

8/8/79

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/ att.	From Mondale to The President 2 pp.) re: Special Trade Representative <i>Sanitized per RAC NLC-126-17-44-1-5, 10/31/13</i>	8/3/79	A
memo w/ att.	From Eizenstat to The President (3 pp.) re: Philippine Nuclear Power Project/enclosed in Hutcheson to Brzezinski 8/8/79 <i>4 pp declassified per RAC NLC-126-17-44-1-4, 10/31/13</i>	8/6/79	A
note	From Wise to The President (one page) re: Nicaragua/ enclosed in Hutcheson to Moore 8/8/79	8/8/79	A

FILE LOCATION

Carter Presidential Papers- Staff Offices, Office of the Staff Sec.- Pres. Handwriting File
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12:15

THE WHITE HOUSE
WASHINGTON

August 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: BOB MADDOX *BMM*

SUBJECT: Supplement to Briefing Paper on Southern Baptist Leaders

The Southern Baptist Convention in its session in Houston in June, 1979 passed a resolution on World Peace which included a statement on SALT. There was an effort from the floor to delete SALT from the resolution. The attempt at deletion was defeated but only by a narrow margin. The passage of the resolution makes support of SALT the official policy of the convention but the President needs to know that support of SALT was far from unanimous. Since the convention, in the opinion of some Baptist leaders, support for SALT has grown.

DR ROGERS (JOYCE)
DR BENNETT (PHYLLIS)
JUDGE McCALL (MARY)
REV TOUCHTON (VALERIE)

**Electrostatic Copy Made
for Preservation Purposes**

12:15 pm

THE WHITE HOUSE

WASHINGTON

August 7, 1979

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for Preservation Purposes**

Greeting and Brief Meeting with Newly Elected
Officers of the Southern Baptist Convention

Wednesday, August 8, 1979
12:15 to 12:25 p.m.
The Oval Office

FROM: Bob Maddox *BMM*

I. PURPOSE

To meet with newly elected officers of the Southern Baptist Convention and to receive a video cassette of television energy spots produced by the Radio and Television Commission of the Southern Baptist Convention.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN

A. Background

1. Dr. Harold Bennett is the newly employed Executive-Secretary of the Southern Baptist Convention. He is a full-time professional. Very supportive of the President.

2. Dr. Adrian Rogers was elected President of the Southern Baptist Convention at its meeting in Houston in June, 1979. He is quite conservative in his politics and theology.

3. Judge Abner McCall is First Vice-President and Rev. Donald Touchton is the Second Vice-President of the Convention.

4. Dr. Adrian Rogers will present the President with a video cassette of a series of television spots on energy produced by the Radio and Television Commission of the Southern Baptist Convention. These TV spots will go out to many stations across the country.

B. Participants

1. Harold and Phyllis Bennett. Dr. Bennett is Executive-Secretary of the Southern Baptist Convention.

Assumed office July 1, 1979, upon the retirement of Porter Routh. Previously worked in Florida, Georgia and Texas.

2. Adrian and Joyce Rogers and Daughter Janice. Dr. Rogers is President of the Southern Baptist Convention. Since 1972, he has been pastor of Bellevue Baptist Church, Memphis, Tennessee. R.G. Lee was pastor there for many years.

3. Abner and Mary McCall. Judge McCall is First Vice-President of the Southern Baptist Convention. President of Baylor University, Waco, Texas (Bob and Linda Maddox are Baylor exes). Former Texas Supreme Court Judge, former Dean of Baylor Law School, former President of Baptist General Convention of Texas.

4. Donald and Valerie Touchton. Rev. Touchton is Second Vice-President of the Southern Baptist Convention. Pastor of Central Baptist Church, Brandon, Florida. Former computer engineer with Apollo space program. At age 30 he responded to a call to the ministry.

5. Bob and Linda Maddox. White House Staff.

C. Press Plans

White House photographer only. No press coverage.

III. TALKING POINTS

1. Energy

(In response to Adrian Rogers as he presents cassette of TV energy spots)

Adrian, thank you for this gift. This cassette symbolizes not only an initiative from our convention, but the overwhelming response of religious groups all across the nation. As we mobilize in energy stewardship the more than 150 million Americans who make some religious profession we will surely win our struggle for energy security.

2. SALT

(Bill Dyess of the State Department has had an extensive briefing session with Dr. Rogers on SALT. Mr. Dyess observes that Dr. Rogers is still quite

skeptical on SALT. Mr. Dyess does not believe Dr. Rogers will campaign against the treaty but doubts if he would openly support the treaty, at least as of today. Dr. Rogers seems quite knowledgeable about the treaty.)

Bob tells me that some of you will be having a briefing on SALT this afternoon. Adrian, I understand that Bill Dyess has come to Memphis to talk with you about the treaty. As all of you know, I regard the ratification of this treaty as crucial to the present and future welfare of our country and the world.

Let me make a few points about the treaty with you.

(i) I regard it as a necessary step in an ongoing process toward control of devastating and terribly expensive strategic weapons.

(ii) In every way it advances the security of the United States. I would never do anything that would undermine the security of this country.

(iii) Its net result is a limitation on the Soviets.

(iv) While it limits them it permits us to do everything we need to do to maintain strategic balance.

(v) It is not built on trust. To the extent necessary for thorough monitoring it is verifiable.

Billy Graham has come out publicly for the treaty. Rising to his role as a responsible world peacemaker he has assured me of his support of the treaty. His involvement will be a great help.

Obviously as leaders of the largest Protestant denomination in the country, as leaders of my own denomination, I need your support in this as in all our endeavors to make our world a better place.

3. Prayer

(I believe it would be appropriate to close the session with a prayer, preferably led by the President.)

O Lord, you have called us to be leaders. We want to be good leaders of our people and thoroughly obedient to your will. We need understanding that only you can provide. Give us knowledge and perception from on High.

Even though armies do not march across our world, soul peace often eludes us. As we receive your

peace in our hearts, help us to be peacemakers in our world.

Today, Father, we claim your power to do what you have set before us. Enable us to be the kind of servant-leaders you desire and that our people need.

In Jesus's name. Amen.

Jerry Rafshoon does not see
any need for section #3 to be
either recommended, done, or
included within briefing paper.

--SSC

THE PRESIDENT'S SCHEDULE

Wednesday - August 8, 1979

- 8:00 Dr. Zbigniew Brzezinski - The Oval Office.
- 10:30 Meeting with His Excellency Ahmed Sekou Toure,
(60 min.) President of the Republic of Guinea. (Dr. Zbigniew
Brzezinski) - The Oval Office.
- 12:00 Photograph with Mr. C.C. Hope, Incoming President
(2 min.) of the American Bankers Association. (Mr. Steve
Selig) - The Oval Office.
- 12:05 Presentation by Mr. Clint T. Peoples, U.S. Marshal
(3 min.) for the Northern District of Texas, of a Texas Ranger
Commemorative Badge Set. (Ms. Fran Voorde).
The Oval Office.
- 12:10 Farewell Call by Lt. Colonel Frank E. Millner.
(3 min.) (Mr. Hugh Carter) - The Oval Office.
- 12:15 Greet the Newly-elected Leaders of the Southern
(10 min.) Baptist Convention. (Mr. Bob Maddox) - Oval Office.
- 12:30 Luncheon with His Excellency Ephraim Evron,
Ambassador of Israel. (Dr. Zbigniew Brzezinski).
The Oval Office.
- 1:30 Mr. James McIntyre - The Oval Office.
(20 min.)

THE WHITE HOUSE
WASHINGTON
8/8/79

Anne Wexler

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

Rick Hutcheson

3412

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
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LAST DAY FOR ACTION -

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MOORE
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WATSON
WEXLER
BRZEZINSKI
MCINTYRE
SCHULTZE

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

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



CHARLES McC. MATHIAS, JR.
UNITED STATES SENATE

Anne
J

August 3, 1979

Dear Mr. President:

In 1924, the year of your birth, Milton Eisenhower began his duties as American Viceconsul in Edinburgh, Scotland, and thus entered upon a lifetime of service to the United States.

Dr. Eisenhower will celebrate his eightieth birthday next month, and I thought you might find this a fitting time to recognize the remarkable contributions, over the past half-century, of one of our most distinguished citizens by awarding him the Medal of Freedom.

Respectfully,

Charles McC. Mathias, Jr.

The President
The White House
Washington, D. C.

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for Preservation Purposes**

MILTON STOVER EISENHOWER

b. September 15, 1899, Abilene, Kansas
BS, Kansas State University, 1924 (Pi Kappa Phi, Phi Beta Kappa, Sigma
Alpha Epsilon, Alpha Zeta)

Government Service:

- American Viceconsul, Edinburgh, Scotland, 1924-26
- Assistant to the Secretary of Agriculture, 1926-28
- Director of Information, Department of Agriculture, 1928-41
- * Director, War Relocation Authority, 1942
- Associate Director, Office of War Information, 1942-43
- Member, Famine Emergency Relief Committee, 1946
- Member, Executive Board of UNESCO, 1946
- * Chairman, U.S. National Commission for UNESCO, 1946-48
- Delegate, UNESCO Conference, 1946, 47, 48 and 49
- Trustee, National Committee on Economic Development, 1947-51
- Member, President's Committee on Government Organization, 1953-60
- * Special Ambassador and Personal Representative of the President
for Latin American Affairs, 1953, 56, 1957-60
- Member, Atlantic-Pacific Interoceanic Canal Study Commission, 1965-70
- * Chairman, President's Commission on Causes and Prevention of
Violence, 1968-69
- Member, Board of Visitors, U.S. Naval Academy, 1958-61
- * Chairman, President's Commission on International Radio
Broadcasting, 1972-73

College Presidencies:

- President, Kansas State University, 1943-50
- President, Pennsylvania State University, 1950-56
- President, John Hopkins University, 1956-67, 1971-72
- President Emeritus, Johns Hopkins University, 1967-71, 1972-

Distinguished Service:

- Director, Freedom's Foundation, Inc., 1951-
- Board of Directors, Geisinger Memorial Hospital
- Board of Directors, Johns Hopkins Hospital
- Board of Directors, Greater Baltimore Center
- Chairman, American-Korean Foundation, 1952-53
- Board of Directors, Chessie System, Inc., B&O and C&O Railroads
- Member, Board of Visitors and Governors, Washington College
- Fellow, American Academy of Arts & Sciences
- Kansas and Maryland Academies of Sciences
- Honorary Member, Academy of Political Sciences

Honorary degrees from 37 colleges and universities.

