

**6/23/79**

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THE WHITE HOUSE  
WASHINGTON  
23 June 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

*Two memos Attached.*

*2822*



THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT <sup>TK</sup>  
ARNIE MILLER <sup>AM</sup>

SUBJECT:

NATIONAL CREDIT UNION ADMINISTRATION  
BOARD

The Financial Institution Regulatory and Interest Rate Control Act of 1978 creates a three-member, bipartisan National Credit Union Administration Board.

You have already approved Larry Connell as Chairman of the Board and P. A. Mack as the Democratic Member.

Non-Democratic Member

Connell has been Bank Commissioner for the State of Connecticut and Deputy Regional Administrator of the National Bank in New England for the Comptroller of the Currency. He provides the regulatory experience required. Mack, a successful banker for 12 years before joining Senator Bayh, has hands-on lending experience in addition to a good working knowledge of the Hill. The third member should be a person trained in economics with extensive knowledge of financial institutions and the public policy implications of their regulation.

Harold Alonza Black, Ph.D. (Black male-34), is an Associate Professor of Finance, School of Business Administration at the University of North Carolina. His principal areas of concentration are Financial Markets and Institutions, Monetary Policy and Microeconomics. He served on the faculty at the University of Florida for four years and for two years was Deputy Director of the Department of Economic Research and Analysis, at the Office of the Comptroller of the Currency. He has written extensively on credit, money supply, and lending policies.

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Black has been a registered independent since August 1978. During the two years (76-78) he resided in Washington while with the Comptroller of the Currency, he was not registered at all. He registered as a Democrat in 1971 while residing in Florida but his registration lapsed in 1975 because he did not vote. Congressional Liaison believes his registration history could cause some difficulty but feels the difficulty could be easily overcome.

Larry Connell and Louis Martin concur with the following recommendation.

RECOMMENDATION

Nominate Harold Alonza Black to be a Member of the National Credit Union Administration Board.

approve

disapprove



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COMMENTS ON HAROLD ALONZA BLACK

Milton Kafoglis, Formerly Senior Economist, Council on Wage and Price Stability; Presently Chairman, Economics Department University of South Florida

"Harold and I have been colleagues since he was on the faculty at the University of Florida. He is a hard working, personable, objective person, who is a market-oriented economist. I recommend him very highly and most enthusiastically for the National Credit Union Administration Board."

David Motter, Deputy Comptroller for Interagency Coordination, Office of the Comptroller of the Currency

"I worked very closely with Harold when he was with the Comptroller's Office and found him, technically, quite strong. He consistently produced high quality work, got along very well with his peers. He has to be considered as a very able economist."

H. K. Wu, Chairman, Economics, Finance and Legal Studies Faculty, University of Alabama

"If you asked me would I offer him a job in my department the answer would be an unequivocal "YES". He's a competent economist, easy to work with, and I like him as a person. He is courageous, independent, and not reluctant to assume an unpopular stance."

Marcus Alexis, Economist, Northwestern University, Evanston, Illinois (Undergoing Clearance For Appointment To The Interstate Commerce Commission)

"I know Black more by reputation than personally. In meetings of black economists, he has been identified as a real comer with a brilliant future ahead of him. He earned his doctorate from a first rate institution and now he is on the faculty of another first rate institution. That speaks for itself."

THE WHITE HOUSE  
WASHINGTON

June 22, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT *TK*  
ARNIE MILLER *AM*

SUBJECT: Presidential Appointment

We join Secretary Harris in recommending Jane McGrew to be General Counsel of the Department of Housing and Urban Development. Secretary Harris' memorandum recommending Ms. McGrew is attached.

Ms. McGrew is currently a Partner at Steptoe and Johnson and has been with this firm since 1970.

All necessary checks have been completed.

RECOMMENDATION:

We recommend that you nominate Jane McGrew, of Maryland, to be General Counsel of the Department of Housing and Urban Development, vice Ruth Prokop, resigned. The nomination document is attached for your signature.

✓ approve                      \_\_\_\_\_ disapprove

*J*

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410

April 17, 1979

*DR*  
*Alford has interviewed*

MEMORANDUM FOR: The President

Subject: Recommendation of Jane McGrew for Nomination to be General Counsel of the Department of Housing and Urban Development

I am pleased to recommend to you Jane McGrew for nomination to the position of General Counsel of the Department of Housing and Urban Development. This position was vacated in January 1979 by Ruth T. Prokop who was appointed Chairman of the Merit Systems Protection Board.

The role of the General Counsel of this Department is critical to the effective accomplishment of our mission and it is essential that the person possess several characteristics:

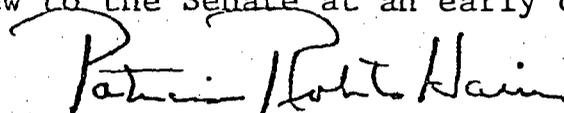
- An ability to identify, analyze and address extremely complicated legal issues;
- Managerial skills that permit the maximum use of scarce legal resources and the management of a large court load; and
- The judgment necessary to secure the confidence and trust of key Departmental officials and to advise them on the operation of their programs.

I have interviewed and considered several highly-qualified candidates for this position and, in my opinion, Mrs. McGrew is the most qualified to serve as General Counsel. Mrs. McGrew has been in the private

practice of law with the firm of Steptoe and Johnson since 1970, following her graduation from the University of Pennsylvania Law School. She has been a partner with the law firm of Steptoe and Johnson from 1977 to the present.

During this period, Mrs. McGrew has also been very active in several areas--Vice President (1977) and Member, Board of Directors (1976), Washington Council of Lawyers, Inc.; Member, Hearing Committee of the Disciplinary Board, the District of Columbia Bar (1977-present); Consultant, Drug Abuse Council (1976-1977); Participating Attorney, Narcotic Addicts Legal Services Program (1972); Consultant, National Commission on Marihuana and Drug Abuse (1971-1973); Member, Women's Legal Defense Fund; and Member, Washington Area Council on Alcoholism and Drug Abuse, Inc.

I have consulted with several high level officials from within the Executive Branch as well as others from the private sector, regarding Mrs. McGrew's qualifications and, based on my own evaluation along with these conversations, I am convinced that Mrs. McGrew has the qualifications required and that she would perform well in the position of General Counsel of the Department of Housing and Urban Development. I urge that you concur and forward the nomination of Mrs. McGrew to the Senate at an early date.



Patricia Roberts Harris

Jane McGrew

Home Address:

3909 Virgilia Street  
Chevy Chase, Maryland 20015  
Telephone: (301) 654-6645

Business Address:

1250 Connecticut Avenue,  
Washington, D.C. 20036  
Telephone: (202) 862-22

PERSONAL DATA

Born March 16, 1947  
Married, two children  
Excellent health

EDUCATION

J.D., University of Pennsylvania Law School, 1970  
Editor, University of Pennsylvania Law Review  
B.A. (With Distinction), Swarthmore College, 1967  
Phi Beta Kappa  
Studied in Nyon, Switzerland (1960); Cannes, France (1961);  
and Madrid, Spain (1964).

EMPLOYMENT

1970 - present      Steptoe & Johnson (Partner, 1977)  
Washington, D.C.

Primarily involved in federal administrative practice, legisla  
and litigation in the federal courts including: the managemen  
of employment discrimination and antitrust litigation; negotia  
with federal agencies in the areas of contract compliance and  
procurement; testimony in agency proceedings and before congre  
sional committees; consulting with industry, government and pu  
interest groups in the field of drug control, most recently to  
design a comprehensive program for dealing with the problems o  
drug abuse in a major city in the Southwest.

SPEECHES, STATEMENTS AND PUBLICATIONS

Speaker, San Francisco Symposium on Heroin Abuse and the Law (1977), "Blueprints for Heroin Regulation" (to be published).

Speaker, Lexington Fayette Urban County Government, Human Rights Commission Symposium (1977), "Defending a Title VII Law Suit."

Speaker, Food and Drug Law Institute's Pharmaceutical Update V (1975), "How To Let The Sunshine In Without Getting Burned," subsequently published in Food, Drug & Cosmetic Law Journal, Vol. 30, No. 9, Sept. 1975.

"Federal Regulation of the Production, Distribution and Dispensing of Drugs for the Prevention of Diversion," Drug Use in America: Problem in Perspective, App. Vol. III, March 1973.

"History of Alcohol Prohibition", Marihuana, A Signal of Misunderstanding, App. Vol. I, March 1975.

"To Be or Not to Be: The Constitutional Question of the California Abortion Law," U. of Pa. Law Review, Vol. 118 (1970).

Testimony on FDA Regulations Before the Subcommittee on Separation of Powers of the Senate Judiciary Committee (July 21, 1975).

Testimony on the Opium Shortage Before the Subcommittee on Juvenile Delinquency of the Senate Judiciary Committee (March 5, 1975) and Before the Subcommittee on Health of the Senate Committee on Labor and Public Welfare (December 5, 1974).

Testimony on the Opium Stockpile Release Before Subcommittee No. 3 of the House Armed Services Committee (September 26, 1973)

MISCELLANEOUS

Vice President (1977) and Member, Board of Directors (1976), Washington Council of Lawyers, Inc.

