflecting the success of some of our oil to gas switching, power wheeling, other conservation steps, and the lack of supplies. We need to conserve at a rate of 5% below what we would otherwise be using if we are to rebuild stocks for next winter and meet essential priorities for home heating oil, agricultural use, and emergency services.
- As far as gasoline supplies are concerned, we hope and expect that recent moderate increases in the level of imports will lessen somewhat the probability of repetitions of a California-type situation. We will, however, be doing very well to get back to 1978 levels of gasoline availability. As you have read, allocations recently announced for the month of June are down from May levels, as a percentage of demand from last year. These allocations can be revised as the increase in imports is reflected in the system, and we expect this to occur soon if the oil companies perform as they should.

- I have directed the Antitrust Division of the Justice Department, along with the Department of Energy, to investigate oil company practices, including use of stocks, to ensure that no supplies are being withheld from the market in order to force prices up.
- In summary, it is essential that we -- and the American public -- recognize that there is a fundamental and underlying energy problem which is related to both supply and to world price increases. If there are violations of the law by the oil companies, we will detect them and bring the full force of the law to enforcement against them. If there are problems created by the way in which the federal government or I handle this situation, we will try our best to correct them. But none of these actions can possibly make the problem go away. We will still need to conserve, to provide incentives for domestic production of oil and other energy sources, and shift from oil to other supplies if we are to resolve our energy problem over the longer term.

(Note: Secretary Schlesinger has charts prepared for an afternoon press briefing. He will bring them into the Dining Room only at your direction).

#### Proposed Solutions

- This is why I focused on this issue early in my Administration, with the crude oil equalization tax proposal, and why I have continued those efforts with my actions to decontrol oil prices and the proposed windfall profits tax. I believe firmly that every day which we wait to act on these proposals simply compounds the difficulties we face now and in the years ahead.

Lack of Public Understanding

- Pat Cadell did a national poll about two weeks ago which indicated that only 1/3 of the American people describe the energy crisis as resulting from real shortages of petroleum:

How would you describe the energy crisis (open-ended)?

33% - actual natural resources shortages (fossil fuels)

33% - "gasoline is too expensive"

33% - "conspiracy/hoax"

- While the situation is improving, only slightly more than half of the respondents regard the crisis as being very serious:

May '79

52%

Feb. '79

47%

Nov. '78

42%

- You could also discuss the changes in perception which have occurred in California as reported by Charles Warren. No longer do they imagine tankers lurking off the coast. No longer do they fear a conspiracy which will deprive them of all gasoline for some indefinite period of time. Instead, Californians now seem to understand that the crisis means 10-15% less than what they had expected. They can deal with that -- they're adjusting their consumption habits. Cooperatively, they're minimizing the adverse effects, not unlike the way they conserved during the drought of '77.

Proposals for Increasing Public Awareness

- You should indicate a willingness to do whatever you can to educate the American people about the nature of the crisis. While you probably should not mention specific steps, we have in mind activities such as:

--An ambitious series of White House briefings.

--Regional forums and town hall meetings similar to Kahn's anti-inflation conferences.

--Publication of an "Energy White Paper" and brochures - distributed widely, especially to editorial boards.

--Greater use of symbolic moves to highlight energy conservation methods.

- o You should suggest that Members of Congress can help by:

--Holding Congressional hearings or community forums around the country highlighting the problem. (They might also assist with Administration sponsored forums and town hall meetings.)

--Appear<sup>ances</sup>~~ances~~ on TV news talk shows by MC's who believe there is a problem and who are effective advocates.

--Using Congressional newsletters to highlight energy problems.

- o You should suggest that the private sector also be called on to help in the educational process. They could develop and sponsor:

--Public service announcements

--Advertisements - newspapers, magazines, outdoor

--Speaker's Bureaus - labor leaders and corporate officers could seek and coordinate engagements with service clubs, local Chambers of Commerce, community organizations, etc.

- o You should conclude by challenging the Members and Senators with something like:

"I have just outlined for you what I think our energy problems are, what I think the reasons are for the problems, what my proposed solutions have been and are now, and what I believe we ought to do to educate the American people. What I want to hear from you are any points of disagreement either on the nature and extent of the problem, the proposed solutions and/or the effort to increase public understanding."

- o You should encourage a vigorous dialogue and then bring the discussion to an end by refocusing attention on its most important element - the need to increase the public's understanding of the issue. You should again solicit their active involvement and support - not necessarily for specific legislative or administrative programs - but rather in joining you in accomplishing the difficult task of educating the American people to the severity of the problem.

- If the meeting goes well, another possibility you might want to consider is a televised discussion of the nature of the crisis between you and Members of Congress. While certainly an unusual approach from an historical perspective, it might be a way to demonstrate the joint responsibility of the Executive and Legislative branches.

(Note: we do not recommend that you discuss conversations which the Vice President and Stu have had with Byrd and O'Neill.)