Seven awards from foreign governments.

Author of books, numerous federal bulletins and magazine articles.

Residence: 5 Roland Mews, Baltimore, Maryland 21210

Mailing address: 4545 North Charles Street, Baltimore, Maryland 21210

12:00 PM

THE WHITE HOUSE

WASHINGTON

August 3, 1979

MEETING WITH MR. C. C. HOPE

Wednesday, August 8, 1979

12:00 p.m. (2 minutes)

The Oval Office

FROM: STEVE SELIG *ssm*

CC
Harry
Campaign/Demo
Baptist/Deacon
Inflation
Energy

I. PURPOSE

Courtesy call by Mr. C. C. Hope, Vice Chairman of the Board of the First Union National Bank, Charlotte, North Carolina. Mr. Hope is the President elect of the American Bankers Association.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The American Bankers Association represents approximately 92% of all banks in the country; over 13,500 banks belong to the Association. The American Bankers Association has long been in the forefront of major Administration initiatives and is one of the most influential voices in the business community. They have participated with other business groups in supporting the anti-inflation effort, and Mr. Hope has expressed his enthusiasm to help whenever possible in the future.

B. Participants: Mr. C. C. Hope
Mr. Willis Alexander (Executive Vice President American Bankers Association)

Mr. Steve Selig, Staff

C. Press Plan: White House Photo

III. TALKING POINTS

1. Mr. Hope will take office on October 9, 1979 and will use the October issue of the American Bankers magazine, the Banking Journal, to discuss his philosophy of the job and what he hopes to accomplish. Much of what he says is expected to be in support of your programs, especially energy, regulatory reform and anti-inflation.

2. Mr. Hope (he is called C. C.) is a life long Democrat and has served on the National Finance Council of the DNC, was state-wide Campaign Chairman for Hubert Humphrey in 1968 and was a strong supporter of yours in 1976.
3. Mr. Hope served in the Navy and is very active in the First Baptist Church of Charlotte, North Carolina where he is the Chairman of the Deacons and has been co-director of the Sunday school with his wife for the last 25 years.
4. Mr. Hope had to campaign for his office and feels he mounted a grass-roots program similar to your campaign in 1976.

THE WHITE HOUSE

WASHINGTON

8-8-79

To Cy & Jobis

Mayor Merion Berry wants
to report on his trip
through Africa. Please ac-
commodate him.

J

X EVELYN GANDY

X WILLIAM WINTER

THE WHITE HOUSE
WASHINGTON

August 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT/BILL SIMPSON

SUBJECT: Mississippi Democratic Primary Results

WWS

With 70% of the precincts reporting, the vote tallies for the Democratic primary are as follows:

Evelyn Gandy -- 149,162
601/352-6209
Jackson, MS

30% 8/28

Lt. Governor of Mississippi, Ms. Gandy has served as the Insurance Commissioner and State Treasurer. She visited with you briefly following the flooding in Mississippi.

"Will have Demo Gov elected in Nov"

William Winter -- 128,804
601/366-1741
Jackson, MS

26%

Winter is the former Lt. Governor. He lost the Governor's races to John Bell Williams and Cliff Finch. He is a law partner of Senator Stennis' son.

Good strategic position

Will get most Herring & Deaton vote - Eaves will split

Mississippi Democratic Primary Results - Page three

Lt. Governor

Brad Dye -- 260,732
601/362-5110
Jackson, MS

Dye won the Democratic nomination for the Lt. Governor's seat (there is no Republican opposition). An Eastland protege, Dye worked in Washington for Senator Eastland. He is a former member of the State Senate and House; former State Treasurer. He lost this same race to Evelyn Gandy in 1975.

*"Will help Demo in runoff & will help
JC in 1980"*

Secretary of State

Ed Pittman -- 75% of the vote
601/922-2252
Jackson, MS

Pittman is the Democratic nominee for Secretary of State (and has Republican opposition). He is currently serving as the State Treasurer. He made an unsuccessful try for the Governor's seat in 1971. A recent quote from Pittman is as follows: "I have the President's picture in my office. I was proud to be for him in '76 and I will be proud to be for him in '80."

*Will ~~be~~ win in Nov. Demas will unify
all out for JC in 80*

Primary - Page four

The Results of the Republican Primary Are:

Gil Carmichael -- 15,713

Leon Bramlett -- 14,061

Bramlett has conceded to Gil Carmichael, the new Republican nominee for Governor. The Republicans have targeted this seat as one they would like to retrieve from the Democrats for the first time since 1876.

THE WHITE HOUSE
WASHINGTON
8/8/79

Zbig Brzezinski

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

Rick Hutcheson

cc: Stu Eizenstat

~~CONFIDENTIAL~~ ATTACHMENT

DECLASSIFIED

Per, Rac Project

ESDN: 126-17-44-144

BY KS DATE 10/21/13

3341

4672
~~CONFIDENTIAL~~

THE WHITE HOUSE

~~CONFIDENTIAL~~

WASHINGTON

August 6, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*
ZBIGNIEW BRZEZINSKI *ZB*

SUBJECT:

PHILIPPINE NUCLEAR POWER PROJECT (U)

This memorandum responds to your question concerning the status of export licenses for the nuclear power reactor which Westinghouse has sold to the Philippines. You have received two letters from Bob Kirby, Chairman of Westinghouse (Tabs 1 and 2), criticizing the Executive Branch for its failure to act on the four export license applications related to this plant.

This case has run into serious difficulties because of alleged seismic/volcanic problems at the reactor site. At the Philippine Government's request, an IAEA panel of experts made certain findings and recommendations in mid-1978; the Philippine Atomic Energy Commission responded in 1979 and issued a construction permit. Both the U.S. Geological Survey and the NRC staff have serious reservations about the adequacy of the Philippine response to the IAEA findings. On June 15, 1979, following continued expressions of concern about the site and in light of the Three Mile Island accident, President Marcos suspended construction and established a Commission to review and report to him on all safety-related aspects of the project. Additional background is at Tab 4.

For the U.S., the fundamental issue here is how directly we should be involved in a normally sovereign responsibility of another country where U.S. exports are concerned. This involves a conflict between our desire, for non-proliferation reasons, to be seen as a reliable nuclear supplier; and the real, though unresolved questions about health and safety. It is further complicated by the link which has been made between this project and the human rights issue in the Philippines by opponents of the project.

Of the three licenses now pending before the NRC, State earlier recommended favorably on the reactor license but withdrew that recommendation at the time of the IAEA study. No recommendation has been made on the fuel license. State has recommended favorably on a license for nuclear-related components, but President Marcos has asked that we not push this pending completion of the

~~CONFIDENTIAL~~

Review 8/6/85

~~CONFIDENTIAL~~

DECLASSIFIED

Per: Rac Project

ESDN: NLC-126-17-44-1-4

BY: *KS* NARA DATE *10/24/13*

~~CONFIDENTIAL~~

CONFIDENTIAL

-2-

work of the Commission he recently established. The NRC in any case does not wish to act on the component license separately from the other two.

In this situation, State plans to instruct Ambassador Murphy to suggest to Marcos that he establish another international panel of experts and agree to take fully into account its recommendations; this could provide a basis for the Executive Branch to make a favorable recommendation on the reactor and fuel export licenses.

A reply to the recent letters from Bob Kirby, Chairman of Westinghouse, is attached (Tab 3) for your signature. It proposes a meeting with the White House staff to review the status of the case and our plans for proceeding. One purpose would be to convince Westinghouse that genuine uncertainties about safety are involved, and that the license applications are not being delayed arbitrarily or through bureaucratic inaction. Marcos appears to understand this, but Westinghouse and some Filipinos evidently do not.

CONFIDENTIAL

~~CONFIDENTIAL~~

THE WHITE HOUSE

WASHINGTON

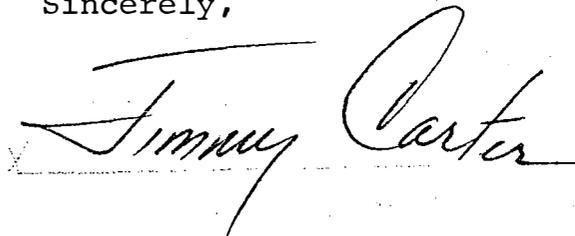
To Robert Kirby

Thank you for your letters concerning the timing of action on the export license applications for the Philippine Nuclear Power Project.

I, too, am concerned that delay in the resolution of this matter could have an adverse impact on our nuclear non-proliferation objectives, as well as on our relations with the Philippines. I have therefore asked my staff to review the status of this issue thoroughly. As you know, there appear to be continuing concerns about the health and safety aspects of the project which need to be resolved by the government of the Philippines.

I think it would be helpful for you to meet with my staff to discuss the project in more detail. Gerald Oplinger of Dr. Brzezinski's staff will be arranging a meeting with you very soon. I can assure you that we will continue to monitor progress on this reactor to avoid unwarranted or unnecessary delays.

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 signature is written over a faint horizontal line.

Mr. Robert E. Kirby
Chairman
Westinghouse Electric Corporation
Pittsburgh, Pennsylvania 15222

FOR INFORMATION
FROM PRESIDENT'S OUTBOX
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ACTION
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NLC Review
Completed.