Member, Hearing Committee of the Disciplinary Board, The District of Columbia Bar (1977 - 1980).

Consultant, Drug Abuse Council (1976 - 1977).

Director, REFAC Technology Development Corporation, New York, New York (1974 - present).

Participating Attorney, Narcotic Addicts Legal Services Program (1972).

Consultant, National Commission on Marihuana and Drug Abuse (1971 - 1973).

Member, Women's Legal Defense Fund.

Member, Washington Area Council on Alcoholism and Drug Abuse, Inc.

Personal and professional references supplied upon request.

THE WHITE HOUSE  
WASHINGTON  
23 Jun 79

Bob Lipshutz

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

Rick Hutcheson

(original to Lipshutz)

2819

THE WHITE HOUSE

WASHINGTON

June 22, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT J. LIPSHUTZ

SUBJECT: Issuance of an 18 U.S.C. §208(a) Waiver  
for Fred Kahn

Attached is an 18 U.S.C. §208(a) waiver which I recommend that you grant to Fred Kahn.

The applicable Federal conflict of interest statute, 18 U.S.C. §208(a), requires that a government official recuse himself from acting on any particular matter in which he has a financial interest.

As the waiver indicates, Fred has agreed to disqualify himself from acting on any particular matter which directly and uniquely affects any of the corporations in which he has stock interest. However, Fred deals with broad policy questions and renders advice of a general nature which, if followed, may indirectly affect corporations in which he holds stock. His holdings in the corporations listed on the waiver range from \$32,000 to \$2,000, with an average value of approximately \$10,000. He has requested a waiver to ensure that he is not criticized for engaging in general policy matters which may indirectly affect the corporations in which he has a financial interest.

I have reviewed this matter with the Department of Justice and it is my conclusion, as well as the Department of Justice's conclusion, that the issuance of an 18 U.S.C. §208(a) waiver is appropriate in this instance.

THE WHITE HOUSE

WASHINGTON

June 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ALFRED E. KAHN



SUBJECT: Request for Waiver of 18 U.S.C. §208(a)

As of this date, I hold securities listed in Attachment A.

By separate memorandum to Bob Lipshutz, I have confirmed that I have not participated in any matter specifically and directly involving these companies, and will not do so, until further notice. To the best of my knowledge, no action that I have personally and substantially participated in since my appointment as Advisor to the President on Inflation and Chairman of the Council on Wage and Price Stability has in any way been affected or influenced by any of my financial interests. Nonetheless, since it is possible that I may in the future, in the course of my duties, personally and substantially participate in a matter that affects one or more of these companies, I believe that I should, in an abundance of caution, request a waiver of 18 U.S.C. §208(a).

As the information in the attachment indicates, my interest in each of these companies is close to inconsequential, relative even to my own income, so that no general policy action in which I am involved can possibly be affected by my financial interests. I believe that these interests cannot be considered so substantial as to affect the integrity of the services that the Government may expect from me in my present positions. For these reasons, I hope you will agree with me that a waiver of 18 U.S.C. §208(a) would be proper.

Attachment

THE WHITE HOUSE

WASHINGTON

June 22, 1979

To Alfred E. Kahn

WAIVER OF 18 U.S.C. §208(a)

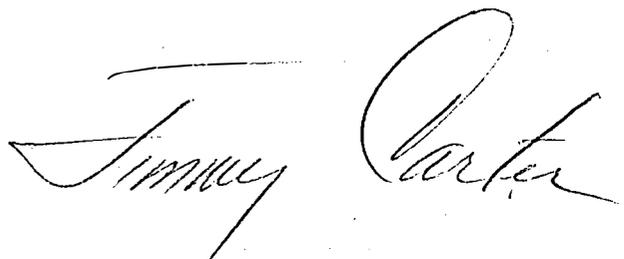
I have reviewed your request for a waiver of 18 U.S.C. §208(a) and have determined that the financial interests which you hold in each of the corporations listed below is not so substantial as to affect the integrity of the services which the Government may expect of you.

Pursuant to the authority granted in 18 U.S.C. §208(b), I hereby grant you a waiver of 18 U.S.C. §208(a) with respect to your existing interests in the following corporations:

American Home Products  
Atalanta Corporation  
Campbell Chibougamau Mines, Ltd.  
Ducormun, Inc.  
Nestle-Lemur Co.  
Northgate Exploration Ltd.  
Potomac Electric Power Company  
Revere Copper & Brass Inc.  
Thriftimart Inc.  
Walker Scott Corporation  
Willcox & Gibbs Inc.

You have advised, however, that you will disqualify yourself from acting on any particular matter which directly and uniquely affects any of the above corporations.

Date:

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

THE WHITE HOUSE  
WASHINGTON

23 Jun 79

FOR THE RECORD:

MADELINE ALBRIGHT OF NSC  
WAS GIVEN THE ORIGINAL OF  
THIS LETTER FOR MAILING  
AND DISTRIBUTION. A CC WAS  
GIVEN TO FRANK MOORE'S STAFF  
(EV SMALL). **THE LETTERS  
WERE DATED 6/23.**

## THE WHITE HOUSE

WASHINGTON

ACTION

June 22, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: HENRY OWEN 

SUBJECT: Letter from Joint Economic Committee  
on Economic Summit

Nearly the full membership of the congressional Joint Economic Committee signed a June 14 letter to you (Tab B) urging that the Economic Summit concert long-term policies on micro-economic approaches to such problems as inflation and productivity. Their suggestions are very close to the planned Tokyo agenda on economic policy issues and to your policies. Therefore, the response can be forthcoming.

Charlie Schultze and I see this letter exchange as a good opportunity for you to show 17 important members of Congress your sympathy with their views. We believe the reply should be signed by you.

Upon your return, we will brief them fully on the outcome.

Congressional Liaison and the speechwriters concur.

RECOMMENDATION

That you sign the attached letter (Tab A).

Approve  Disapprove

If you approve, we shall send letters to each of the signatories.



THE WHITE HOUSE  
WASHINGTON

To Chairman Lloyd Bentsen

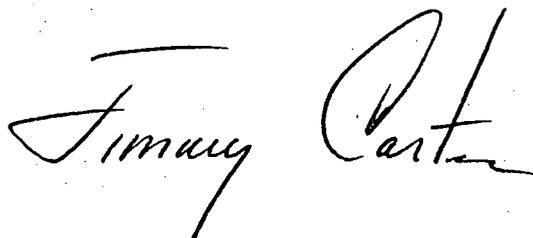
I appreciate the suggestions in your letter of June 14, 1979. At the Tokyo Summit meeting, we will seek internationally consistent long-term approaches to the common goals of noninflationary growth and progressive reduction of unemployment.

The industrial democracies particularly need to adopt and maintain coherent public policies that will improve the "supply" side of our economies: tax, labor market and other measures that encourage higher productivity, resistance to short-sighted protection of uncompetitive sectors, and careful balancing of the social objectives of regulatory functions with our productivity goals. As a matter of urgency but also of long-term concern, we must act to avoid an energy supply constraint on our economic growth.

In preparations for the Tokyo Summit, particular attention has been focused on these issues. I intend at Tokyo to seek commitments to joint pursuit of solutions.

I will let you know the outcome when I return.

Sincerely,

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

The Honorable Lloyd Bentsen  
Chairman  
Joint Economic Committee  
United States Senate  
Washington, D.C. 20510

B

VICE CHAIRMAN  
CONN.  
MASS.  
S. DAK.  
MD.  
N.Y.  
DEL.  
IDAHO  
IOWA  
JOHN M. ALBERTINE,  
EXECUTIVE DIRECTOR

# Congress of the United States

JOINT ECONOMIC COMMITTEE

(CREATED PURSUANT TO SEC. 9(a) OF PUBLIC LAW 304, 79TH CONGRESS)

WASHINGTON, D.C. 20510

RICHARD BOLLING, MO.,  
VICE CHAIRMAN  
HENRY S. REUSS, WIS.  
WILLIAM S. MOORHEAD, PA.  
LEE H. HAMILTON, IND.  
GILLIS W. LONG, LA.  
PARREN J. MITCHELL, MD.  
CLARENCE J. BROWN, OHIO  
MARGARET M. HECKLER, MASS.  
JOHN H. ROUSSELOT, CALIF.  
CHALMERS F. WYLIE, OHIO

June 14, 1979

*Ack. Fm/Nsc*  
**CONGRESSIONAL  
LIAISON**

**JUN 18 1979**

*cc: Tate, Cable*

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

Dear Mr. President:

The economic problems currently plaguing the world are truly formidable. The world inflation outlook is deteriorating; unemployment and excess capacity are on the rise; productivity growth is languishing; the energy picture is becoming more troubling; the growth of world trade is slowing; and the payments problems of many non-oil producing third world countries are worsening. Under the present circumstances there is a very real danger that the world economy will revert increasingly to restrictive trade practices and capital controls. We find this kind of prospective development very disturbing. It is essential, therefore, that the leaders of the industrialized Western world act now to discover solutions to our most pressing economic problems; the failure to reverse the trends in inflation, unemployment, productivity, energy and world trade could spell disaster for the world economy.