THE WHITE HOUSE  
WASHINGTON

9:10 a.m.  
WED. JUNE 6, 1979

MR. PRESIDENT  
SECRETARY VANCE CALLED.

PHIL

*Javits - Schmidt SALT +  
Rhod -*

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breakfast with congressional leaders  
6/6/79

THE WHITE HOUSE  
WASHINGTON

6-6-79

Cong breakfast

Do Ed

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Panama

> Energy

Public 52 serious 33 shortage

Corp action - no confidence in Pres, DoE

OPEC +30% < Dec Spot \$40 (3-4%)

65% US world price

Iran (-) 2mil World Demand (+) 2  
US .5 → .7 mbd

DoJ, DoE investigate

Mtgs Energy Co's, Consumers

Cong: National policy, ration, lighting  
6 days/week

Need De Control, WPT, Fund

Credibility -

International

Let Br finish his notes  
Refer issues to foreign ministry  
Try to settle ASAT  
Strong statement re SALT III

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THE WHITE HOUSE  
WASHINGTON

Bob - SRC 1 & 2 amendment  
Scoop - Schmidt: Sen → Pres → Gov  
Omnibus bill = Production in Alaska  
Pipe capacity - exploration

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Ford, Baker → Vienna

54/idea - respect U.S. Pres.

Br. one of great secrets  
Provided failure

Keep war from see soil

Internal sys of info very poor

Don't embarrass Br

Wants trade - MFR

Take up immi separate

Discuss MBR

Describe SMT probs & secrets  
(treat Br as friendly)

Has human, emotional

Korym sensible

Total leadership support detente

Non Prolif

Refer to Heriman

See will support liberation movements

Br disappointed & M East

THE WHITE HOUSE  
WASHINGTON

6/6/79

Bob Lipshutz  
Arnie Miller  
Tim Kraft

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

The signed order has been given  
to Bob Linder.

Rick Hutcheson

cc: Bob Linder

2572

THE WHITE HOUSE

WASHINGTON

June 6, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*  
TIM KRAFT *TK*  
ARNIE MILLER *AM*

SUBJECT: Redesignation of Robert McKinney as Chairman  
of the Federal Home Loan Bank Board

Your execution of the attached letter and Order designating Bob McKinney as Chairman of the Federal Home Loan Bank Board is necessary in order to have a member of the Bank Board serving as Chairman until Bob McKinney leaves the Board at the end of the month and you designate a new Chairman.

As his letter indicates, it was never Bob McKinney's intention to leave the Board before another member of that three member body had been confirmed by the Senate. We expect the Republican nominee, Andrew DiPrete, to be confirmed by the Senate within the next two weeks.

The attached exchange of letters and the new Order designating Bob McKinney as Chairman have been reviewed and approved by the Counsel's office and the Justice Department.

TWO SIGNATURES REQUESTED

THE WHITE HOUSE

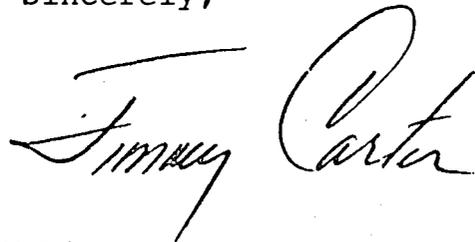
WASHINGTON

To Bob McKinney

Thank you for your letter of June 1, 1979 advising me of your willingness to continue to serve as Chairman of the Federal Home Loan Bank Board until June 29, 1979 or until your resignation as a member of the Board is tendered. I note that you resigned as Chairman, effective June 1, 1979, but not as a member of the Federal Home Loan Bank Board in your letter of April 20, 1979.

By the Order attached hereto, I hereby redesignate you as Chairman of the Federal Home Loan Bank Board, effective this date. You shall remain as Chairman until such time as your resignation as a member and Chairman of the Federal Home Loan Bank Board is received. I appreciate your willingness to continue to serve as Chairman of the Board.

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 typed name.

The Honorable Robert H. McKinney  
Federal Home Loan Bank Board  
1700 G Street, N.W.  
Washington, D. C. 20552

O R D E R

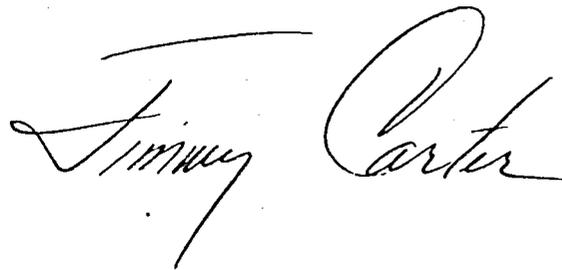
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Pursuant to the provisions of Reorganization

Plan No. 3 of 1947, as amended, I hereby designate

Robert H. McKinney as Chairman of the Federal Home

Loan Bank Board.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in black ink and is positioned to the right of the main text of the order.