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

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

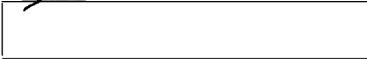
ADAMS
ANDRUS
BELL
BERGLAND
BLUMENTHAL
BROWN
CALIFANO
HARRIS
KREPS
MARSHALL
SCHLESINGER
STRAUSS
VANCE

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 BY MS 10/21/13

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FBI - MEMPHIS
OCT 24 1963
BY KS 10/24/63

~~SECRET/EYES ONLY~~



TO: AMEMBASSY BEIJING
EXCLUSIVELY EYES ONLY FOR AMBASSADOR WOODCOCK

FROM: THE VICE PRESIDENT, THE WHITE HOUSE *WJ*

1. Dear Leonard, the President has asked me to explore with you personally the possibility of your considering a new role in our Administration, but he wanted it to be understood at the very front that he is totally satisfied with your performance as Ambassador to the People's Republic and would be delighted if, in your judgment, you wish to remain in that current role.

2. With that understanding, however, he wanted me to raise with you whether you would be interested in the newly expanded position of Special Trade Representative which, as you know, carries both ambassadorial and cabinet rank, or some other assignment of a high level in the government. He has not made a decision yet as to who he would like to nominate for Special Trade Representative, but wishes to know whether you would be interested in it or in something else.

3. I am sending you this inquiry by the most private possible channels and I would hope that you might communicate back to me in the same way.

I am very much looking forward to seeing you on August 25.

4. With warmest regards, Fritz

CLASSIFIED

For EO 13526

ESD: NLC-126-17-44-1-5

BY *KS* DATE *10/21/13*

THE WHITE HOUSE
WASHINGTON

8/8/79

Jim McIntyre

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

Rick Hutcheson

cc: Frank Moore

3351

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
↑	LOG IN/TO PRESIDENT TODAY
-	IMMEDIATE TURNAROUND
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2 memo's

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

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

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



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

C
✓

August 3, 1979

INFORMATION

MEMORANDUM FOR: THE PRESIDENT
 FROM: James T. McIntyre, Jr. *Jem*
 Hubert L. Harris, Jr. *Hubert*
 SUBJECT: Status Report on the 1980 Budget

A. APPROPRIATIONS

Labor-HEW

The conference report on this bill was filed on Tuesday and passed by the House yesterday. Although the committee believes the bill is \$1.3 billion below your budget request, we analyze the bill as containing policy increases of \$344 million to our request. The table below shows major changes which affect policy:

	(\$ in millions)
CETA Title VI PSE.....	(-188)
Youth employment and training.....	(175)
NIH.....	(257)
Health manpower.....	(142)
Title I ESEA.....	(-151)
(concentration grants -199)	
Impact aid.....	(277)
Student assistance.....	(96)
Vocational education.....	(117)
Aging programs.....	(93)
Other.....	(26)
Michel Amendment.....	(-500)

*all the
wrong
way*

Several of these changes disregarded your major priorities, and we are disappointed that the bill does not come closer to our request. For example, on impact aid, there was only a token savings from the current services level and for NIH, the conference version has increases which exceed those in either the Senate or the House bills. For the priority Title I ESEA Concentration program, the conferees cut our request by \$199 million.

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For the 1980 budget, we are treating the Michel amendment as a policy change since it has been reworded to be more workable and since GAO ruled that it is binding. This amendment will reduce AFDC and medicaid grants in order to recoup losses for fraud, waste and abuse.

As usual, the House and Senate conferees could not agree on the abortion issue and they agreed to take it back to their respective Houses in disagreement as a separate vote. The Senate will vote on this issue along with the conference report after recess.

Energy & Water Development

This bill awaits a Senate vote on the conference report before it is enrolled. As you know, it is generally a clean bill which is below the budget in policy terms and which contains significant restraint in the funding of water project new starts.

On Wednesday, the House voted 156-258 to retain the provision mandating continued construction of Tellico dam. This Tellico provision is the only seriously troublesome feature of the bill.

Some Members believe that the Administration has given mixed signals on this project because since it was never on any hit list and Judge Bell personally argued in favor of its construction before the Supreme Court. A veto of this bill could also cause us problems on the breeder issue since we could end up in September with a continuing resolution containing funding for CRBR.

When the Senate votes again on the Tellico issue after recess, we are not confident of winning since Senator Culver does not want to fight the issue again. After Senate action is complete, we will make our formal recommendation to you on final disposition of the bill.

Interior

The House completed floor action on this bill last Monday. Excluding the separate title for synfuels, the bill contains net policy increases of \$325 million including \$243 million for the Forest Service and \$142 million for the national petroleum reserve in Alaska.

At our request, Congressman Dicks offered a floor amendment to remove the add-on for the Alaska petroleum reserve, but this was defeated by a voice vote. As the bill goes to the Senate we continue to be concerned about its large increases on a base of under \$10 billion.

Defense

The House Appropriations Defense Subcommittee began mark-up on this bill on June 26 and completed it on Tuesday after 14 days of sessions. According to DOD, the subcommittee cut our request by \$2.2 billion with \$1.6 billion of this amount reduced from the operating O&M and military personnel accounts. There was a net increase of \$160 million for procurement which includes add-ons of \$800 million for unrequested naval aircraft and \$467 million for a nuclear carrier (CVN), which was the basis for your veto last year. The Senate has not yet taken any formal action on this bill.

State-Justice

This bill has come out of conference with policy decreases of \$130 million below the budget. While we do not favor certain cuts for LEAA and the Census, the bill is considered to be acceptable.

Treasury-Postal

This bill was reported last Tuesday by the Senate full committee. After several amendments, they agreed to prohibit the IRS from enforcing new rules and regulations which would enable them to deny private schools tax exempt status if the schools are proven to be racially discriminatory. In addition the allowances for the White House and other EOP units were restored almost to the request level.

District of Columbia

This bill has been passed by both Houses and is awaiting conference. The bill reduced the Federal payment by \$125 million but the Senate restored \$57.6 million of this cut to finance autumn pay increases for District employees. Although our request is based on the principle of Federal payment to offset the effects of the Federal presence on District's revenues, the Congress continues to use the Federal payment as a device to balance the District's budget.

The House-passed bill includes language - deleted by the Senate - that would prevent the use of D.C. funds to finance abortions.

B. SECOND BUDGET RESOLUTION

In an earlier memo today, we advised you that the Senate Budget Committee has recommended a budget reconciliation process as part of its mark-up on the Second Resolution.

While we would like to support Chairman Muskie in his posture of restraint, the reconciliation process is fraught with danger. First, it has never been used before. Secondly, it pits the Budget Committee against the five of the most powerful committees of the Senate: Appropriations, Finance, Armed Services, Governmental Affairs and Environment and Public Works. Finally, it will likely mandate several committees to report recommendations for specific programs below your budget.

On the other hand, Senators who wish to appear fiscally conservative may be reluctant to oppose Chairman Muskie. I spoke with him today and will discuss privately with you next week how he views the Administration's role in the reconciliation process.

As we have done in similar situations, I intend to convene members of the senior staff next week to discuss how the Administration should respond. While there is some question of the degree of our involvement, I have already concluded that we should view reconciliation as a Congressional initiative, with the Administration playing a supportive role, if any, in the background. In addition, we should not take a public position on reconciliation at this time.

We will provide you with a summary table comparing the Senate Budget Committee mark-up with our request early next week.

C. LEGISLATIVE SAVINGS

The January budget proposed legislative savings in excess of \$4 billion in 1980 outlays. So far in the Congressional session, we have enacted very few of these savings. The largest, Hospital Cost Containment, is still winding its way through the committee system.

We have been successful in passing through the Senate about \$50 million in child nutrition savings in both authorizing and appropriations bills. The Senate has also approved a small part of our proposed VA savings. However, many of the other savings items have not moved at all through the Congress.

Prior to the end of the recess, we need to assess which savings legislation is still possible to be enacted and then push all out to pass these bills.

D. AUTHORIZATION BILLS

Troublesome authorizations moving through the Congress have been fewer than normal because of the slow pace of this session.

Listed below are several major budget threats in pending authorizing bills:

(\$ in millions)

	1980		1981		1982	
	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>	<u>BA</u>	<u>O</u>
<u>Mandatory:</u>						
Social Service and Child Welfare Amendments of 1979.....	200	200	200	200	200	200
<u>Discretionary:</u>						
Department of Defense FY 1980 authorization (CVN).....	1,950	58	---	254	---	273
Postal Service Act of 1979.....	390	390	585	585	775	775
Agriculture Adjustment Act.....	---	250	---	288	250	138
Trade Adjustment Assistance*.....	250	250	230	230	230	230
Asbestos School Hazard and Control Act.....	110	100	110	110	110	110

*Part of this bill is an entitlement.

E. AMTRAK

Wednesday night, the Senate completed action on the Amtrak authorization bill. The Melcher amendment to freeze the present 27,500 mile system was defeated 65-35. Senator Leahy offered a substitute bill -- with amendments -- to the Commerce Committee bill that had the effect of restoring some of the trains due for elimination as well as modifying the criteria to be used by the Amtrak Board in determining which trains will be discontinued. This substitute passed handily, 89-11.

While a conference remains to work out differences between the bills, it is clear that the Administration has successfully resisted the considerable efforts of the "train lobby" and many Members of Congress to prevent any cutbacks in the present Amtrak system. This effort is a significant victory for the Administration on budgetary and policy grounds.

cc: Hamilton Jordan
Frank Moore



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

9

August 3, 1979

INFORMATION

MEMORANDUM FOR: THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jean*
 Hubert L. Harris, *Hubert*

SUBJECT: Senate Budget Committee Action on
 the Second Budget Resolution

Last night, the Senate Budget Committee (SBC) completed its markup and voted 9 to 7 to adopt the totals shown in the table below (in billions of dollars).

	SBC Recommendation	Presidential Policy	
		OMB	CBO
Receipts.....	514.7	513.9	515.0
Outlays.....	542.5	543.0	547.6
Deficit.....	-27.8	-29.1	-32.6
Budget authority.....	632.0	644.8	642.7

The receipts mark assumes the CBO estimate of the Administration's windfall profits taxes. While the 1980 outlay total is only \$0.5 billion below our latest estimates, the SBC mark assumes policy cuts of about \$5 billion below the Administration's Mid-Session Review, including \$1 billion for the strategic petroleum reserve, \$1 billion for energy payments for the poor, \$0.9 billion for travel, over \$0.5 billion for defense, and smaller cuts in CETA and many other programs.