These issues will no doubt receive top billing at the upcoming Tokyo Summit on June 28-29 of this year. However, in contrast to the short-run palliatives that have been a characteristic feature of earlier summits, it is essential this time around that the summit leaders shift their focus to the development of long-term solutions to what are admittedly long-term problems. Macroeconomic policy coordination, foreign exchange market intervention, and the Substitution Account proposal, for example, are important subjects but the discussions need to go far beyond these short-run measures to deal with the structural underpinning of our long-run problems.

It is becoming abundantly clear that expansionary macroeconomic policies alone are not sufficient to lower our unemployment rate to an acceptable level; further reductions in unemployment will require targeted structural policies focused

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F002*

The President  
June 14, 1979  
Page Two (2)

on specific labor markets. A significant improvement in productivity, essential to our long-run goal of sharply reducing inflation, cannot be achieved through high levels of demand alone; structural policies designed to improve savings and investment incentives are required in order to accomplish a much needed increase in the rate of capital formation.

Restrictive trade practices constitute entirely inappropriate responses to the problems of those adversely affected by imports. Not only do trade restrictions exacerbate our inflation and productivity problems, they also contribute to the vicious circle of poverty in the third world and slow the rate of real income increases elsewhere. Again, structural programs of the adjustment assistance kind are required to facilitate the transfer of resources from the least efficient sectors to the more efficient in order to capture for all the advantages of a liberal trading order.

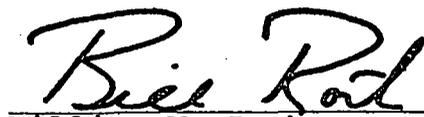
And finally, in order to achieve greater control over inflation, we need to devise structural policies aimed both at making our economies more competitive, and at limiting the shock effects caused by oil and food price increases.

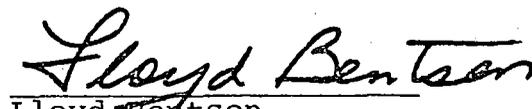
It will take years to accomplish these needed structural reforms. All the more reason to start tackling them today. And what better place to begin than at the Tokyo Summit?

Respectfully,

  
Clarence J. Brown  
Ranking Minority

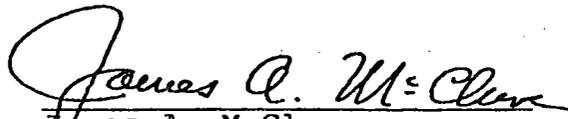
  
Jacob K. Javits  
Ranking Senate Minority

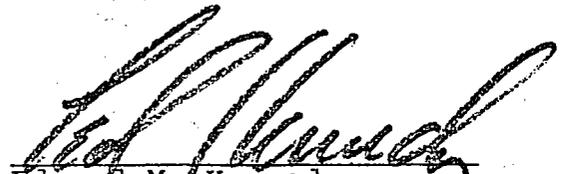
  
William V. Roth

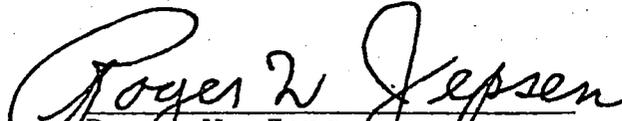
  
Lloyd Bentsen  
Chairman

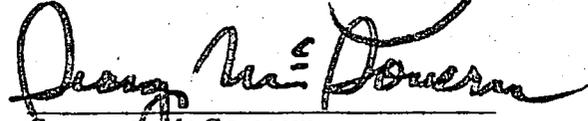
  
Richard Bolling  
Vice Chairman

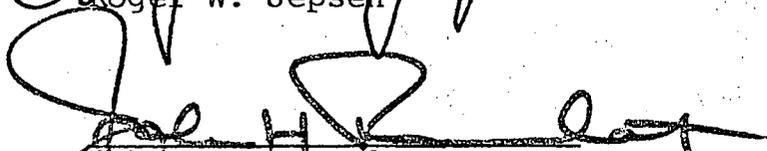
  
Abraham Ribicoff

  
James A. McClure

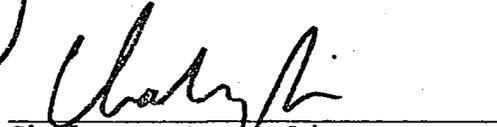
  
Edward M. Kennedy

  
Roger W. Jepsen

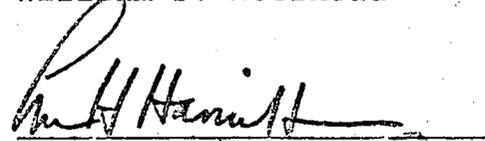
  
George McGovern

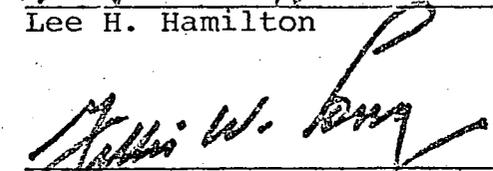
  
John H. Rousselot

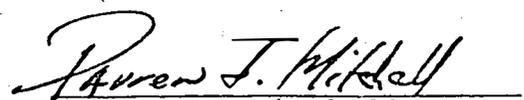
  
Henry S. Reuss

  
Chalmers P. Wylie

  
William S. Moorhead

  
Lee H. Hamilton

  
Gillis W. Long

  
Parren J. Mitchell

THE WHITE HOUSE  
WASHINGTON

23 Jun 79

Frank Moore

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the President's outbox today  
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Rick Hutcheson

2823



THE WHITE HOUSE  
WASHINGTON

6/23/79

for frank

--SSC

THE WHITE HOUSE  
WASHINGTON

6-23-79

To Sen. Magniham

I was right re the  
sphinx - you are right re  
"patriotic front."

Thank you for your  
comments on "Face the  
Nation".

Jimmy

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

From Dan Tate

**Electrostatic Copy Made  
for Preservation Purposes**

On "Face the Nation" Sunday Senator Moynihan was very supportive of the President, at the end of the program saying that he hoped the President would run again and be a two term President.

He was also extremely helpful on the program with respect to SALT. One of our biggest problems recently has been with Senators who have been saying that the treaty would have to be amended to the point that it would have to be renegotiated. Senator Moynihan's close political friend, Senator Jackson, is one of the ring leaders of this movement. While Moynihan did not rule out the possibility of voting for amendments, he said he would not support any which would kill or require renegotiation of the treaty. Considering how close he is to Jackson and the great following both have in the conservative wing of the Democratic Party, this was a tremendous statement on his part. He is taking a lot of criticism from Democratic "hawks" for it. If the First Lady acknowledged and expressed appreciation for these remarks, she would really impress the Senator.

The Senator has been a consistent and vocal supporter of the President in virtually all domestic policy matters -- welfare reform, aid to the cities (especially New York), energy (he was one of the few Senators to support the Crude Oil Equalization Tax which we proposed in 1977 but which was killed in the Senate after having passed the House), hospital cost containment, national health insurance (we call it our national health "plan"), and so forth.

His consuming interest is the survival of New York City and the first thing he looks for in a piece of legislation is whether there is any benefit in it for the City. We have won his gratitude for saving the city from bankruptcy legislatively and for continually searching for ways that we can save or give money to NYC administratively.

If the First Lady wants to avoid a subject, it is aid to parochial schools and particularly allowing tuition tax credits for the parents of parochial school students. He sponsored such a measure last year and we fought it hard and won. He is still not over that loss. He not only has a very large Catholic constituency and is Catholic himself, he really believes that tuition tax credits are good and necessary.

Finally, if the First Lady wants to really win him over, she might want to read the attached speech he recently gave during the Rhodesia debate in the Senate. He disagrees with our policy but voted with us. He sent a copy of his speech to the President and asked that he read it.

THE WHITE HOUSE  
WASHINGTON

23 Jun 79

Secretary Vance  
Zbig Brzezinski

The attached was returned in  
the President's outbox today  
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Rick Hutcheson

Frank Moore

2827



THE WHITE HOUSE  
WASHINGTON

6-22-79

To Cy & Bob  
I agree with Pat  
re propaganda designations.  
Suggest to me for  
Government-wide use  
something better than  
"patriotic front" and  
"liberation forces" vs  
"Salisbury Group". Expe-  
dite.

J.C.

The President's course has been coordinated with the new British Government. It will not satisfy those who regard the Bishop as irreparably tainted by his compromises with Ian Smith. Nor will it please those who attach excessive value to the formalities of his election. But neither will it leave the West embarrassingly aligned with either the guerrillas alone or with the whites of Africa. The new American plan may work no better than the old, but it is shrewd and prudent.

The PRESIDING OFFICER (Mr. McGovern). The Senator from New York is recognized.

Mr. MOYNIHAN. Mr. President, a month ago, on May 15, when the matter of Zimbabwe-Rhodesian sanctions first came before this Congress, I was one of the small minority of Senators who voted, in effect, with the President and against the resolution which instructed him forthwith to determine that the conditions of the Case-Javits amendment had been met with and accordingly to lift sanctions.

I felt at that time that, having asked the President to report to us on the elections in Rhodesia, and related matters, that it was scarcely appropriate to tell him in advance what to report.