THE WHITE HOUSE,  
June 6, 1979.

THE WHITE HOUSE

WASHINGTON

June 5, 1979

*Good  
J*

MEMORANDUM FOR: THE PRESIDENT  
FROM: FRANK MOORE *F.M.*  
JIM FREE *J.F.*  
SUBJECT: Oil Decontrol

Congressman John Breaux reported to Jim Free that Senator Russell Long had all the producing state Congressmen who are for decontrol to his office for a meeting this afternoon. The meeting resulted in agreement that the Independent producers would stop lobbying against a windfall profits tax and essentially "get off the hill." They all agreed that a strong tax in the House would help keep decontrol and that the Senate (Senator Long) would moderate the tax to about the Administration's position in conference. It was also agreed that they would give in on any efforts to pass a plow back.

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6/b  
7:30

THE WHITE HOUSE  
WASHINGTON

Mr. President:

Do you want a meeting  
with Andy Young and Sec.  
Vance scheduled for tomorrow?

yes     no

Phil

30 MIN.  
J

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THE WHITE HOUSE  
WASHINGTON

6/6/79

rick --

have sent cc to john pope  
and one for first lady....  
(copies of my notes also  
attached)

-- susan clough

THE WHITE HOUSE  
WASHINGTON

6/6/79

rita merthan --

if i remember correctly,  
the first lady also became  
involved in this, and/or  
talked with john pope.

attached is informational.

-- susan clough

THE WHITE HOUSE  
WASHINGTON

6/6/79

John Pope --

President Carter asked me to send you the enclosed copy of Stu's memo regarding Georgia Peaches.

Wit my best,

-- Susan Clough



THE WHITE HOUSE

WASHINGTON

June 5, 1979

cc John Pope  
J  
done 6/6/79  
M

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Georgia Peaches

On May 28, Susan Clough referred a telephone call to my office from John Pope in Americus. John at that time explained the problem facing peach growers in Georgia.

My staff talked with Assistant Secretary Bobby Smith, Department of Agriculture. He was able to amend the marketing order for Georgia peaches to allow out of state shipment of peaches with split pits. This amendment became effective on May 29.

However, as you know, this solved only a part of the problem. I continued to work with Carol Foreman on Friday, the 29th, and Saturday, the 30th, to see what could be done to stop the slashing of peaches, which resulted in a downgrading of the fruit. At the same time, the peach growers requested the District Court to come forward with a restraining order to eliminate the slashing.

On Saturday, May 30, USDA acted in anticipation of the District Court order and ordered that all slashing of peaches be stopped effective at 12:00 noon. The fruit and vegetable graders were immediately advised that any peaches submitted for regrading, should be graded on the new orders.

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*Ester Peterson*

7714 THIRTEENTH ST., N.W. WASHINGTON, D.C. 20012

Q

June 5, 1979

Dear Mr. President:

Your taking time to express concern and understanding over the death of my husband increases my already high regard for your humanity.

The concern extended from you through your staff was invaluable. With their help I was able to reach the children--one in Lebanon and one in Lesotho, South Africa. As a result, we arranged for them to come home.

My children join in thanking you.

Sincerely,

*Affectionately,  
Ester Peterson*

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Re 10:25

THE WHITE HOUSE  
WASHINGTON

9/6/'79

Susan: ]0:30 Harriman appointment

Don't know if it's in his briefing sheet, but the President should know that Rosalynn will go to New York on June 21st for the sole purpose of attending a New York State Democratic Dinner that is a testimonial to Averell Harriman.

TK

TK

---

(also thank you for huge mailing of telegrams re panama legislation)

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THE WHITE HOUSE  
WASHINGTON

6/6/79

Jerry Rafshoon

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

Rick Hutcheson

2506

CHAIRMAN DUNNE, MAYOR BYRNE, SECRETARY OF STATE DIXON,  
MY COLLEAGUES IN CONGRESS, MEMBERS OF THE CLERGY,  
FELLOW DEMOCRATS.

*by  
Tip O'Neill*

THANK YOU FOR YOUR INVITATION. IT IS ALWAYS A PLEASURE  
TO COME TO CHICAGO BECAUSE I HAVE SO MANY FRIENDS HERE AND  
OUR TWO CITIES HAVE MUCH IN COMMON.

*cc Laps Hoon  
& Speechwriters  
J*

BUT WE IN BOSTON RECOGNIZE THAT WE ARE SMALLER --  
AND THAT CHICAGO DOES EVERYTHING ON A BIGGER SCALE.

IN BOSTON, WE PRIDE OURSELVES IN THE NUMBER OF THINGS  
WE WERE THE FIRST TO DO. HOWEVER, TONIGHT I CONGRATULATE  
YOU ON SURPASSING US AND ELECTING DEMOCRATIC WOMAN MAYOR --  
JANE BYRNE.