**Electrostatic Copy Made
 for Preservation Purposes**

The Resolution does include budget authority to cover the Energy Security Corporation, about half of the energy supply and conservation programs, and all of countercyclical fiscal assistance.

The Committee voted to use the reconciliation procedures to direct various Senate Committees to reduce 1980 outlays by about \$4 billion. The Senate Finance Committee will be asked to recommend savings of \$1.7 billion, and the reduction target for other authorizing committees is about \$0.5 billion. The remaining outlay cuts of approximately \$2 billion are assumed to come out of discretionary appropriations that have already passed both Houses without these savings. The proposed use of the reconciliation process may cause significant controversy on the Hill with Senators Long and Magnuson likely opposing the Budget Committee's recommendations.

As I suggested this morning, a call to Senator Muskie to thank him for his support would be helpful. We suggest you make the following points:

1. Thank him for his leadership in preserving fiscal restraint across-the-board. (But do not commit us to accepting any specific cuts.)
2. Thank him for his help in advocating the windfall profits tax and the budget authority for the Energy Security Corporation.

*Wrote
him*

We also suggest you call Senator Bellmon who was supportive on the first point, but who did not back us on energy.

You should also be aware that Senators Hart and Exon were very helpful in crucial votes on the energy package and that the Democrats on the Committee banded together more closely than in the last 2-1/2 years in support of you and your policies.

Bob Thomson of White House CL was especially effective in helping us to achieve these successes, and we appreciate his skillful help.

A more detailed memo on our budgetary situation will follow shortly.

THE WHITE HOUSE
WASHINGTON
8/8/79

Frank Moore

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

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Stu Eizenstat
Jack Watson

3359

THE WHITE HOUSE
WASHINGTON

cc Frank
J

August 6, 1979

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Weekly Legislative Report

I. DOMESTIC POLICY ISSUES

1. Appropriations

Appended to this report are memos from Jim McIntyre which elaborate on the following material:

Labor-HEW

Conference report passed by the House to be considered by the Senate after the recess.

OMB analyzes the bill as being \$344 million over our request.

Major changes include:

	<u>(\$ in millions)</u>
CETA Title VI PSE.....	(-188)
Youth employment and training.....	(175)
NIH.....	(257)
Health manpower.....	(142)
Title I ESEA.....	(-151)
(concentration grants -199)	
Impact aid.....	(277)
Student assistance.....	(96)
Vocational education.....	(117)
Aging programs.....	(93)
Other.....	(26)
Michel Amendment.....	(-500)

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for Preservation Purposes**

Energy and Water Development

The Conference Report will go to the Senate after the recess.

Last Wednesday, the House voted 156-258 to continue Tellico Dam construction. We'll have one more chance on Tellico when the Senate votes on it after the recess -- though our prospects do not appear bright.

OMB advises that otherwise it is generally a good bill.

Interior

The House completed floor action on this bill last Monday. Excluding the separate title for synfuels, the bill contains net policy increases of \$325 million including \$243 million for the Forest Service and \$142 million for the national petroleum reserve in Alaska. Senate Committee action will begin after the recess.

Defense

The House Appropriations Defense Subcommittee completed its work last Tuesday after 14 days of sessions. According to DOD, the subcommittee cut our request by \$2.2 billion with \$1.6 billion of this amount reduced from the operating O&M and military personnel accounts. There was a net increase of \$160 million for procurement which includes add-ons of \$800 million for unrequested naval aircraft and \$467 million for a nuclear carrier (CVN), which was the basis for your veto last year. The Senate has not yet taken any formal action on this bill.

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This bill came out of conference with policy decreases of \$130 million below our budget. While we do not favor certain cuts for LEAA and the Census, the bill is considered to be acceptable.

Treasury-Postal

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District of Columbia

This bill is awaiting conference. The House bill reduced the Federal payment by \$125 million. The Senate restored \$57.6 million of this to finance autumn pay increases for District employees.

The House-passed bill also includes language - deleted by the Senate - that would prevent the use of D.C. funds to finance abortions.

Second Budget Resolution - 1980

Last Thursday, the Senate Budget Committee completed its markup and voted 9 to 7 to adopt the totals shown in the table below (in billions of dollars).

	SBC <u>Recommendation</u>	Presidential Policy	
		<u>OMB</u>	<u>CBO</u>
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The receipt mark assumes the CBO estimate of the Administration's windfall profits taxes. While the 1980 outlay total is only \$0.5 billion below our latest estimates, the SBC mark assumes policy cuts of about \$5 billion below the Administration's Mid-Session Review, including \$1 billion for energy payments for the poor, \$0.9 billion for travel, over \$0.5 billion for defense, and smaller cuts in CETA and many other programs.

The Resolution includes budget authority for the Energy Security Corporation, about half of the energy supply and conservation programs, and all of countercyclical fiscal assistance.

2. Energy

Charles Duncan convened a meeting on Monday to lay out assignments for the next four weeks. The approach to be coordinated by Eliot Cutler involves fourteen "lead units" with participants from DOE, OMB, DPS, Anne Wexler's office, the Press office and WHCL. Each unit will report frequently on its progress and receive daily assignments.

Through careful organization and preparation we will endeavor to again build pressure necessary for Congressional action in this session.

Energy Mobilization Board

During last week's markup session, the Senate Committee on Energy and Natural Resources reached the following tentative agreements with respect to the Energy Mobilization Board (EMB):

- The Board would be comprised of a Chairman and three members with staggered terms of three years. They would be appointed by the President and the members subject to Senate confirmation;
- The Chairman would have exclusive decision-making authority except in designations of Priority Energy Projects where a majority of the Board would be required to concur with the Chairman's designation;
- Only one Environmental Impact Statement required per Project to fulfill Federal, State, and Local Law requirements;
- The Project's decision schedule will be negotiated by the Board and State and Local Governments and will be subject to Congressional approval. If States and Local Governments fail to meet deadlines, the Board may make decisions based on State law. The decisions would be subject to expedited judicial review.

Committee staff will draft appropriate language during August recess to reflect the tentative agreements reached.

*Get Anne,
Juanita
to help*

We are getting little, if any, help from industry groups that would benefit from the EMB. For instance, Metzenbaum and Randolph, Senators from two of our biggest coal states, are threatening to delay Senate passage of the Board. As far as we can tell, the coal companies have not talked to them.

Energy Security Corporation

Senate

The staff of the Senate Committee on Energy and Natural Resources will draft legislation during the recess. Last week the Committee reached general agreement that the goal for the synfuels programs would be 1.5 m/b/d by 1995 with a \$20 billion authorization for Fiscal Years 80 and 81.

THE WHITE HOUSE
WASHINGTON

8/8/79

Jody Powell

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

Rick Hutcheson

From Weekly Legislative Report

The Senate Committee on Banking, Housing and Urban Affairs discussed ESC during its scheduled markup session of energy financing legislation on last Tuesday. Markup was delayed until after the August recess. Committee staff has been asked to prepare financing legislation for a limited number of pilot plants to develop synfuels for alternate energy other than synfuels. They will also look at incentives for private development of energy production.

During the session, Chairman Proxmire stated that the Administration's proposal for ESC would not be approved by his Committee under any circumstances.

Joby start publishing [Big oil is actively opposing all energy expenditures to keep pressure off the windfall profits tax. For instance, Standard Oil told Domenici that no Federal synfuels money was needed, since private oil was prepared to produce synfuels on its own.

3. Davis-Bacon

Last Monday the Senate deleted the Davis-Bacon rider to the military construction authorization bill and instead adopted an amendment which will have minimal impact on contracts covered by Davis-Bacon.

DOL is hopeful that Monday's action and the absence of an anticipated Davis-Bacon repealer to the EDA bill, passed Wednesday, signals an end to attempts to scuttle this basic labor protection law. DOL reports that the AFL-CIO was delighted with the outcome and the Administration's efforts in this battle.

4. AMTRAK

As you know, the Senate passed the AMTRAK authorization bill last Wednesday 89-11 after Melcher's amendment to freeze the existing system was defeated (65-35).

While a conference remains to work out differences between the bills, the Administration so far has successfully resisted the considerable efforts of the "train lobby" and many Members of Congress to prevent any cutbacks in the present AMTRAK system. The conference committee will meet after the recess where we will direct our efforts towards the remaining problems.

5. Regulatory Reform

Markup in Senate Governmental Affairs will resume after the recess. Senate Judiciary has begun hearings and may start markup in mid-September. If all goes well a bill could reach the Senate floor by mid-October.

On the House side, Danielson's Judiciary subcommittee will do most of the work on the bill -- but has not yet scheduled hearings.

Our legislative task force has done a good job of keeping the issue alive since you announced the proposal in March. The task force has recently indicated the need for more involvement by the White House if we are to get a bill.

II. FOREIGN POLICY ISSUES

1. SALT

The most important political theme to emerge from the SALT debate is the need for increased defense spending. This line, espoused by Senator Nunn and Henry Kissinger, has captured the middle ground, and moved the discussion away from SALT and to defense preparedness issues. Jackson meanwhile has grown more isolated as he continues to discuss the provisions of the treaty, seeing loopholes that are of little interest to others.

The general mood of SALT proponents is optimistic but not overconfident. Even before Kissinger's testimony the momentum was in favor of the proponents. Kissinger's support for SALT, although conditional, provided additional encouragement for the pro-SALT forces. Other positive developments over the past month of hearings are as follows:

- (1) Strong, straightforward presentations by the JCS, particularly General Jones supporting SALT as an important complement, but not substitute, for a commitment to a strong defense program;
- (2) A declaration by Senator Goldwater, Vice Chairman of the Select Committee on Intelligence, that he no longer believes verification is a problem with respect to his support of the Treaty;
- (3) Testimony by Ambassador Toon to the effect his concerns on verification have also been satisfied;
- (4) Support by retired generals and admirals particularly General Dougherty, former head of the Strategic Air Command.

We will be sending you a more detailed SALT/Senate memo this week.