Once again, I will vote to support the President. I do so out of respect and affection for him, and out of a profound concern for the Presidency itself, which remains our central institution so far as the conduct of foreign relations is concerned. On both counts, I find it proper to allow the President additional time to work out our response to the profoundly new situation in Zimbabwe-Rhodesia, and especially to do so in concert with the new British Government. This is, after all, primarily a British responsibility.

I will support the amendment being offered by my revered senior colleague, Senator JAVITS, and Senator CHURCH on behalf of the Committee on Foreign Relations.

I realize that this may not be the view of many Senators. Yet I hope there might be those willing to reconsider their position.

This prospect would be considerably brightened if the President, himself might reexamine his own position. Hence, I speak both to my colleagues and, in the hope that he might be following our debate, to the President.

This is not the first time I have spoken on this subject. It is the second time. Just a year ago, on the Senate floor, I raised what probably to the administration seemed a curious set of questions. It had to do with its choice of words in describing what was going on in that part of the world, and what we were trying to do there.

I was raising George Orwell's point about the corruption of democratic dialog under the constant pounding of totalitarian propaganda.

It is not a small point. In truth there is scarcely a more important issue in our age. Allow me to restate, in part, what I said on July 25, 1978:

For some time, the Secretary of State, who is a distinguished and capable American statesman, in referring to the parties to the dispute on Rhodesia, has spoken of "the Patriotic Front," on the one hand, and "the

Salisbury group," on the other. I am quoting from notes of a public presentation in which he spoke, about "the Patriotic Front and the Salisbury group."

Now, "the Patriotic Front" is made up of forces supplied by and backed by the totalitarian powers, the Soviet Union and China. One from the east and one from the west; one based in Mozambique, and one based in Zambia.

The "Patriotic Front" represents the armed component of totalitarianism, a philosophy which they openly espouse. They are elements of Soviet-Chinese power in that part of the world.

Who would not wish to be with "the Patriotic Front"? What man whose heart is not stirred by the prospect of joining the Patriots! Who, by contrast, would wish to be with "the Salisbury group"? It sounds like a mining concession put together by investment bankers in London.

Do not suppose there are no consequences. Years ago Disraeli, in one of the novels, remarked that "Few ideas are correct ones, and none can ascertain which they are. But it is with words we govern men."

On the 17th of July, in a State Department briefing, the spokesman for the Department of State made the following statement:

"There cannot be a peaceful settlement unless the liberation forces and the Salisbury parties are satisfied. What we are seeking is an agreement by all parties to fair elections under neutral transition arrangements. Should the patriotic front make a demand which is inconsistent with fair elections, we would oppose it just as we would reject demands by the Salisbury parties which would deny fair elections."

The use of those terms, the choice of those words, is fatal to the object of neutrality. I repeat, the choice of such words is fatal to the object of neutrality. When you have described one side as "the liberation forces" and the other side as a group in the capital, you have summoned all the imagery of political legitimacy of the 20th century and put it on the one side and denied it to another. That is not only fatal to neutrality but, I suggest, it is fatal to clear thinking about this phenomenon.

It is thus important that we convey the impression that we understand the difference between national liberation on the one hand, and the progressive brutalization of politics which is being carried on by the Soviets. In the name of national liberation. And, so far as southern Africa is concerned, the Administration's policy has become controversial because many feel that it is simply losing sight of these distinctions.

I hope I will not be misunderstood if I say that there was not the least response to my remarks from the White House or the Department of State, although they were widely reprinted.

Surely, my point was clear. The administration was giving the impression that the United States in Rhodesia was siding with the enemies of democracy and liberalism.

That impression continues. Just a few days ago, on June 9, the Washington Post editorial put the matter as plainly as anyone could:

Many Americans are appalled by the impression of its policy the administration has conveyed. They think the administration is ignoring fairness and impartiality in order to court those black African states, mostly petty dictatorships or paper democracies, that insist that no Rhodesian government with even one white fingerprint on it deserves the time of day. This distorts the views of a good number of officials. But it is a distortion fed by the administration's own acts and words, and it accounts for the

puzzlement and hostility that its policy has stirred even in quarters where a sympathetic reaction might be expected.

Obviously, this is a matter not easily made clear. Having served at the United Nations, I know how easy it is for American diplomats, and for that matter American political leaders, to go along with the language of the totalitarianists. But I know also that this must be resisted.

I would go so far as to say that almost the central political issue of our age is who is going to define what is democratic, what is liberal.

Who is to define what constitutes proper democracy, the democracies themselves or democracy's enemies? For onto six decades now, our democracy has been under assault by totalitarian regimes who claim that our system is not democratic at all, while theirs is. Their effort in this is unremitting. And, increasingly, they—and others with no interest in a democratic order—come to define the terms, while we increasingly allow them to do so.

(Mr. TSONGAS assumed the chair.)

Mr. MOYNIHAN. Mr. President, we do this for a variety of reasons: On the one hand, sheer exhaustion with the effort at resistance; on the other hand, something close to appeasement as one or another alleged "strategic" or "diplomatic" interest is advanced to counsel silence.

The pattern is everywhere: counsel silence with regard to the Soviets, lest our "strategic" interest in SALT be jeopardized; counsel silence with respect to Africa, lest our diplomatic "leverage" be dissipated, or our oil imports be jeopardized.

In the meantime, our most precious and important source of influence and leverage gradually disappears—our ability to defend the legitimacy of our own system of politics and society. Allow the dictators to define what is or is not democracy and they will define ours away.

It is a measure, or so I would contend, of the sensitivity of the American people to just this subject that they have displayed the unease about Zimbabwe-Rhodesia concerning which the Washington Post has commented upon.

Is there not one first fact? In all of Africa's 45 nations there are two—Gambia and Botswana—which Freedom House classifies as free.

And I am happy to see that our beloved former colleague, the head of Freedom House, Senator Clifford Case, is in the Chamber. Of all the 45 nations of Africa, two are classified as free. But now a new nation has come on the scene, following as free an election as you are likely to get anywhere in similar circumstances. To pick away as to just how free this election was is to suggest some other motive altogether.

In Africa, I believe it is a motive born of the dismal political arithmetic of the continent itself where the democracies are indeed outnumbered by their opposite or near opposite 43-2. It is in the interests of the nondemocracies to seek and to promote that which is nondemo-

cratic. But what jars so is the impression that our own democratic Government could somehow become part of an anti-democratic enterprise. It is as if the century's fundamental political argument which I have noted—the one over the power to define what is and is not democratic in politics—has gone unnoticed by the leaders of the world's most important democracy.

There is a second fact. The armed opponents of the present Government of Zimbabwe-Rhodesia are not only backed by the totalitarian Soviet Union and the Chinese, they aver their complete adherence to the totalitarian standards of that regime. One of them, Robert Mugabe, in the Washington Post of April 17, 1978, has defined his own position. He advocates a one-party state because the "multi-party system, unless it is particularly desired by the people, is a luxury in a state which should concentrate on policies and the transformation of society." Zimbabwe's army, he says, "must be our army \* \* \* pure and simple." Spoken like a man who has absorbed the Maoist dictum that political power grows out of the barrel of a gun.

The New York Post, in its editorial comment on June 9, 1979, quoted Mr. Joshua Nkomo, Mr. Mugabe's "co-president" in the "Patriotic Front." Broadcasting over Moscow radio recently, Mr. Nkomo said:

Relations between the freedom fighters and the Soviet Union are excellent. The Soviet Union and other Socialist countries enjoy total freedom—they are free from exploitation and all other forms of oppression. . . . Our friendship with the Soviet Union are openly encouraging us to dedicate to fighting for our freedom. Our pains are their pains, our suffering their suffering.

Thus Mr. Nkomo on the world's most powerful totalitarian state.

If there were just some trace in the President's statement of June 7, or Secretary Vance's testimony before the Senate Foreign Relations Committee this morning that our Government knows who the enemies of freedom are in that distant country, things would be so much easier. But there was none. The President and Secretary seemed almost embarrassed to have to report that Bishop Muzorewa seems to have been installed in an election in which almost two-thirds of the population voted. Clearly they expected otherwise. Clearly they had been counseled otherwise.

How is one to take issue with the comment of the Wall Street Journal just 2 days ago which said:

Now there's certainly a respectable case the President could have made for not lifting the sanctions totally and immediately. We certainly do have to think of our relations with Rhodesia's black-ruled neighbor states, and the President might also have said that he wanted enough flexibility to give him continuing leverage on the new Salisbury regime. But the President did not simply appeal to the Senate and the country on these prudential grounds. Instead he did more of the thing that's been getting everyone so mad at his African policy in the first place, which is to yell at the Rhodesians in the voice of outraged morality when the morality of the issue is in fact not on his side.

It would seem clear that the great ma-

majority of Americans, and certainly the majority of this Senate, share the Journal's judgment as to the rights and wrongs—largely defined—of this issue.