-- OUR TWO CITIES PLAYED IMPORTANT ROLES IN PROMOTING THE CAREER OF JACK KENNEDY.

-- OUR CONGRESSIONAL DELEGATIONS WORK CLOSELY TOGETHER IN CONGRESS IN THE INTERESTS OF THE DEMOCRATIC PARTY AND THE NATION.

-- OUR TWO CITIES HAVE DEALT WITH MANY URBAN PROBLEMS WITH GREAT SUCCESS - AND BOSTON AND CHICAGO CONTINUE TO PROSPER.

I HAVE ALWAYS ENJOYED WORKING WITH THE CHICAGO DELEGATION IN CONGRESS. I AM PARTICULARLY IMPRESSED WITH THEIR FAIRNESS IN DEVELOPING DISTRIBUTION FORMULAS --

50% FOR CHICAGO -- 50% FOR THE REST OF THE COUNTRY.

YOU MAY HAVE NOTICED THAT I TOOK A TRIP TO IRELAND RECENTLY. THE RESPECTED BRITISH NEWS-MAGAZINE, THE ECONOMIST - CALLED THE SPEECH I MADE: "THE MOST SENSIBLE REMARKS EVER MADE ABOUT IRELAND BY A BOSTON IRISHMAN."

HOWEVER, MOST OF THE BRITISH PRESS AND POLITICIANS ATTACKED ME AS "A GARRULOUS, WHEELER-DEALER, IRISH POLITICIAN."

THAT DIDN'T BOTHER ME -- WHAT REALLY OFFENDED ME WAS THAT THE MANCHESTER GUARDIAN DESCRIBED MY TRIP TO NORTHERN IRELAND AS: "KENNEDY ALLY GOES NORTH."

IN OCTOBER, 1962, A FEW WEEKS BEFORE THE CONGRESSIONAL ELECTION, JACK KENNEDY ADDRESSED THIS GATHERING OF CHICAGO DEMOCRATS AND MADE THE FOLLOWING OBSERVATION:

"WHAT MAKES THIS ELECTION IMPORTANT IN 1962 IS THAT THE TWO PARTIES HAVE CLEAR AND DISTINCT DIFFERENCES IN THEIR APPROACH AS TO HOW THEY SHOULD MOVE THIS COUNTRY AHEAD -- OR INDEED -- WHETHER THE COUNTRY SHOULD JUST SIT DOWN AND REST."

TONIGHT AS WE GATHER AS DEMOCRATS, WE MUST REAFFIRM OUR BELIEF IN THE PRINCIPLES OF THE DEMOCRATIC PARTY AND COMMIT OURSELVES TO MAKING SURE THAT WE CONTINUE TO OFFER THE AMERICAN PEOPLE A CLEAR CHOICE BETWEEN THE TWO PARTIES.

IN THE YEAR SINCE THE PASSAGE OF PROPOSITION 13,  
THERE HAS BEEN A GROWING TENDENCY ON THE PART OF DEMOCRATS  
TO FALL PREY TO THE SIMPLE RHETORIC OF SUPPORTING BALANCED  
BUDGETS AND OPPOSING BIG GOVERNMENT.

THE MENACE OF INFLATION HAS PROMOTED THIS RELIANCE  
ON THE SOLUTIONS OF THE PAST FOR OUR PRESENT ECONOMIC ILLS.  
YET SIMPLE REMEDIES AND BREEZY RHETORIC ARE MORE APPROPRIATE  
IN CHINESE FORTUNE COOKIES THAN IN THE VOCABULARY OF DEMOCRATIC  
POLITICANS. THE FACTS DO NOT SUPPORT THE THESIS THAT BUDGET  
DEFICITS CAUSE INFLATION.

IN 1957, A YEAR WHEN INFLATION WAS 3 PERCENT,  
THE FEDERAL BUDGET WAS IN SURPLUS BY \$2 BILLION. IN 1958,  
THE FEDERAL GOVERNMENT OPERATED WITH A \$10 BILLION DEFICIT --  
AND INFLATION DROPPED TO 1.8%. AND IN THAT YEAR -- WITH  
INFLATION LESS THAN 2% -- THAT \$10 BILLION DEFICIT REPRESENTED  
2.3% OF THE GROSS NATIONAL PRODUCT OF THIS COUNTRY.  
LAST YEAR, THE FEDERAL DEFICIT REPRESENTED LESS THAN 2% OF  
THE GNP, WHILE THE RATE OF INFLATION STOOD AT 7.6%.

THE FACTS SIMPLY DO NOT SUPPORT THE THESIS THAT  
BUDGET DEFICITS ARE A MAJOR CAUSE OF INFLATION.