2. Panama Implementing Legislation

Debate on the Panama implementing legislation was revived on the House floor last week as Jack Murphy and Bob Bauman moved to instruct House conferees on key parts of the bill. The issue was presented in terms of a need to protect the interests of the House. Many of our supporters (including Ed Derwinski) agreed to the motion, feeling that a show of support for Bauman and Murphy would strengthen their bargaining power in conference. The motion passed by an overwhelming vote of 308-98; it is not legally binding and we have been assured that it will not affect their decisions on key provisions.

The conference convened last Wednesday. Stennis set the tone by first nominating Murphy for Chairman and then expressing his displeasure with the House motion to instruct. He indicated that the Senate had no intention of receding to all provisions outlined in the motion, adding that the purpose of a conference was to reach compromises. Murphy agreed to allow the committee staffs to work out compromise language to be considered after the August recess. While inconclusive, the conference set the ground rules for compromise and allayed fears that the Senate would cave to House positions.

3. MAP for Turkey

The disagreement on provision of grant MAP to Turkey in the Security Assistance Bill will continue through the recess. The conference last week did not result in any movement on the House side towards a compromise which includes MAP. Senate conferees remained adamant in their insistence on some MAP for Turkey. We expect that in September returning conferees will continue to pressure the Administration for an indication of willingness to settle for less than full MAP eligibility for Turkey. House Members will be threatening to drop the bill in favor of a continuing resolution, which, if based on last year's levels will provide very little for Turkey.

*Other
consequences
?*

4. Rhodesia

Senate and House conferees meeting on the State Department Authorization Bill combined the language recommending that sanctions be lifted, which passed the Senate in May, with the language of the Solarz compromise bill which passed the House with Administration endorsement in early July. The operative paragraph terminates sanctions on November 15, 1979 unless you determine that it would not be in the national interest to do so. The paragraph also provides, however, that your decision to maintain sanctions may be overridden within 30 calendar days by a majority vote in both Houses.

5. Foreign Aid Authorization Bill

The Conference Report on the FY 1980 foreign economic aid authorization bill passed the Senate by a voice vote last Tuesday, and was approved in the House Thursday by a vote of 223-181. The details were outlined in previous reports but the following is a recap of major items:

- funding levels are essentially the same as those approved by the HAC;
- the ISTC was approved with an authorization level of \$27.750 million;
- the Peace Corps will remain in ACTION;
- a Presidential waiver provision was added to the ban on economic aid to Panama.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

CHARLES L. SCHULTZE, CHAIRMAN
GEORGE C. EADS
LYLE E. GRAMLEY

August 7, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LEG*

Subject: Attitudes of Consumers

The Survey Research Center of the University of Michigan has been conducting surveys of consumer attitudes for many years. It is one of the two most well-known surveys of its kind; the other is done by the Conference Board. In light of your concern about public attitudes, I thought you might be interested in a brief note on what the current Michigan survey shows.

The overall index of consumer sentiment, which is constructed from responses to a number of questions, reached a peak in 1977 (Chart 1). It then began to decline gradually until about the middle of 1978; since then, it has fallen very sharply to the lowest level since the 1974-75 recession.

Responses to particular questions of interest are shown in the attached table. The imprint of inflation runs strongly through the responses. Consumers regard themselves as financially worse off relative to a year ago because of inflation, and they expect to be still worse off in the future for the same reason. Governmental economic policy is given a fair to poor rating -- largely, I suspect, because the consumer sees no relief in sight from rising prices.

Judgments about whether or not it is a good time to buy houses and durable goods held up well until mid 1978; since then buying attitudes have deteriorated moderately for homes and household goods, and have plummeted for autos since April of this year.

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for Preservation Purposes**

The energy crisis has played a major role in attitudes about auto buying.

By themselves, these attitude surveys don't always provide reliable clues as to future trends in consumer spending. If attitudes deteriorate when employment and income growth are strong, as they did in late 1977 and 1978, the decline in sentiment does not seem to deter consumers from spending. But when attitudes turn sour in a climate of weak employment growth and declining real consumer incomes, as is now occurring, the outlook for consumer spending is bleak.

CHART 1 - RECENT CHANGES
THE INDEX OF CONSUMER SENTIMENT

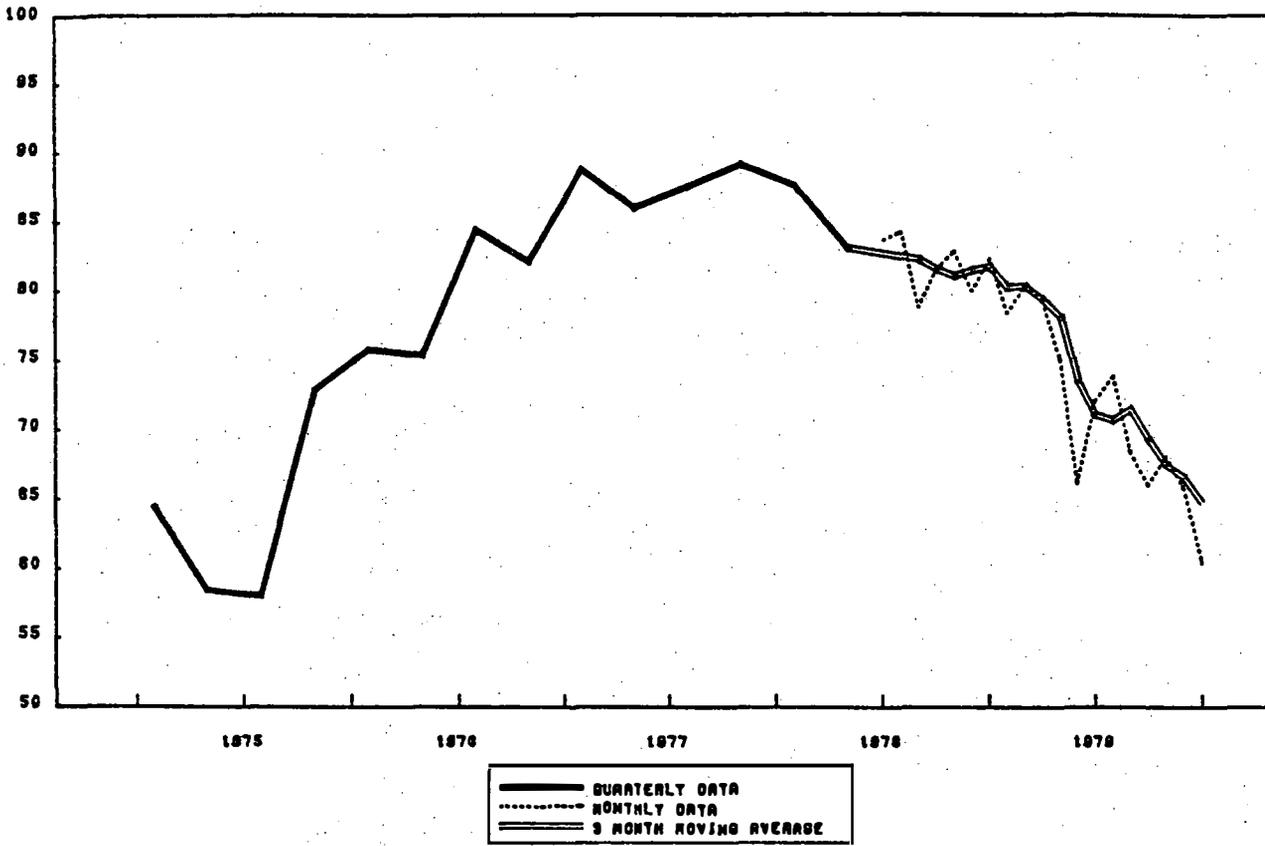
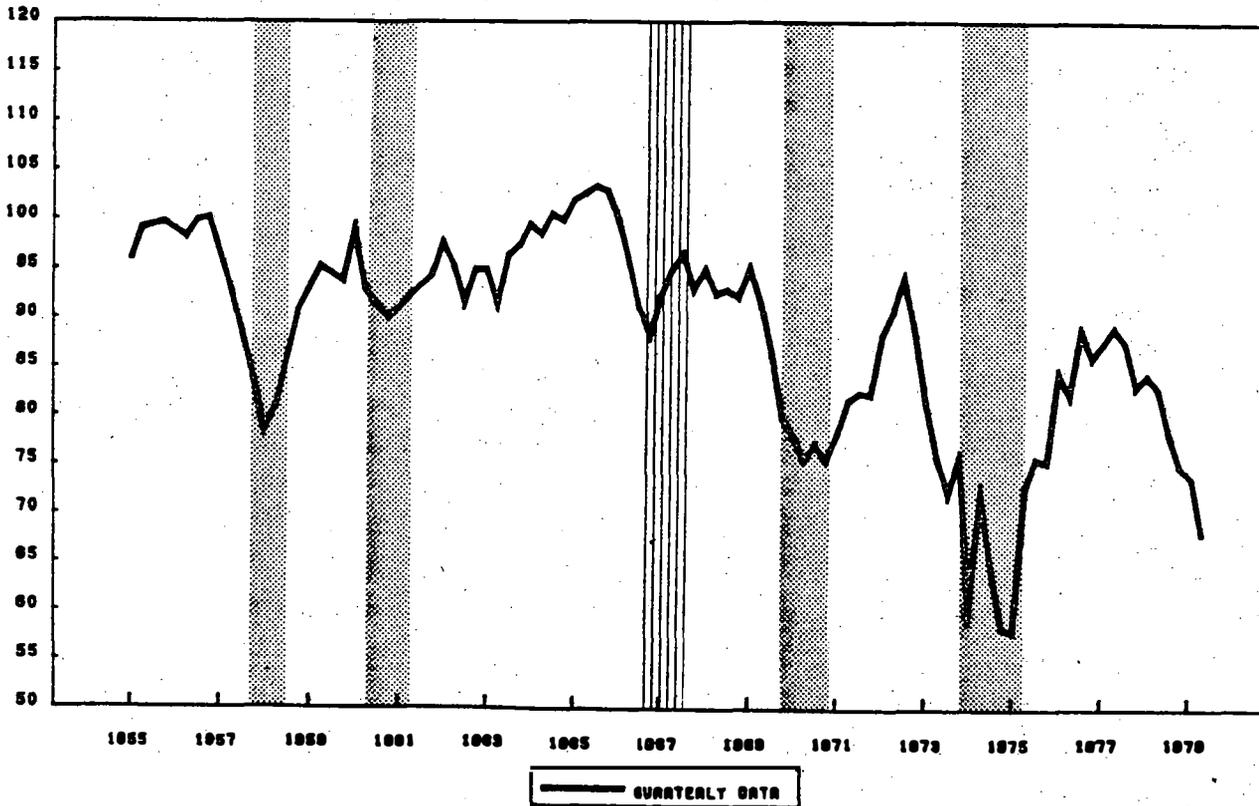