It is past the time when this situation can be retrieved, the dilemma resolved? We are obligated to try. A consistent and sustainable viewpoint is expressed by the AFL-CIO, for example, in a letter sent by George Meany to President Carter on June 7, 1979. The labor movement expresses its support for the continuation of the economic sanctions, but clearly in the context of strengthening the legitimacy of, and therefore the prospects for, the Muzorewa government. It proposes reasonable criteria for the removal of the sanctions including the retirement of Mr. Smith from the government, the elimination of the minority veto by reducing by eight the number of seats in the parliament reserved for the white minority, support for—and here an American contribution would be perfectly consistent with even the maintenance of sanctions—a program for the training of Blacks in and for the civil service, a guarantee of free trade union activity, assurance of due process of law, especially as it relates to the rights of groups and individuals.

This is very close to the position of Freedom House, which holds that sanctions should be lifted as soon as possible and in phase with continued progress. I should think that an approach of this sort might once have enjoyed the support of a majority in this body. It may yet do.

For, as I said at the outset, that civically responsible "center" of our public life, on which we really rely for effective governance, could almost disappear on this question. I have great personal respect for those among my colleagues who have been leaders of the effort to remove the sanctions against Rhodesia, but I have grave concern over the consequences should they come to be perceived in the world as the makers and leaders of American Africa policy.

On the other hand, my views as to the situation created by current policy as generated by the executive branch are also a matter of public record.

Finally, Mr. President, and I hope the President of the United States might hear these words, I suggest that this is not an isolated predicament as it affects cooperation between executive and legislature in foreign affairs. It is, in fact, a paradigm for the dilemma we face on SALT. For there, we will be presented with a treaty that is not easy to accept, but one equally hard to reject. The acceptance of bad policy hurts us; the repudiation of a President weakens us. How much will the Nation gain from either course?

Yet this seems to be the condition of our politics these days. As one who endorses the endeavors of the President, as one who entirely supports his efforts and applauds him for his energy, I should think he would want to counsel with us as to the origins of our common problem: His and ours.

And yet, I am disturbed by the growing sense that this is somehow more his problem than ours, more for him to un-

derstand how and why his foreign policies are made and unmade in a context of declining political support. But there is only so much we can do, perhaps only one thing—and that is to urge him to look closely about, in an effort to understand why things have come to this pass.

I will vote with the President today in the hope of giving him time to do better than we have so far done.

In closing, I hope he will recognize, as we all do, the extraordinary contribution of my revered senior colleague in making some satisfactory outcome at least possible.

Mr. THURMOND addressed the Chair.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield?

Mr. THURMOND. Mr. President, I yield to the majority leader.

Mr. ROBERT C. BYRD. I wonder if we could get some idea as to when the Senate can come to a resolution of this matter. We have had a good discussion pro and con and on both sides of the aisle.

The manager of the bill is here, Mr. STENNIS; the ranking manager is here, the two chief authors of the amendment are here. Could we vote, say, by 7 p.m. in relation to the amendment?

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Yes. The Senator from South Carolina has the floor.

Mr. JAVITS. Mr. President, will the Senator from South Carolina yield to me?

Mr. THURMOND. Yes.

Mr. JAVITS. I am more than willing to see a unanimous-consent agreement. But I do think though to fix a time without seeing what Members want to speak and how much time is unfair for one Member to take the time. Personally I need 5 minutes, and I will happily work out anything the Senator suggests.

Mr. ROBERT C. BYRD. All right.

Mr. SCHWEIKER. I would like to have 5 minutes.

Mr. PRESSLER. Five minutes.

Mr. THURMOND. I would like about 12 minutes.

Mr. HELMS. Five minutes.

Mr. HUMPHREY. Ten minutes.

Mr. EXON. Five minutes.

Mr. LEVIN. Three minutes.

Mr. STENNIS. Mr. President, I want 1 minute.

Mr. HARRY F. BYRD, JR. Three minutes.

Mr. TOWER. Mr. President, will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. The Senator from South Carolina has the floor.

Mr. THURMOND. I yield to the distinguished Senator from Texas.

Mr. TOWER. Rather than set a time certain why do we not agree to, say, 45 minutes to a side?

Mr. ROBERT C. BYRD. I think we can do less than that because the Senators have indicated how much time they want, and if we could just get consent that they be allowed to speak, then we can vote.

Mr. THURMOND. Mr. President, some of us have been sitting around for a long time while some Members of the Senate

THE WHITE HOUSE  
WASHINGTON  
23 June 79

Frank Moore

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

Rick Hutcheson

Zbig Brzezinski

(Letter dated the 23<sup>rd</sup> of June.)

2821

THE WHITE HOUSE  
WASHINGTONACTION

June 22, 1979

MEMORANDUM FOR: THE PRESIDENT

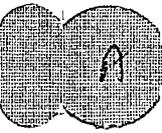
FROM: ZBIGNIEW BRZEZINSKI *ZB*  
FRANK MOORE *FM/BB*

SUBJECT: Letter to Sam Nunn

While we were in Vienna, a letter from Sam Nunn arrived about the Pentecostal Soviet families in the U.S. Embassy in Moscow. The letter was sent to State Department for response, but we believe that Nunn's personal note at the bottom should have a response from you.

Recommend that you sign the letter (Tab A) to Sam Nunn.

The text has been approved by the Speechwriters and CL.



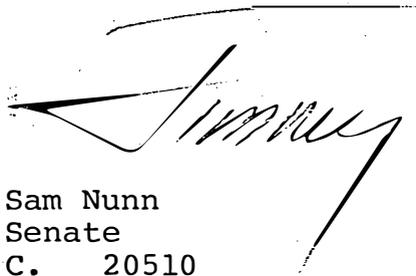
THE WHITE HOUSE  
WASHINGTON

To Sam Nunn

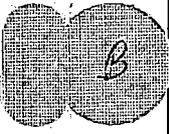
I very much appreciate your personal note to me before my departure for Vienna. Our meetings with the Soviet leaders were very useful and provided us with an opportunity to discuss many issues of concern to both of our nations, including human rights.

I always value your advice and counsel and would be pleased to discuss any aspect of United States-Soviet relations, the SALT II agreement, or plans for SALT III at any time you want.

Sincerely,



The Honorable Sam Nunn  
United States Senate  
Washington, D.C. 20510



HENRY M. JACKSON, WASH.  
HOWARD W. CANNON, NEV.  
HARRY F. BYRD, JR., VA.  
SAM NUNN, GA.  
JOHN C. CULVER, IOWA  
GARY HART, COLO.  
ROBERT MORGAN, N.C.  
J. JAMES EXON, NEBR.  
CARL LEVIN, MICH.

JOHN TOWER, TEX.  
STROM THURMOND, S.C.  
BARRY GOLDWATER, ARIZ.  
JOHN W. WARNER, VA.  
GORDON J. HUMPHREY N.H.  
WILLIAM S. COHEN, MAINE  
ROGER W. JEPSEN, IOWA

3700

# United States Senate

COMMITTEE ON ARMED SERVICES  
WASHINGTON, D.C. 20510

FRANCIS J. SULLIVAN, STAFF DIRECTOR

June 12, 1979

ACK. FM/NSC  
CONGRESSIONAL  
LIAISON

JUN 18 1979

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

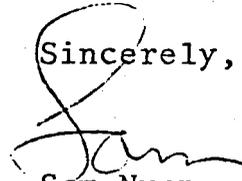
Dear Mr. President:

On the eve of your departure for Vienna, I am writing to express my concern over the situation of two Pentecostal Soviet families who have been living in the basement of the U. S. embassy in Moscow since last June. The Vashchenkos and the Chmykhalovs are just a few of the estimated thousands of Christians and Jews who are suffering persecution for their religious beliefs in the Soviet Union. All seven members of both families have been living in a 20 ft. by 12 ft. basement room and wish to emigrate to the United States.

Religious persecution concerns all Americans, and I hope you will broach the plight of the Vashchenkos and Chmykhalovs to President Brezhnev while in Vienna.

You have my strong support on these human rights' issues as you approach this historic summit.

Sincerely,

  
Sam Nunn

Good luck and best wishes for a productive and successful trip. You have my prayers. Sam

SU35  
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HU01

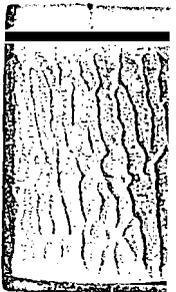
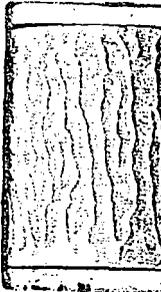
THE WHITE HOUSE  
WASHINGTON  
23 Jun 79

Frank Moore  
Stu Eizenstat

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

Rick Hutcheson

2820



THE WHITE HOUSE  
WASHINGTON

cc Frank, Stu  
Name from  
Bob Byrd - ok i  
me - J

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THE WHITE HOUSE  
WASHINGTON

Inflation  
Muskie

Long

Childs

Moynihan

Proxmire

Bellmon

Dole

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THE WHITE HOUSE  
WASHINGTON

Energy

Jackson

Johnston

Bentsen

Bumpers

Hatfield

Dominici

Stephens

Durkin

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THE WHITE HOUSE

WASHINGTON

June 21, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*

SUBJECT: Management of Petroleum and Other  
Energy Shortages

Since our telephone conversation yesterday concerning my role in managing the home heating fuel problem, I have reviewed the most recent Department of Energy assessments of the situation and reflected on the requirements of an effective management strategy.