JACK KENNEDY RECOGNIZED THE FALSENESS OF THE  
"DEFICIT-INFLATION" PROPOSITION WHEN HE SAID, IN JUNE OF 1962;

"THE MYTH PERSISTS THAT FEDERAL DEFICITS CREATE INFLATION AND BUDGET SURPLUSES PREVENT IT. YET SIZEABLE BUDGET SURPLUSES AFTER THE WAR DID NOT PREVENT INFLATION AND PERSISTENT DEFICITS FOR THE LAST SEVERAL YEARS HAVE NOT UPSET OUR BASIC PRICE STABILITY."

FRANKLIN ROOSEVELT COMMITTED THE FEDERAL GOVERNMENT AND THE DEMOCRATIC PARTY TO A MAJOR ROLE IN PRESERVING THE ECONOMIC AND SOCIAL HEALTH OF THIS NATION. AS HE NOTED HERE IN CHICAGO IN 1932, THE TWO THINGS AMERICANS WANT MORE THAN ANYTHING ELSE ARE "WORK AND A REASONABLE MEASURE OF SECURITY."

THE NEW DEAL SET A NEW STANDARD OF GOVERNMENTAL RESPONSIBILITY THAT WAS REFLECTED IN FDR'S OWN WORDS:

" LIBERTY REQUIRES OPPORTUNITY TO MAKE A LIVING -- A LIVING DECENT ACCORDING TO THE STANDARD OF THE TIME -- A LIVING WHICH GIVES A MAN NOT ONLY ENOUGH TO LIVE BY, BUT SOMETHING TO LIVE FOR. "

AND HE PROCEEDED TO DEMONSTRATE WHAT HE MEANT IN HIS REBUKE TO FATALISTIC REPUBLICAN LEADERSHIP WITH THE FOLLOWING OBSERVATION:

" WE MUST LAY HOLD OF THE FACT THAT ECONOMIC LAWS ARE NOT MADE BY NATURE -- THEY ARE MADE BY HUMAN BEINGS. "

SINCE THAT TIME, THE DEMOCRATIC PARTY HAS TAKEN  
THE RESPONSIBLE POSITION THAT THE ECONOMY CAN BE MANAGED  
AND DIRECTED TO BENEFIT ALL MEMBERS OF SOCIETY.

THE BUDGET PROCESS IS AN ESSENTIAL TOOL IN  
GUIDING OUR ECONOMY.

AS JACK KENNEDY SAID:

"THE FEDERAL BUDGET CAN AND SHOULD BE MADE AN  
INSTRUMENT FOR PROSPERITY AND STABILITY."

WHEN JIMMY CARTER TOOK THE PRESIDENTIAL OATH ON JANUARY 20, 1977, HE INHERITED A FEDERAL BUDGET DEFICIT OF \$66.4 BILLION -- AND 7.1 MILLION MEN AND WOMEN WERE OUT OF WORK. AMERICA HAD EXPERIENCED SEVERE SHOCKS TO ITS ECONOMY -- OPEC HAD QUADRUPLED OIL PRICES; THE FIRST DOUBLE-DIGIT INFLATION IN THE HISTORY OF THE UNITED STATES; AND THE MOST SEVERE ECONOMIC DOWNTURN SINCE THE GREAT DEPRESSION.

DURING THE FOUR PRECEDING YEARS OF REPUBLICAN ADMINISTRATION, THE AVERAGE ANNUAL GROWTH IN TOTAL EMPLOYMENT WAS FOUR-TENTHS OF A PERCENT -- AND A BARE 360,000 JOBS WERE BEING ADDED EACH YEAR.

WORKING TOGETHER, JIMMY CARTER AND THE DEMOCRATIC CONGRESS HAVE ACHIEVED AN ANNUAL AVERAGE GROWTH IN EMPLOYMENT OF MORE THAN 4 PERCENT -- AND 3.7 MILLION JOBS WERE ADDED IN 1977 AND AGAIN IN 1978. WORKING TOGETHER, WE HAVE CREATED A TOTAL OF 7 AND A HALF MILLION JOBS IN THE PAST TWO YEARS.

WORKING TOGETHER, WE HAVE CUT THE BUDGET DEFICIT FROM THE FORD ADMINISTRATION'S \$66.4 BILLION TO \$34 BILLION IN 1979. WE ARE PLANNING A BUDGET DEFICIT FOR 1980 OF LESS THAN \$25 BILLION.

AND BARRING UNEXPECTED ECONOMIC DOWNTURNS, WE MAY REACH A BALANCED BUDGET IN 1981.

AND AS THE COUNTRY GOT BACK ON ITS FEET, INFLATION ACCELERATED AND HAS BECOME OUR NUMBER ONE DOMESTIC PROBLEM.

THIRTY YEARS AGO, HARRY TRUMAN, FACED WITH THE NEW PHENOMENON OF PEACE-TIME INFLATION, SAID: "THE GOVERNMENT HAS A CLEAR-CUT RESPONSIBILITY TO DEAL WITH HIGH PRICES."