CHART 1 - HISTORICAL SERIES
THE INDEX OF CONSUMER SENTIMENT



Results of Consumer Attitude Survey,
Michigan Survey Research Center

July 1979

Percent Distribution of Responses ^{1/}

	<u>July 1978</u>	<u>July 1971</u> ⁹⁷
<u>Current Financial Situation</u> <u>Relative to a Year Earlier</u>		
Better Off	38	31
Same	31	27
Worse Off	30	42
(Principal reason for "worse off" response is higher prices)		
<u>Expected Financial Situation</u> <u>One Year From Now</u>		
Better Off	27	20
Same	53	49
Worse Off	16	28
<u>Expectations About Income</u> <u>and Prices One Year From</u> <u>Now</u>		
Income Up More	9	11
Same	42	32
Prices Up More	47	55

^{1/} Percentages do not always add to 100 because some respondents do not state an opinion.

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	<u>July 78</u>	<u>July 79</u>
<u>News Heard About Business Conditions</u>		
Favorable	24	12
Unfavorable	42	86
No Mention	47	33
<u>Comparison of Current Business Conditions with a year ago</u>		
Better	51	22
Same	15	10
Worse	29	65
<u>Expectations about Business Conditions over the next Year</u>		
Better	45	13
Same	40	74
Worse	15	13
<u>Expectations about Business Conditions over the next Five Years</u>		
Good Times	23	10
Bad Times	54	70
Not sure or Mixed	23	20
<u>Expected Change in Unemployment over the next year</u>		
Down	12	6
No Change	53	31
Up	33	62

	<u>July 1978</u>	<u>July 1979</u>
<u>Expected Inflation Rate over the next year</u>		
Less than 5 percent	27	19
5 to 10 percent	31	22
Over 10 percent	23	45
Mean Expected Inflation Rate (Percent)	7.1	10.8
<u>Is Unemployment or Inflation More Serious?</u>		
Unemployment	25	26
Both	8	10
Inflation	63	62
<u>Opinions about Governmental Economic Policy</u>		
Good	10	5
Fair	55	43
Poor	31	48

July '78

July '79

Is this a good time to buy?

Household Goods

Yes	67	60
No	21	30
Mixed	12	10

Cars

Yes	52	32
No	33	16
Mixed	15	16

Houses

Yes	54	48
No	36	41
Mixed	10	5

THE WHITE HOUSE
WASHINGTON

8/8/79

Frank Moore

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

Rick Hutcheson

cc: Jim McIntyre

LETTER TO SEN. MUSKIE

3360

THE WHITE HOUSE

WASHINGTON

8-8-79

To Sen. Ed Muskie

I want to thank you
for your fine work on the
1980 budget-- under most
difficult circumstances.

Your preserving fiscal
restraint and providing for
our energy programs were
notable achievements.

Best wishes,

Jimmy

THE WHITE HOUSE
WASHINGTON

Personal

8-8-79

To Jim Mc Intyre

Because of restrictive IRS
rules, we cannot use the
White House expense allowance.

Please let someone look into
it & try to get appropria-
tions bill or other language
to help us.

J

cc: B. Lipstutz

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for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

August 8, 1979

MR. PRESIDENT

Secretary Vance will be away
on Friday. Do you want to hold
the Foreign Policy breakfast with
Warren Christopher present?

Hold breakfast with
Christopher instead
of Vance

Cancel breakfast

PHIL

always

✓

J

12:10 PM

THE WHITE HOUSE

WASHINGTON

August 2, 1979

MEETING WITH LIEUTENANT COLONEL FRANK E. MILLNER

Wednesday, August 8, 1979

12:10 p.m., (3 minutes)

The Oval Office

From: Marty Beaman

Via: Hugh Carter

MB
HC

I. PURPOSE.

To afford Lieutenant Colonel Millner and his family the opportunity to bid farewell to, and have a photograph taken with, the President.

II. BACKGROUND, PARTICIPANTS AND PRESS PLAN.

A. Background. Colonel Millner is being reassigned to the National War College at Fort McNair after serving as Commanding Officer of Marine Helicopter Squadron One (HMX-1) for the past two years.

B. Participants: Lieutenant Colonel Frank E. Millner
Mrs. Millner (Sonia) ←
Barbara Gellner (step-daughter)
Hugh Carter
Marty Beaman

C. Press Plan. White House Photographer only.

III. TALKING POINTS.

- o Colonel Millner, as Commanding Officer of HMX-1 since July 1977, piloted Marine One on 241 Presidential missions throughout the United States and several foreign countries.
- o Colonel Millner is a native of Ohio, but was raised in Florida before entering military service in 1958.
- o Colonel Millner has occasionally been a tennis partner of the President at Camp David.
- o Colonel Millner has been replaced by Lieutenant Colonel Richard ("Whitey") Meydag.

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12:05 PM

THE WHITE HOUSE

WASHINGTON

Meeting with Clint T. Peoples
Wednesday, Aug. 8, 1979
12:05 p. m.

The Oval Office

(Fran Voorde) *fan*

- I. PURPOSE: Presentation of a Texas Ranger Commemorative Badge Set made up of 5 badges representing various periods in the history of the Rangers.
- II. BACKGROUND, PARTICIPANTS, PRESS:
 - A. Background: Prior to his appointment as U. S. Marshall for the Northern District of the State of Texas (July 21, 1978), Mr. Peoples served as Senior Captain of the Texas Rangers, and currently serves as Chairman of the Texas Ranger Commemorative Foundation, which commissioned this Badge Set. He had a special set made for the President and asked to present it personally. This year marks Mr. Peoples 50th year in law enforcement.
 - B. Participants: Clint T. Peoples.
 - C. Press: White House Photographer only.
 - D. NOTE: Griffin Bell says Peoples was helpful to you in Texas in '76.

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THE WHITE HOUSE

WASHINGTON

08 Aug 79

FOR THE RECORD:

CHARLES DUNCAN RECEIVED
A COPY OF THE ATTACHED.

3417

Charlie Duncan has asked Rick Hutcheson
for a copy of the Bontsen/Singer
proposal/comment.

Shall I give attached to Rick for
him to forward to Duncan in
addition to your note, which has
already been sent?

MJ

United States Senate

WASHINGTON, D.C. 20510

August 1, 1979

*Susan
file
J*

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

Dear Mr. President:

America's national security could be severely jeopardized by a disruption in the world's supply of oil caused by political upheaval or terrorists acts. That is why we want to take this opportunity to suggest that your Administration explore an initiative designed to reduce the impact on the United States resulting from possible disruption in our country's oil supply lifeline. This initiative does not seek to deal with long-term problems of petroleum supply, petroleum demand, or alternative energy sources. Rather, it is a blueprint for energy stabilization during a period of national emergency.

When our government first recognized the probability of recurring world oil supply disruptions, it responded by attempting to set in motion an energy plan which had as one of its keystones the establishment of a strategic oil reserve. However, the reserve concept has not been implemented because the OPEC nations, for their own economic benefit, follow the policy of controlling production at levels which do not permit the accumulation of reserves.

The blueprint for oil supply stability set forth below can overcome these difficulties and bring a massive strategic reserve into being.

We propose that the U.S. enter into a treaty with the Government of Saudi Arabia. Under the terms of the proposed treaty, Saudi Arabia would undertake to produce 1/2 billion barrels of oil over and above its share of world supply for transfer to strategic storage in the United States. Saudi Arabia would retain title to the oil; it would remain Saudi property. The President of the United States, however, could act unilaterally to withdraw reserves in the event of war or a cut in the world oil supplies which imperils the economic stability of the United States or its allies. For its part, the United States would agree to supply an equivalent dollar value of grain for storage in Saudi Arabia. This grain would remain the property of the United States. The King of Saudi Arabia could make unilateral withdrawals in time of war or severe food shortage in the Middle East. Finally, the U.S. and Saudi Arabia would agree to undertake such military steps as may be necessary to protect both storage facilities and to permit uninterrupted commerce between the two nations.

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The President
August 1, 1979
Page Two

It is essential that negotiations on this treaty be conducted in absolute secrecy and preferably through a third party. Premature disclosure would mobilize other OPEC nations against the plan before negotiations are completed.

There are many advantages and some disadvantages for both nations in the proposed treaty.

U.S. Advantages

1. If the U.S. national security is threatened by disruptions in essential petroleum supplies, the existence of a strategic petroleum reserve would protect the security of the United States during the period of the national emergency.
2. It would strengthen the diplomatic and economic ties between the United States and the world's most important oil exporting Nation. It would also increase U.S. presence in the Middle East. Both of these would enhance the national security of the United States.
3. The strategic reserve would be built without significantly affecting the world price of oil, and with no adverse impact on U.S. balance of payments and the value of the dollar.

U.S. Disadvantages

1. Saudi Arabia may determine that the agreement is not in their best interest and reject it outright. That would be a diplomatic setback for the U.S.
2. The other members of the cartel could retaliate against the U.S. by reducing oil exports. But this threat is constrained by most OPEC members' need to sell all the oil they have the capacity to produce.