Based on my consultations and a review of all available data, I believe that we face an array of inextricably interrelated energy shortages over the next several months. As your comments to me yesterday suggest, we cannot separate the middle distillate problem from gas shortages from potential brown/black-outs this summer. The American people will view all of them as related, and they will be right.

Consequently, we need a management strategy which is credible, politically sensitive to your needs, and effective in managing the problems we have now and that we will face between now and the end of your first term.

To date, the White House has been coordinating efforts directed at accomplishing the first two tasks -- the development of policy and the passage of legislation. Stu chairs an Energy Task Force which is responsible for both. We have not, however, had an adequate "management" mechanism to deal with the daily problems and crises that cut across the entire range of energy issues. This "management gap" must be filled at once if we are to be able to exercise -- and publically demonstrate -- the kind of leadership necessary to maintain order, effectively manage the shortage and avoid public panic.

At the senior staff meeting this morning (which Gene Eidenberg attended on my behalf -- I was on the way back from Chicago), Ham asked Dick Moe, Les Frances and Gene to review the whole situation and make recommendations on how we should deal with it. Dick, Les and Gene all join me in making the following recommendations.

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- (1) We recommend that you create a small unit under my and Gene's direction to manage and coordinate the Federal government's efforts to anticipate and respond to the continuing energy crises. This unit would, of course, stay in constant and close communication with the policy/legislative group under Stu to ensure consistency of approach.
- (2) If this "Management Task Force on Energy Shortages" is to succeed, it will require maximum interagency cooperation and accountability, a strong and explicit White House lead, and a clear delegation of responsibility and authority from you. We believe the best way to achieve this result is for you to designate me and Gene to lead the interagency group. Under my overall direction, Gene would devote virtually all of his time to coordinating the effort. I think that a public acknowledgement by you of Gene's key role in the management process would be extremely helpful and would strengthen his hand in getting the full government-wide cooperation that will be required.
- (3) The agencies represented on the Task Force will include:

Energy	Transportation
Justice	EPA
Defense	USDA
FEMA	OMB
DPS	
- (4) The Task Force will also include appropriate staff representation from Congressional Liaison, Anne Wexler's Office, Press Office, President's Counsel, and the Vice President's Office.
- (5) The Task Force's initial agenda should include the following topics:
  - o Middle distillates and related problems (truckers, home heating fuel, agriculture, mass transit, etc.);
  - o Gasoline (shortages, lines, potential dealers' strike);
  - o Brown-outs and black-outs;
  - o "Public information" efforts to educate the general public on the true nature of the

various crises, their causes and duration, steps that can be taken to alleviate them, etc. On this last point, Mr. President, we think it is imperative that you give a clear and explicit instruction to all relevant Cabinet members and agency heads that all statements regarding the nature and extent of the supply and demand situation, crude oil imports, industry actions and the Administration's positions and actions be cleared with either Stu or me, depending on the nature of the subject. We simply must do everything we can to stop the contradictory, inconsistent and hopelessly confusing statements on the energy situation that are emanating, almost daily, from the Federal government.

THE WHITE HOUSE  
WASHINGTON

23 Jun 79

Frank Moore

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

Rick Hutcheson

The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Jack Watson

2827

THE WHITE HOUSE

WASHINGTON

June 23, 1979

*Frank J*

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

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I. DOMESTIC POLICY ISSUES

1. Energy

Windfall Profits Tax -- During the final mark-up sessions, the Ways and Means Committee took the following actions:

1. Adopted 13 to 8 a Gephardt amendment designed to prevent oil producers from obtaining preferential treatment under the windfall proposal by splitting tracts of property and claiming wells in one part as newly-discovered oil;
2. Adopted a Vanik proposal requiring Treasury to compile information on the profits, sales and taxes paid by the nation's largest oil companies;
3. Adopted a proposal to exempt from the tax profits state-owned oil production facilities that are used to finance public education (States affected are California, Louisiana, Oklahoma and Alaska);
4. Rejected 20 to 16 a GOP bid to scuttle the energy trust fund. The Chairman, however, made clear that the Committee would work out plans for the trust fund after the House acts on the windfall profits bill.

The bill was reported out on a 20 to 16 vote, with four Democrats joining the Republicans in opposition: Pickle, Jones, Stark and Jenkins. The bill would net approximately \$27.8 billion in revenues over the next five years.

We are hopeful that the Rules Committee will uphold Ways and Means' closed rule recommendation. We now await a leadership decision. The "rational" oil people favor a closed rule -- fearing that an open rule would permit an amendment to link the tax with decontrol. They are also aware that if an amendment to "loosen" is allowed an amendment to "tighten" will also be offered.

We are beginning a survey of the House to gauge sentiment for the tax and on the linkage with decontrol issue.

Foreign Tax Credits -- Secretary Blumenthal testified on Tuesday. The Committee will hear public witnesses next week and plans to report out a bill shortly after the July 4th recess.

Synthetic Fuels -- The Moorhead Bill is scheduled for House floor action on Tuesday. Jim Wright will try to enlarge the commitment to 2 million barrels per day. Only the size of the bill is in doubt.

Members want to be able to report their votes on this one to their constituents as they return to their districts for the recess.

*Watch  
carefully*  
Jackson-Johnston Bill -- The Energy and Natural Resources Committee has scheduled hearings for July 9, 10, 11, 20. Jackson would like to pass a bill before the August recess.

## 2. Appropriations

*I will  
veto  
if on  
either  
issue*  
Energy & Water Development -- The bill passed the House last Monday (359-29). An amendment was placed on it that calls for the completion of the Tellico Dam project. The bill also contains funding for CRBR. Chairman Bevill knows of the Administration's position on both of these projects. The subcommittee is also standing in the way of Water Resources Council independent review and made no real attempts at cost sharing or full funding. If the Senate cannot correct at least the Tellico project WHCL believes this bill becomes a veto candidate again this session.

In the Senate subcommittee action is planned for Wednesday. Fragmentary information indicates that the Senate bill will not contain any major problems. It will add a new start for Freeport Harbor, Texas, with a total Federal cost of \$66 million. Action on the breeder will be deferred until later in the summer.

Military Construction -- Passed the House (366-21) last Monday without any changes. It does not contain funding for space shuttle facilities, an Administration priority.

Agriculture -- Passed the House (391-30) last Tuesday with only one minor amendment. At next Tuesday's Senate subcommittee mark-up Senator Eagleton intends to incorporate several of our nutrition savings proposals which should put pressure on Carl Perkins to move the related authorizing bills in the House.

*Why?* Legislative -- After it was defeated on the House floor, this bill was sent back to committee. OPM and OMB are working quietly with congressional staff to preserve a 5.5 percent increase for senior executives in all three branches of government.

Labor-HEW -- House floor action is scheduled for Wednesday. The Senate subcommittee completed mark-up last week. The Senate subcommittee recommended a reduction of \$188 million below the House level for public service employment. This cut assumes that Title VI public service employment will end 1979 with 30,000 fewer jobs than the House estimate of 300,000 jobs, and end 1980 at the 200,000 level.

Funding for education programs was reduced from the House level. While the subcommittee agreed with the House on increases for vocational education and supplemental opportunity grants, reductions were recommended for several other programs. Action on our impact aid proposals has been deferred until full committee. Major policy changes to education programs are as follows:

	Change to Request (BA in millions)	
	<u>House Committee</u>	<u>Senate Subcommittee</u>
Impact aid	+249.0	deferred
Vocational education grants	+100.0	+100.0
Higher & continuing education	+61.7	+15.0
Student direct loans	+66.0	+8.0
Supplemental opportunity grants	+29.9	+29.9
Concentration grants (Title I)	--	-200.0
Emergency school aid	-23.4	-52.6

Major policy changes in youth employment programs are:

Youth employment and training programs	-264.7	--
Young adult conservation corps	+67.2	+100.3
Summer youth employment	+197.5	+197.5

Senator Magnuson was successful in holding increases for NIH to \$195.3 million over the budget and \$13.3 million below the House level.

For health professions capitation grants, the subcommittee provided \$16.4 million less than the House add-on of \$88.4 million.

The Senate subcommittee bill implies policy increases of about \$510 million, assuming no savings for impact aid. With Maggie's pending proposal to slash the net House impact aid increase by \$70 million, we can hope for a Senate bill with \$440 million in policy increases.

Summarizing action to date:

	1980 Budget Authority (\$ in millions)	
	<u>House Committee</u>	<u>Senate Subcommittee</u>
Request	73,477	73,672
Changes not affecting 1980 programs	-955	-1,909
Public service employment	(-882)	(-1,070)
BEOGs	(---)	(-726)
Other	(-73)	(-113)
Policy changes	+751	+219
Education	(+552)	(-67)
Health	(+205)	(+266)
Human development service	(+107)	(+64)
Youth employment programs	(---)	(+298)
Private sector initiatives	(---)	(-200)
Other	(-113)	(-142)
Total Change	<u>-204</u>	<u>-1,690</u>
Congressional level	73,273	71,981

1979 Supplemental -- Senate full committee mark-up of this bill was completed last Monday. Floor action is tentatively scheduled for Monday. Conference action will begin Tuesday, with a vote on the conference report occurring after the recess.