INFLATION IS A NEW PROBLEM FOR OUR COUNTRY. WE HAVE DEVELOPED THE SKILLS AND MEANS TO REVERSE RECESSIONS; HOWEVER, WE HAVE YET TO DO SO IN REGARD TO INFLATION. INDEED, ONLY RECENTLY HAVE WE SEEN INFLATION IN ITS MOST LETHAL FORM -- AS PART OF A RECESSION.

MANAGING THIS NATION'S ECONOMY IS A COMPLEX PROCESS  
THAT IS NOT SERVED BY ENGAGING IN POLITICALLY POPULAR,  
BUT FACTUALLY UNSOUND RHETORIC. REFERRING TO THE MYTHS  
AND STEREOTYPES OF THE "BALANCED BUDGET VS. DEFICIT" DEBATE,  
PRESIDENT KENNEDY WARNED:

" THESE STEREOTYPES DO OUR NATION A DISSERVICE  
NOT JUST BECAUSE THEY ARE EXHAUSTED AND IRRELEVANT, BUT ABOVE  
ALL BECAUSE THEY ARE MISLEADING -- BECAUSE THEY STAND IN THE  
WAY OF THE SOLUTION OF HARD AND COMPLICATED FACTS. "

HIS WORDS ARE EVEN MORE TELLING TODAY WHEN BILLIONS OF U.S. DOLLARS CIRCULATE AS THE WORLD'S RESERVE CURRENCY; WHEN WE IMPORT 50% OF OUR OIL FROM POLITICALLY UNSTABLE AREAS OF THE WORLD; AND WHEN THE ECONOMIES OF THE INDUSTRIALIZED WEST DEPEND INCREASINGLY ON THE RAW MATERIALS OF THE EMERGING NATIONS OF THE THIRD WORLD.

INFLATION IS NOT THE RESULT OF GOVERNMENT SPENDING ALONE -- CONSUMER DEMAND, INDUSTRIAL CONCENTRATION, LOW PRODUCTIVITY, AND EASY CREDIT CONTRIBUTE AS WELL. OUR INABILITY TO SHAKE IT OFF IS BASICALLY A RESULT OF THE DRAMATIC SHOCK OF THE QUADRUPLING OIL PRICES OF 1973. AND WE SEE TODAY THE EFFECTS OF RISING ENERGY PRICES AS A RESULT OF THE REVOLUTION IN IRAN.

CONTROLLING INFLATION WILL DEMAND DISCIPLINE,  
TRUST, AND COOPERATION BETWEEN CONSUMERS, LABOR, BUSINESS,  
AND THE GOVERNMENT. WE IN GOVERNMENT HAVE TO GUARANTEE  
THAT THE SACRIFICES ARE SHARED EQUALLY AMONG ALL SECTORS --  
WE MUST MAKE SURE WE SET AN EXAMPLE FOR THE COUNTRY IN  
DEVELOPING THE FEDERAL BUDGET; AND WE MUST DO ALL THAT WE CAN  
TO ANTICIPATE AND MINIMIZE THE ECONOMIC SHOCKS, LIKE IRAN,  
THAT OCCUR IN THE WORLD ECONOMY.

WE HAVE NO INTENTION OF REDUCING INFLATION BY  
PUTTING PEOPLE OUT OF WORK.

IN MY 42 YEARS OF PUBLIC LIFE I HAVE SEEN THE  
COUNTRY RESPOND TO GREATER CHALLENGES SUCCESSFULLY.

AS F.D.R. SAID, "AMERICANS DO NOT MAKE A HABIT  
OF FAILURE."

DESPITE THE FACT THAT OUR PARTY REGAINED THE PRESIDENCY IN 1976 AND RETAINS CONSIDERABLE MAJORITIES IN THE CONGRESS, THERE IS NO DOUBT THAT IN MEETING THE CHALLENGES OF ENERGY AND INFLATION THAT IT HAS BECOME MORE DIFFICULT TO REACH A CONSENSUS ON PRESIDENTIAL PROGRAMS.

LIKE INFLATION, COPING WITH THE RISING COST OF ENERGY AND CHRONIC SHORTAGES IS ONE OF THE GREAT CHALLENGES WE ARE FACING.

ENERGY LEGISLATION IS PARTICULARLY DIFFICULT TO PASS YET THE 95TH CONGRESS PASSED THE FIRST COMPREHENSIVE ENERGY PACKAGE IN THE HISTORY OF THE COUNTRY.

THE RECENT DEFEAT OF A STAND-BY RATIONING PROGRAM  
IN THE HOUSE IS TESTIMONY TO THE DIFFICULTY WE FACE IN  
BUILDING A CONSENSUS AS TO HOW TO DEAL WITH OUR ENERGY  
PROBLEMS.

HOWEVER, WE MUST NOT PERMIT THE CONTINUED GROWTH  
IN OUR CONSUMPTION OF IMPORTED OIL.