Saudi Arabian Advantages

1. Saudi Arabia's most valuable resource, its petroleum reserves, is extremely vulnerable to terrorist and conventional military attack. This proposal would relocate a portion of their reserves in an area that is highly secure and under the protection of the world's most powerful nation.
2. In the event of sabotage to their oil production or distribution facilities, Saudi Arabia would still have significant reserves from which they could continue exporting until their damaged facilities are repaired.
3. Whether they like it or not, the Saudis have a stake in the economic stability of the United States. With its massive investments in the United States, Saudi Arabia cannot afford to plunge the U.S. into an economic recession caused by unintentional disruptions of essential energy supplies. The creation of a strategic petroleum reserve in the U.S. would serve as an economic buffer against petroleum shortfalls caused by terrorist activities, political upheavals such as in Iran, or unilateral curtailments by more radical OPEC nations.
4. The existence of a petroleum reserve outside Saudi Arabia potentially could be an economic base for a government in exile.
5. Although Saudi Arabia with its small population consumes relatively little grain, many of its Middle Eastern and North African neighbors have become increasingly reliant on imported grain to feed their rapidly growing populations. As the keeper of the world's largest standby grain reserve, Saudi Arabia would gain additional influence in the region.
6. Most Arab nations appear to take seriously the threat of a future grain cartel. Many are now attempting to diversify their sources of imported grains and have made agricultural grants to developing nations. The creation of a strategic grain reserve would foreclose the option of the formation of an effective grain cartel.

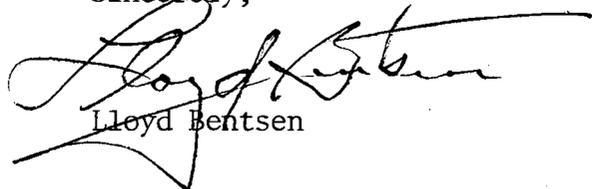
The President
August 1, 1979
Page Four

Saudi Arabian Disadvantages

1. Saudi Arabia has played a leading role in the operation of one of history's most successful cartels. They surely would recognize the possible threat posed by this plan to cartel unity. However, Saudi Arabia has demonstrated a willingness to pursue independent courses of action.
2. Apart from cartel stability, the creation of a strategic petroleum reserve in the United States would greatly lessen the effectiveness of the cartel's most powerful weapon: the threat of an oil embargo.
3. The Saudis will reduce their ability to pressure the U.S. politically on matters such as a settlement of the West Bank issue.

We believe that the advantages to the United States far outweigh the disadvantages. We also believe that the Saudis just might react favorably to this kind of an Administration initiative. Although variations of this theme may prove more successful, we believe that it is essential that the United States continue to devise innovative and sometimes unconventional approaches to reducing our vulnerability to the OPEC cartel. The security of the United States can only be enhanced by an Administration effort to undertake a diplomatic exploration of our proposal or one similar to it.

Sincerely,


Lloyd Bentsen


Edwin Singer

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BLUEPRINT FOR ENERGY STABILITY

- a) How could S.A. face rejectionist friends?
- b) or exceed present production rate?
- c) or take such a large quantity off world supply?
- d) Grain could not be stored 15-20 years.
- e) This is an old proposal, raised earlier by Sen Jackson, Schlesinger & others.

Blueprint for Energy Stability

It is the purpose of this memorandum to suggest a novel program to reduce the impact on the U.S. and world economy resulting from oil cutbacks, embargoes and disruption in producing countries and from the interruption of petroleum transit to the United States. The program also suggests a technique to mobilize U.S. strengths to help stabilize the economies and the governments of the Middle East.

This memorandum does not seek to deal with long term problems of petroleum supply, petroleum demand or alternate energy sources. The memorandum sets forth a blueprint for energy stabilization during the period when these basic energy problems are being solved. It seeks to smooth out and reduce the intensity of recurring oil shortages, whether caused by political decision or disruption, and to temper the economic impact brought on by such shortages.

The program set forth below will supply the U.S. with sufficient crude to balance demand in face of substantial curtailments such as the Iranian upheaval and to do so for long enough to outlive most periods of shortfall.

The program is also designed to act as an effective brake upon unreasonable escalation of oil prices and to enhance economic stability during much of the period required to develop alternate forms of energy.

Background

When our government first recognized the probability of recurring world oil supply disruptions, it responded by attempting to set in motion an energy plan which had as one of its keystones the establishment of a strategic oil reserve. Such a reserve remains the only viable tool for coping with short term energy problems which will periodically face us. It is also the only facet of any of the proposed energy programs which has not generated opposition among consumer groups, labor, industry or the Congress.

However, the strategic reserve has not been and will not be effectively implemented because the OPEC nations, for their own economic benefit, follow the policy of controlling production at levels which do not permit the accumulation of reserves. Under these circumstances any additional demand pressures brought about by U.S. efforts to fill its strategic reserve have only accelerated price rises, created shortages and exacerbated the decline of the dollar and our negative balance of payments.

The Blueprint for Oil Stability set forth below can overcome these difficulties and bring a massive strategic reserve into being.

Blueprint for Oil Stability

It is recognized that only Saudi Arabia has the capability of significantly increasing its crude oil production beyond demand over a protracted period of time. It is further recognized that the United States is the only secure western nation with the physical, economic, geographic and military assets required to house, safeguard and utilize a strategic oil reserve.

The unique contribution of this proposal lies in the composite of the following elements:

1. The strategic crude reserve will be produced by Saudi Arabia and stored in the United States for the account of Saudi Arabia, thus shifting a part of the Saudi oil reserves to the Western Hemisphere and giving the U.S. limited sovereignty powers over such reserves under the terms of a treaty. The treaty will permit the U.S. to exercise control during emergencies over the reserve not only for its own benefit but for the benefit of other non-communist nations.
2. The United States will produce and store in Saudi Arabia for the account of the U.S. a massive regional food reserve, thus shifting a part of the U.S. based food reserves to the Middle East and giving Saudi Arabia limited sovereignty powers over such food reserves under the terms of a treaty. The food reserves can be used by the King of Saudi Arabia not only for his country during emergency conditions but for the region as well.
3. The U.S. will agree to increase its military protection of the sea lanes upon which Saudi Arabia and the U.S. rely for their mutual commerce and will, upon the request of Saudi Arabia, furnish such military assistance as may be necessary to protect both the continuity of oil production and the security of the U.S.-owned food reserves in Saudi Arabia.

Treaty

It is proposed that the U.S. enter into a treaty with the Government of Saudi Arabia under the terms of which:

I. Oil Sector

- (A) The U.S. commits to provide safe underground storage (salt domes) off the Texas-Louisiana Coast for 0.5 billion barrels of Saudi oil.
- (B) Saudi Arabia undertakes to make available within a specified period 0.5 billion barrels over and above its share of world supply, for transfer to strategic storage.
- (C) The U.S. will pay for the cost of transporting the crude from Saudi Arabia into strategic storage in U.S.
- (D) All oil so transported will remain Saudi property and the U.S. will guarantee its safe storage, availability and delivery under the terms of the treaty.
- (E) Purchases and withdrawals by the U.S. Government are permitted only upon agreement between the parties or upon a declaration by the President of the United States that a state of emergency exists.

Such declaration shall be limited to:

- (1) a state of war; or
- (2) a cut in world oil supplies which is deemed by the President to imperil the economic or political stability of the U.S. or any other non-communist nation.

- (F) The price of oil withdrawn will be the Saudi Arabia market crude price at the time of withdrawal.
- (G) Saudi Arabia agrees that it will not withdraw any of its oil from the strategic reserve without U.S. consent for a period of 10 years from the date of the treaty except under the terms of the treaty.

II. Food and Commodities Sector

- (A) Saudi Arabia commits to construct and operate modern storage facilities for an amount of grains and food stuffs equivalent to the dollar value of 0.5 billion barrels of oil.
- (B) Storage facilities shall be located near deep water and rail or road facilities.
- (C) The U.S. will undertake to provide within a specified period quantities of food stuffs and grain above its normally planned production levels to supply the reserve.
- (D) Saudi Arabia will pay for the cost of transporting such food and commodities from U.S. ports to Saudi storage facilities.
- (E) Food and commodities placed in Saudi storage will remain U.S. property and the Saudis will guarantee its safe storage, availability and delivery under the terms of the treaty.
- (F) Withdrawals by the Saudi Government are permitted only upon agreement between the parties or upon a declaration by the King of Saudi Arabia that a state of emergency exists. Such declaration shall be limited to:

- (1) a state of war; or
- (2) a determination by the King that conditions of famine or political or economic instability brought on by shortage of food imperils any non-communist nation within the region.

(G) Upon any such withdrawals Saudi Arabia will pay in U.S. dollars at prices based on U.S. market quotes on date of withdrawal. No Saudi Arabian taxes will be imposed on the storage or sale of food from the food reserve.

(H) The U.S. agrees that it will not withdraw any of its food or commodities stored in Saudi Arabia without Saudi consent for a period of 10 years after the date of the treaty except to prevent spoilage, in which event it will replenish spoiled supplies as soon as feasible.

III. Military Sector

The treaty represents a joint commitment on the part of the U.S. and Saudi Arabia to maintain adequate levels of energy and food supplies to important segments of the non-communist world, to the end of promoting economic stability and political tranquility.

The parties recognize that the implementation of the treaty and the commercial operations under it, may be vulnerable to disruption by acts of war, sabotage or revolution. The parties therefore agree to undertake such military steps as may be necessary to permit the commerce between them to flow on an uninterrupted basis.

To that end, the U.S. will undertake to increase its protection of the sea lanes between the two countries and Saudi Arabia will cooperate in such undertaking.

Saudi Arabia will undertake to intensify its protection of its oil reserves and installations, and will provide protection for the U.S. food reserve.

The U.S. further will agree, upon the request of the King of Saudi Arabia, to furnish such U.S. military assistance as may be necessary to protect both the continuity of oil deliveries to U.S. and the free world and the U.S. food reserves in Saudi Arabia.

The parties will work together to develop economic and military plans to meet whatever conditions may threaten the security of either nation.