	Budget Authority (\$ in Millions)	
	<u>House</u>	<u>Senate Committee</u>
Request	15,269	16,900
Changes not affecting 1979 programs	-473	-473
Policy changes	-3,386	-2,549
Defense-Military	(-1,455)	(-444)
Home ownership assistance	(-985)	(-985)
Energy programs	(-159)	(-150)
HEW programs	(-168)	(-345)
Increased pay costs	(-223)	(-179)
Other	(-396)	(-446)
Total change	<u>-3,859</u>	<u>-3,022</u>
Congressional level	11,410	13,878

A discussion of action on DOD requests is included in the Foreign Policy section of this report.

For HEW, the committee denied (by a vote of 9-3) our request of \$258 million for the Title I concentration grant program. The House had provided \$200 million for this program. The committee provided the full amount of our request for black lung.

For the Food and Nutrition Service, the committee:

- Considered our full request of \$1,039 million for the food stamp program, and made a \$50 million reduction. (The House has approved \$380 million, the maximum amount allowed under the program's current authorization.)
- Restored the \$33 million cut by the House for various child nutrition programs.
- Denied our entire request of \$27 million for the elderly feeding program.

For DOT, the committee agreed with the House's cut of \$140 million from the \$200 million urban mass transit initiative, and then reallocated these funds for other transit capital grants. On the recommendation of Senator Stevens, the committee provided an unrequested \$20 million for payments to the Virgin Islands.

Our request of \$18.2 million for the Postal Service -- reluctantly supported by the House -- to offset the reduced rate for mailings by political committees -- was denied.

The committee embraced the House recommendation to provide 100 additional positions for the Nuclear Regulatory Commission due to the diversion of NRC personnel covering the Three Mile Island incident.

### 3. Department of Education

The bill is scheduled to come to the House floor again July 11 or 12. The delay will work to the advantage of our opponents who have been besieging the Speaker to delay consideration of the bill so they can gather their forces. The erosion we were witnessing last week seems to have abated somewhat. The Vice President's direct involvement with the Civil Rights groups successfully reassured them on the anti-civil rights amendments in the bill. (We pledged to work to delete them in conference.)

Another issue has mushroomed in the interim. The controversial appointment of Mike Smith as Acting Commissioner of Education has caused a stir in the Civil Rights community. Parren Mitchell is leading the charge for the Black Caucus to defect from the bill if Smith's appointment goes forward. The Vice President has assured Parren and Cardiss Collins we will not do anything that is contrary to our mutual interests. Finally, the women's groups are also threatening to defect from the bill because of the anti-quota language. We are talking to them, offering the same assurances as were offered to the civil rights groups.

*Let V.P.  
Coordinate  
this one  
with you*

The most recent count puts us up by only 14 votes, 216-202. It is clear the Speaker could make the difference. To date he has not been very helpful. The Vice President has raised the issue with him several times but with little response. The interest groups supporting the bill have been geared up to focus on members over the July recess.

#### 4. Hospital Cost Containmentment

Senator Long has moved the hearings for the National Health Plan ahead of those for HCC. We are still 2-3 votes short for HCC in Senate Finance. Long does not seem to have worked the Committee.

*You have  
highly  
variable  
vote counts*

In the House, Ullman has agreed to mark-up on July 11-12 if he believes we have the votes. Gibbons is the key. If Jenkins talks to Jim Jones and Cotter we may even have a surplus of votes. The mark-up date is being kept under wraps to avoid undue lobbying of undecided Members by hospital groups during the recess.

The House Commerce Committee has no plans until after the recess.

#### 5. Trade Reorganization

Interest in trade reorganization on the Hill is growing as we near the July 10 deadline for submission of an Administration proposal. Congressmen Jim Jones and Bill Frenzel plan to introduce their Commerce-based reorganization bill in the next several days with 11 co-sponsors, including Ways and Means Committee Members Gibbons and Conable. On the Senate side, International Finance Subcommittee Chairman Stevenson is becoming interested and plans to support a consolidation within Commerce.

6. Export Administration Act

Floor consideration in the House and Senate is unlikely before the July 4th recess. Senator Stevenson has agreed to the Administration's request that he make a floor statement emphasizing that the President's flexibility to conduct foreign policy has not been unduly restricted. He has requested draft language. State, NSC and Commerce are working on this.

7. Small Business Authorization Conference

SBA discovered that draft language for the Report of Managers would have reversed a very basic part of the compromise on disaster assistance as passed by both the Senate and the House. SBA has objected strongly in writing. The Conference remains open. The Senate, the House Agriculture Committee and the House minority Conferees have withheld their signatures.

*Work hard on this*

The agreement was that farmers would have to be turned down by FmHA before applying to SBA, which effectively would remove SBA from most agricultural disaster lending. During the Conference, however, the Conferees made a minor change so that in some cases FmHA rates could be 1 percent higher than at SBA. We are seeking elimination of this provision.

8. Food Stamps

By a vote of 38-1 the House Agriculture Committee Thursday reported H.R. 4303, a bill to increase food stamp benefits for the elderly, blind and disabled Americans by January 1, 1980. The \$60 million package is the result of commitments made by Agriculture Committee Chairman Foley (D-Wash.) to gain support for legislation to increase the FY 1979 food stamp "cap." The bill originally carried a price tag of \$30 million. However, Congressman Richmond (D.-N.Y.) amended the measure in subcommittee by broadening the benefits. The measure is scheduled for full House action, under suspension of the rules, Monday.

9. Michel Amendment

In last year's Labor-HEW appropriation bill, Bob Michel offered an amendment to reduce spending by cutting waste, fraud, and abuse at HEW by \$1 billion. HEW did not believe the amendment was serious, so it ignored the provision.

Last Friday, the Justice Department concurred with a GAO ruling that HEW is required to cut \$831 million from their 1979 programs or have correcting language added to the 1979 supplemental. This information was transmitted about 30 minutes

prior to Senate committee mark-up on the supplemental last Monday.

Senator Magnuson and his staff were stunned at HEW's poor timing and that no other options had been considered by the Department. He will oppose efforts to repeal the Michel amendment on the floor.

This problem could create significant political difficulties. We may have to cut Medicaid and AFDC grants to States by as much as 20 percent for the last quarter of FY 1979 if this is not resolved.

#### 10. Amtrak

With gas lines becoming routine and with Amtrak ridership booming, it is becoming increasingly clear that some of the trains that would have been cut by the Amtrak re-structure plan now meet the economic criteria set by the plan. Accordingly, Secretary Adams developed a proposal last week that would allow Amtrak to add trains to the re-structured system that met strict economic standards.

Based on the latest available ridership figures, the proposal would allow Amtrak to continue some four to six trains, including "The Montrealer", for another year. The proposal would add an estimated \$35 million to the appropriations bill. The reaction is generally favorable with the exception of Congressman Duncan, who fought for the original re-structure plan.

#### 11. Trucking

Hearings begin in the Senate commerce Committee on Tuesday.

On the House side, Biz Johnson has introduced both the ATA bill and ours. Chairman Howard may try to start hearings late in July.

#### 12. Title V Commissions

Senator Muskie's staff has advised Commerce that the Republicans on the Senate Budget Committee are preparing to wage a fight to cut the Title V and Appalachian Commission funds during floor action on S. 835 (Randolph's bill), and in the Second Budget Resolution. Senator Bellmon and Public Works Committee Members Bentsen, Simpson, and Chafee will be leading this fight. Muskie is sensitive to the political ramifications of cutting either or both the Title V's and ARC and will recommend that the Committee retain the "current law levels" for the Title V's as contained in the First Concurrent Budget Resolution.

**Electrostatic Copy Made  
for Preservation Purposes**

*Tell Anne  
to stir  
up P.R.*

*Most are  
a pure  
waste  
of money*

## II. FOREIGN POLICY ISSUES

### 1. Panama Implementing Legislation

The House passed the Panama Legislation Thursday by a vote of 224-202. Congressman Pashayan introduced the only damaging amendment added on the floor. The amendment would eliminate payments to Panama if you or Congress should determine that Panama is intervening in the internal affairs of another country. If ever implemented it would be a treaty violation; we will try to remove it during conference.

The Senate Armed Services Committee will take up the bill Tuesday. Senator Carl Levin (D-Mich.) will chair the hearings; Warren Christopher will testify. The Committee plans to hold a second and final hearing Wednesday. Mark-up and floor action by the Senate is expected after the July 4 recess. Both State and DOD will be contacting members and staff of the Armed Services Committee and selected freshmen Senators. The Senate appears to wish to handle this question quickly and quietly. There may be trouble from conservatives, but at this point we are optimistic that it can be contained and that a good bill will pass.

Murphy, who will undoubtedly head the House conferees, has served notice that he will hang tough in conference. Therefore, we can expect only a few improvements in the House bill.

Letters are being sent to all Members who voted with the Administration to thank them for their support.

### 2. Rhodesia

We now expect the House to take up the rule for the HFAC's Rhodesian sanctions language on Tuesday. A decision on timing of debate and amendments will be made following that vote.