WHILE JAPAN AND WEST GERMANY IMPORTED LESS OIL  
IN 1978 THAN THEY DID IN 1973, THE UNITED STATES HAS  
INCREASED ITS OIL IMPORTS BY 33%. THIS CANNOT CONTINUE.

THE PRESIDENT HAS BROUGHT A SENSE OF DECENCY,  
A KEEN INTELLECT, AND A REAL CONCERN FOR HUMAN RIGHTS TO  
THE AMERICAN PRESIDENCY. FURTHERMORE, WORKING WITH THE  
CONGRESS, HE HAS PUT 2.2 MILLION PEOPLE BACK TO WORK.  
HE, WITH THE CONGRESS, HAS PASSED THE FIRST COMPREHENSIVE  
ENERGY BILL IN OUR NATION'S HISTORY.



HE IS WELL ON THE WAY TO REORGANIZING THE  
GOVERNMENT BY IMPLEMENTING CIVIL SERVICE REFORM --  
AND HE HAS MADE AN EXTRAORDINARY CONTRIBUTION TO PREVENT  
WAR AND BRING LASTING PEACE TO THE MIDDLE EAST.

DESPITE THE FACT THAT JIMMY CARTER IS LIKELY TO BE THE FIRST DEMOCRATIC PRESIDENT SINCE WILSON TO SERVE A FULL TERM WITHOUT HAVING LAOST AN AMERICAN BOY IN COMBAT -- HE SUFFERS IN THE POLLS.

PUBLIC CONFIDENCE IN THE PRESIDENCY AND IN THE CONGRESS CONTINUES A DECLINE BEGUN IN THE LATE 1960's. POLLSTER PATRICK CADELL DESCRIBES IT THIS WAY:

"PEOPLE FEEL UNABLE TO GET CONTROL OF GOVERNMENT AND MAKE IT RESPOND. THEY DON'T HAVE A HANDLE ON GETTING THE GOVERNMENT TO PAY ATTENTION TO THEIR PROBLEMS."

MEMBERS AND THE PRESIDENT HIMSELF EMPHASIZE DIRECT CONTACT WITH CONSTITUENTS THROUGH TOWN MEETINGS, FREQUENT TRIPS HOME AND INFORMED PERSONAL CONTACTS. NEVERTHELESS, DESPITE PERSONAL ATTENTION, ALIENATION INCREASES AND PEOPLE SIMPLY VOTE LESS AND LESS. ONLY 32% OF THE ELIGIBLE VOTERS CAST BALLOTS IN THE LAST CONGRESSIONAL ELECTION. A BARE MAJORITY OF THOSE ELIGIBLE VOTED IN THE PRESIDENTIAL ELECTION OF 1976.

DESPITE THE FACT THAT THE LAST DECADE CAN BE DESCRIBED AS ONE MARKED IN POLITICS BY THE GROWTH OF PARTICIPATORY DEMOCRACY, WITH THE NOTABLE EXCEPTION OF THE BENEFICIAL RESULTS OF THE VOTING RIGHTS ACT, IT HAS WITNESSED THE DRAMATIC DECLINE OF THOSE WILLING TO EXERCISE THEIR BASIC PARTICIPATORY RIGHT -- THE RIGHT TO VOTE.

WHY IS THERE A GROWING UNWILLINGNESS ON THE PART OF THE AMERICAN CITIZEN TO VOTE? I THINK THE REASON, TO A LARGE DEGREE, IS THE DECLINE IN INFLUENCE OF POLITICAL PARTIES IN AMERICA.

THE DECLINE OF THE REPUBLICAN PARTY IS NOTHING NEW. THE DECLINE OF THE DEMOCRATIC PARTY IS SOMETHING TO BE CONCERNED ABOUT.

THERE IS A REASON WHY 79% OF BLACK AMERICANS CONSIDER THEMSELVES DEMOCRATS -- AND ONLY 5% CALL THEMSELVES REPUBLICANS.

THERE IS A REASON WHY 56% OF THE HEADS OF FORTUNE 500 COMPANIES ARE REPUBLICANS AND ONLY 6% ARE DEMOCRATS.

THERE IS A REASON WHY THE REPUBLICAN MINORITY LEADER, JOHN RHODES, LOOKS ACROSS THE AISLE AT OUR DEMOCRATIC MAJORITY AND OBSERVES: "SOMEWHERE ALONG THE LINE, THE REPUBLICAN PARTY BECAME EXCLUSIONARY."

THE REASON IS THAT THE DEMOCRATIC PARTY IS, WAS,  
AND CONTINUES TO BE - AS HARRY TRUMAN DESCRIBED IT -  
THE "PEOPLE'S PARTY" --- AND THE REPUBLICAN PARTY HAS BEEN  
AND CONTINUES TO BE THE PARTY OF THE "PRIVILEGED FEW."

HEALTH CARE COSTS IN THIS COUNTRY ARE A DISGRACE.  
WE NEED TO CONTROL THEM - AND WE NEED TO BEGIN TO PUT IN  
PLACE A NATIONAL HEALTH CARE SYSTEM.

THIS IS NO TIME FOR DEMOCRATS TO USE A "BALANCED  
BUDGET" AS AN EXCUSE TO DELAY ACTION ON ONE OF OUR COUNTRY'S  
MOST PRESSING PROBLEMS.

- HEALTH CARE COSTS
- WELFARE REFORM
- ENERGY CONSUMPTION
- DECAYING CITIES

THESE ARE PROBLEMS THAT DESERVE OUR IMMEDIATE ATTENTION  
AND CONSIDERABLE RESOURCES.

- NO DOUBT JIMMY CARTER IS GOING THE RIGHT THING  
BY LIMITING FEDERAL EXPENDITURES TO 21% OF THE G.M.P.
- NO DOUBT THE ADMINISTRATION IS CORRECT IN TRYING  
TO CUT BACK ON GOVERNMENT REGULATIONS THAT PROMOTE INFLATION  
AND RETARD PRODUCTIVITY.
- NO DOUBT WE IN CONGRESS ARE DOING WHAT WE SHOULD  
BY PARING APPROPRIATIONS AND BUDGET REQUESTS.

HOWEVER, I HAVE NOT SPENT 42 YEARS IN PUBLIC LIFE  
PROMOTING THE DEMOCRATIC AGENDA TO PERMIT IT TO BE DISMANTLED.

AS DEMOCRATS, WE OWE HAVE AN OBLIGATION TO THE POOR,  
THE NEEDY, AND TO THE ELDERLY IN OUR SOCIETY.

WE ARE THE PARTY OF COMPASSION AND ACTION.

IN 42 YEARS IN PUBLIC LIFE, I HAVE COME TO BELIEVE  
THAT WE NEED STRONG NATIONAL LEADERSHIP.

I HAVE SEEN A STRONG NATIONAL LEADERSHIP BANISH DISPAIR  
AND BESTOW HOPE AMONG THE JOBLESS IN THE DEPRESSION.

I HAVE SEEN STRONG NATIONAL LEADERSHIP LEAD US FROM  
A CATASTROPHIC SURPRISE ATTACK IN 1941 TO TOTAL DEFEAT OF  
FORCES OF TOTALITARIANISM.

I HAVE SEEN A STRONG NATIONAL LEADERSHIP SAVE  
EUROPE FROM ECONOMIC, SOCIAL, AND POLITICAL DISINTEGRATION.

I HAVE SEEN A STRONG NATIONAL LEADERSHIP SUPPORT  
THE CONSTITUTION OF THE UNITED STATES WITH FEDERAL TROOPS,  
WHEN NECESSARY, TO END SEGREGATION.

I HAVE SEEN A STRONG NATIONAL LEADERSHIP IN THE  
AFTERMATH OF THE ASSASSINATION OF A BELOVED POLITICAL LEADER,  
JOHN KENNEDY, PASS LEGISLATION THAT GUARANTEED ALL AMERICANS  
THE RIGHT TO VOTE.

I HAVE SEEN STRONG NATIONAL LEADERSHIP ESTABLISH  
OUR SUPREMACY IN SPACE EXPLORATION.

IN MY LIFETIME, I HAVE SEEN A STRONG NATIONAL LEADERSHIP STAND BY AND HELP SECURE THE CONTINUED INDEPENDENCE OF THE STATE OF ISRAEL IN ITS HOUR OF GREATEST NEED.

AND FINALLY, I HAVE SEEN A STRONG NATIONAL LEADERSHIP PULL THIS COUNTRY OUT OF ITS GREATEST RECESSION SINCE THE DEPRESSION.

OUR DEMOCRATIC PRESIDENT AND WE DEMOCRATS IN CONGRESS CANNOT EXERCISE OUR MANDATE WITHOUT THE SUPPORT OF OUR PARTY.

WE ARE ENGAGED IN A COMMON EFFORT AND WE MUST SHARE A COMMON PURPOSE.

WE CANNOT MAINTAIN OUR POSITION OF POLITICAL LEADERSHIP BY PERMITTING A GAP TO GROW BETWEEN THE RANK-AND-FILE DEMOCRATS AND THEIR POLITICAL LEADERSHIP.

AS DEMOCRATS, WE MUST CONTINUE TO FIGHT FOR IDEALS  
AND PULL TOGETHER IN SOLVING THE PROBLEMS THIS COUNTRY FACES.

BY MAKING THIS COMMITMENT, WE WILL IN FACT BE MOVING  
TOWARDS THE SOLUTION OF THOSE PROBLEMS AND RENEWING THE  
COMPACT BETWEEN THE DEMOCRATIC PARTY AND ITS LEADERSHIP.

- END -