The committee bill would require that sanctions be lifted October 15 unless you found it in the national interest not to do so. Despite the committee's unanimous vote Broomfield, Lagomarsino and Derwinski intend to move that Presidential discretion be eliminated. This will produce a close test vote.

### 3. Turkish MAP Grant Assistance

The House voted 303-107 in favor of a Derwinski motion to instruct House conferees not to accept the Senate amendment to the Security Assistance bill providing \$50 million in grant MAP to Turkey. Over a dozen Members, including the floor and committee leadership, spoke in favor of the instruction. Only

*Hold firm - Work w/ Byrd*

five Members spoke in favor of grant MAP to Turkey. Despite the overwhelming vote against grant MAP, there are some friends of Turkey among the House conferees including Hamilton, Solarz, Bingham and Quayle.

The conference is scheduled to begin on Monday. We intend to push the Senate conferees to hold tight for \$50 million in grant MAP. Senator Robert Byrd will also push them hard. We will not seek a compromise until we have conferred with Byrd and other supporters in the Senate. Warren Christopher will take the lead on this.

4. Development Assistance Authorization Bill

*Money promised to help*

Conference may take place Thursday or Friday, June 28 or 29. The major issues to be resolved are the ISTC (which was deleted from the Senate bill on a DeConcini amendment which passed 58-42), Peace Corps in ACTION or IDCA, prohibition on funds for Panama and funding levels. The House is prepared to stand firm on the creation of ISTC, and the Senate conferees (excepting Baker) will in all likelihood be ready to recede to the House position.

Zablocki is still strongly in favor of moving the Peace Corps out of ACTION. The Senate conferees will not capitulate to Zablocki (at least not initially). We will push the Senate conferees to stand firm on keeping the Peace Corps in ACTION.

5. Treaty Termination

*Good*

Senator Robert Byrd has decided to delay the H. Byrd sense of the Senate resolution. He is concerned that Senators Church and Javits may not have the votes to table the Goldwater amendment.

6. FY 1979 Supplemental Defense Appropriation

On Monday the Senate Appropriations Committee marked-up and reported its FY 1979 Supplemental Defense Appropriations Bill. The Bill is \$1.1 billion above the House bill (but still below your request) and includes the four Iranian destroyers. The only significant reduction was elimination of \$17 million funding for modifications for cruise carrying B-52 bombers required to implement the SALT treaty. These funds were cut by a motion by Henry Bellmon on the basis that approval would be a prejudgment of Senate approval of the SALT treaty. These funds are not in the House Bill so we will have to find some means to reprogram from other sources in 1980.

Floor action is expected next week.

III. MISCELLANEOUS

Health Planning -- House Commerce has damaged the Health Planning extension which some see as being related to Cost Containment. Their bill which is expected to the floor next week deals only with planning agencies facing imminent deadlines -- they would be given a one-year extension.

If planning agency personnel read the House action as a no-confidence vote this effort to bring order to the health field may suffer.

Rail deregulation -- A witness representing the National Fertilizer Institute denounced de-regulation on the grounds that the rail freight industry, an occasional bankruptcy notwithstanding, was in splendid financial shape. An astonished Senator Cannon could not resist commenting "And I suppose you don't believe in the energy crisis either."

*good*  
Nominations -- GSA -- Admiral Rowland Freeman's hearing on Thursday went well. He successfully responded to a number of "whistle blower" originated allegations. Following the hearing Senator Percy complimented Freeman and said he saw no problems. Governmental Affairs plans to vote on Tuesday. If all goes well, the Senate will act before the recess.

ICC -- Alexis, Gaskins, Trantum -- Commerce has scheduled a hearing for Wednesday.

Rationing -- WHCL has begun discussions with John Dingell and his staff in an effort to find an acceptable plan.

*Get } inflation  
      } energy      lists from Speaker*

Following is the House schedule for the week of June 24:

Monday, June 25

H.R. 3575 Peanut Marketing Penalties Flexibility Act  
 H.R. 4303 Food Stamps for the Elderly  
 H.R. 1798 Fishery Conservation and Management Act  
 Authorizations  
 H.R. 2035 Anadromous Fish Conservation Authorizations  
 H.R. 3989 Establish Fort Mitchell Cemetery  
 H.R. 411 Waiver of Usury Programs for Veterans Loan  
 Guarantee Benefits  
 H.R. 1046 Magistrates Act of 1979  
 H.Con.Res. 141 Whale Killing Moratorium Resolution  
 S.J. Res. 14 Enrollment Error Correction

Tuesday, June 26

H.R. 3930 Defense Production Act Amendments of 1979  
 (Synthetic Fuels)

Wednesday, June 27

H.R. 4389 Labor/HEW Appropriations, FY '79

Thursday, June 28

H.R. 3919 Excess Profits Tax  
 H.R. 4440 Transportation Appropriations, FY '80

Friday, June 29

H.R. 4393 Treasury-Postal Appropriations, FY '80  
 H.R. 4392 State-Justice Appropriations, FY '80  
 H.R. 3917 Health Planning and Resources Development  
 Amendments of 1979  
 H.R. 2462 Maritime Authorizations, FY '80  
 H.R. 7 Monetary Control Act of 1979

The House will adjourn by 3:00 p.m. on Friday and by 5:30 p.m. on all other days except Wednesday. At the close of business Friday, the House will adjourn until Noon on Monday, July 9, 1979, for the July 4th District work period.

THE WHITE HOUSE  
WASHINGTON

6-23-75

Fitz -

Bob McKinney will  
deliver you a personal  
note - Hold it for  
me

J

THE WHITE HOUSE  
WASHINGTON

23 June 79

Jack Watson

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

Rick Hutcheson

The original has been given to Bob Linder for appropriate handling.

2825



THE WHITE HOUSE  
WASHINGTON

Marion -

Pls Hold Thur. Per  
Susan The President  
is having something else  
drafted on Thur.

Thanks,

T. S. C.

Watson  
Notified,

THE WHITE HOUSE  
WASHINGTON

C  
6/22/79

Mr. President:

I need for you to send something like the attached note to the cabinet members indicated. They need to know directly from you the importance you attach to this undertaking & your requirement of their full cooperation.

I have not specifically referenced the "clearance of statements" by cabinet members with Stu & me, because I was not sure what, if anything, you wanted to say on that point.

On a related point, I am very concerned about the effects of a continued strike by the truckers, even for a few more days, especially on perishable food that are not getting moved. I have

THE WHITE HOUSE  
WASHINGTON

asked Bob Bergland to monitor the food situation in the major chains, & he is doing so. If the Teamsters (who are not moving mainly because of fear of retaliation from the independents) don't start to haul by Monday or Tuesday, shortages will begin to be felt all over the country. That will, of course, have severe economic effects, as well as escalating the crisis mood of the public. Effective law enforcement against violence & intimidation is critical at this point.

I'll be here in the morning if you would like to discuss any thing before you leave -

Respy -

Jack

THE WHITE HOUSE

WASHINGTON

June 22, 1979

MEMORANDUM FOR JIM SCHLESINGER  
HAROLD BROWN  
BOB BERGLAND  
GRIFFIN BELL  
BROCK ADAMS  
DOUG COSTLE

I have asked Jack Watson to chair and Gene Eidenberg to direct a Management Task Force on Energy Shortages. It is clear to me that such shortages, whenever they occur (whether diesel, home-heating fuel, gas or other), require a well-coordinated, government-wide response that marshalls federal resources and actions effectively across agency lines, shares relevant and accurate information in a timely way, and communicates that information in a clear and accurate way to the public.

Working with the Governors and other involved groups around the country, I expect this Task Force to manage the government's response to problems as they arise, and to anticipate problems before they reach crisis proportions, whenever it is possible to do so. I want each of you to give this Task Force your full personal support and the complete cooperation of your respective agency.

I have asked Jack and Gene to meet with you early next week to establish the basis for each agency's work with the Task Force and to outline the most effective and practical ways for the Task Force to operate.

THE WHITE HOUSE

WASHINGTON

June 23, 1979

MEMORANDUM FOR

ADMINISTRATION EXECUTIVES

Jack Watson will be responsible for coordination and management of domestic crises or urgent problem issues, working with other White House staff, heads of appropriate federal agencies, and state and local officials.

This procedure has worked successfully with such recent problems as the Three Mile Island nuclear accident and the alleviation of a potential threat of diesel fuel shortages for farmers during the recent planting season.

There will be an inevitable series of problems with spot fuel shortages during the weeks ahead. Energy, Justice, State, Treasury, Defense, OMB, FEMA, HUD, Transportation, HEW, EPA, USDA and other major agencies will be directly involved from time to time. A single spokesman and coordinator must represent me. Jack Watson will play this role. Obviously, each Cabinet Officer or other official under routine circumstances will continue to perform duties with a normal degree of consultation and coordination.

*corrected  
by linker*

However, when I designate a situation as a crisis or special problem, such as the existing spot fuel shortages, then everyone must submit to a greater degree of discipline. This will apply especially to public statements which, if originating from multiple sources, would create confusion or exacerbate an already bad situation. If doubtful, check with Jack Watson. If necessary, you may appeal his decisions to me.

*Jimmy Carter*