Benefits of the Treaty - Saudi Arabia

There are compelling reasons why it is in the best interest of Saudi Arabia and the Royal Family to enter into the treaty described above. The more important of these are as follows:

With respect to the oil provisions of the treaty:

- (1) It makes possible the geographic dispersion of a portion of Saudi Arabia's most precious asset to an area of maximum safety and stability.
- (2) It does so at practically no cost to Saudi Arabia and creates no adverse impact on its economy, nor does it produce any inflationary effect upon either the Saudi

currency or the substantial dollar assets which they hold.

- (3) It provides the means for producing a continuous stream of income for the Saudis even during periods of complete or partial shutdown brought about by acts of sabotage, war or revolution.
- (4) The Saudis are continuously looking for safe investments in the United States. Nothing could be safer nor more inflation proof than oil in the ground in the U.S.
- (5) With their massive investments in the U.S., the Saudis have a stake in the United States. The strategic petroleum reserve would serve as an economic buffer against petroleum shortfalls caused by terrorist activities, political upheavals such as in Iran, or unilateral curtailments by more radical oil exporting nations.

With respect to the food provisions of the treaty:

- (1) The food reserve provides a powerful force for political tranquility and economic stability, particularly in the Mid East countries of high population and excessive unemployment or where famine or near famine conditions frequently exist.
- (2) The food reserve represents a new and important asset in an area where economic disruption is the norm rather than the exception and where the climate and soil conditions are not conducive to food self-sufficiency.

- (3) Judicious use of these assets by Saudi Arabia will alleviate much hardship and will establish it as the regional leader with greatly improved relationships with its neighbors whether presently friendly or not.
- (4) Most Arab nations appear to take seriously the threat of a future grain cartel. Many are not attempting to diversify their sources of imported grains and have made agricultural grants to developing nations. The creation of a strategic grain reserve would foreclose the option of the formation of an effective grain cartel.

With respect to the military provisions of the treaty, protection against the advent of war, sabotage and revolution by the strongest power on earth is made available to the Saudis. The economic and humanitarian benefits to the region from the treaty make it politically less difficult for the Saudis to accept such military aid.

Saudi Arabia - Disadvantages

- (1) Saudi Arabia has played a leading role in the operation of one of history's most successful cartels. They surely would recognize the threat posed by this plan to cartel unity. The benefits would have to be enormous before they would risk the stability of cartel operations.
- (2) Apart from cartel stability, the creation of a strategic petroleum reserve in the United States would greatly lessen the effectiveness of the cartel's most powerful weapon: the threat of an oil embargo.

- (3) The Saudis will reduce their ability to pressure the U.S. politically on matters such as a settlement of the West Bank issue.

Benefits of the Treaty - United States

The benefits to the U.S. are many and of profound significance.

The more important of these are as follows:

With respect to the oil provisions of the treaty:

- (1) It establishes a massive oil reserve in U.S. territory without triggering OPEC counteraction on supply and price.
- (2) While this represents an addition of only about 1.75 percent to U.S. oil reserves, more importantly it adds about 45 percent to our daily productive capacity during periods of emergency.
- (3) It will insulate the U.S. and other non-Communist nations against the political and economic effects of short-term disruptions of energy supply.
- (4) The reserve will be financed principally by the Saudis, thus freeing the U.S. of the inflationary effects and the balance-of-payments deficit which would occur if the reserve was established through straight purchase by the U.S.
- (5) The program will buy the time needed to implement our long-range energy programs.
- (6) The participation by Saudi Arabia in this program would represent a unilateral action by a member of the cartel

which would not be in the best interest of the cartel as a whole. It might represent an important step in disrupting the unity and stability of the cartel arrangement. However, Saudi Arabia has demonstrated a willingness to pursue independent courses of action.

With respect to the food provisions of the treaty:

- (1) The treaty will stimulate the agricultural sector of the U.S. to full production, with the consequent benefits to the farm community and the national well being.
- (2) It will greatly strengthen and improve our relations with the most important oil country in the world - Saudi Arabia - and thereby lay the basis for advancing the settlement of Mid East issues.
- (3) It will help to create tranquility and stability in a region of the world vital to the U.S.

The military alliance with Saudi Arabia will greatly strengthen the U.S. presence and capabilities in the Middle East and Africa and help stabilize the most important oil supply area of the world.

Disadvantages - United States

- (1) Saudi Arabia may determine that the agreement is not in their best interest and reject it outright. This would be seen as an illustration of U.S. dependence and Saudi Arabian independence. It would be a diplomatic setback.
- (2) Many U.S. agricultural economists believe the existence of large ~~an international grain~~ reserve would tend to lower grain prices. U.S. farm groups might oppose the concept.

- (3) The other members of the cartel could retaliate against the U.S. by reducing oil exports. But this threat is constrained by most OPEC members' need to sell all the oil they have the capacity to produce.

Summary

Although there are disadvantages and risks associated with any new diplomatic venture, the net benefits to the United States and Saudi Arabia from this blueprint should outweigh cumulative costs. It is recognized that variations of this proposal may prove more acceptable to one or both of the participating parties. However, it is essential that the United States continue to develop innovative and sometimes unconventional approaches to reducing our vulnerability to the OPEC cartel. The security of the United States can only be enhanced by an Administration effort to undertake a diplomatic exploration of this proposal or one similar to it.

ATTACHMENTS

PETROLEUM RESERVE DATA

	<u>million barrels/day</u>	<u>year</u>
World Crude Oil Consumption	57.86	1976
Non-Communist Oil Consumption	47.29	1976
United States Oil Consumption	17.51	1976
	18.54	1978
United States Oil Imports	7.31	1976
(crude and products)	8.74	1977*
	8.19	1978

* peak year for U.S. imports

A 500 million barrel reserve would cost \$10.5 billion (at \$21/barrel), which is equivalent to 62 days of imports (assuming average imports of 8 million barrels per day). If the Saudis increase production by 1 million barrels per day, it would take 1 year, 4.5 months to fill the reserve.

The U.S. Strategic Petroleum Reserve is designed to eventually hold 750 million barrels. It presently contains about 70 million barrels. The SPR's storage capacity is being developed in a three phase program:

<u>Phase</u>	<u>Storage</u>	<u>Capacity</u> <u>(million barrels)</u>
I	existing mines and caverns at 5 sites	248
II	expansion of 2 of the existing 5 sites by leaching	280
III	additional sites to be determined	<u>222</u>
	TOTAL	750

Sufficient underground storage could be provided in the United States for a 1 billion barrel petroleum reserve.

U.S. Production Estimates (Annual)

	<u>Wheat</u> (bill. bu.)	<u>Rice</u> (bill. cwt.)	<u>Corn</u> (bill. bu.)	<u>Soybeans</u> (bill. bu.)	<u>Total</u> (bill.)
Domestic Production	2.1	0.124	6.4	1.5	
Exports	1.1	0.051	1.86	0.5	
Domestic demand	0.71	0.041	4.1	0.87	
Available for reserve	0.29	0.032	0.44	0.13	
Current Price	\$4.11/bu	\$8.80/cwt	\$2.59/bu	\$7.06/bu	
Reserve value	\$1.19 bill	\$0.282 bill	\$1.14 bill	\$0.92 bill	\$3.532

A \$10.5 billion grain reserve would contain 2.78 billion bushels in the proportions estimated available in the above table and at those prices. The reserve would take 3 years to establish.

	<u>Wheat</u>	<u>Rice</u>	<u>Corn</u>	<u>Soybeans</u>	<u>Total</u>
Value (bill.)	\$3.57	\$0.84	\$3.36	\$2.73	\$10.5
Amount (bill. bu.)	0.87	0.22	1.30	0.39	2.78

The above production estimates are made by using statistics from the years 1975-1978. Actual figures will depend greatly on such variables as price and weather. However, using only the residual figure left after normal exports and domestic consumption should make the estimate of availability for this reserve a conservative one. Higher support prices would both stimulate production and increase the unit value of that production, to the extent that U.S. loan rates act as a floor under world prices.

Storage facilities will be a major problem. They are currently non-existent in Saudi Arabia, as are adequate handling facilities. By comparison, the U.S. has 17.8 billion bushels of storage, with 7.0 billion of it in commercial elevators. Major U.S. port elevators range up to 7.7 million bushels of storage and up to 140,000 bushels per hour loadout capacity.

ASSUMPTIONS

A. Wheat

1. 68 mill. acres harvested. (69.4 & 70.8 million in 1975 & 1976 with no set-aside)
2. 30.6 bu/acre yield. (4 year average)
3. 2.1 bill. bu. production. (Combined 1 & 2 above. Is below average of non-set-aside years.)
4. 1.1 bill. bu. exports. (4 year average)
5. 0.71 bill. bu. domestic use. (Assumes all component uses except feed at historical average. Feed use is highly variable and was assumed at 68 mill. bu., which is on the low end of the range but well above the 2 lowest of recent years.)
6. 0.29 bill./bu. for reserve. (residual from above.)

B. Rice

1. 124 mill. cwt production. (last 5 year average)
2. 51 mill. cwt exports "
3. 41 mill. cwt domestic use. "
4. 32 mill. cwt for reserve. (Residual) (NOTE: Rice acreage jumped tremendously starting in 1978. At a normal 45 cwt/acre yield, this production would require 2.75 million acres, well below 1978 & 1979 levels of 3.1 million acres.)

C. Corn

1. 6.4 bill. bu. production. (Last 4 year average.)
2. 70 mill. acres harvested. "
3. 91.5 bu./acre yield. "
4. 1.86 bill. bu. exports. "
5. 4.1 bill. domestic use. (1976 level & 4 year average)
6. 0.44 bill. bu. for reserve. (Residual)

D. Soybeans

1. 54 mill. acres harvested. (3 year average 1975-1977)
2. 28.2 bu./acre yield.
3. 1.5 bill. bu. production.
4. 513 mill bu. exported. (1975-1977 average rounded to 0.5 bill.)
5. 0.87 bill. bu. domestic demand. (1975-77 average exports subtracted from average total disappearance.)
6. 0.13 bill. bu. for reserve. (1975-77 average production less average total disappearance. NOTE: Soybeans are crushed for meal and oil and those products are exported as well as whole beans. Meal and oil could also be used in reserve as well as or better than whole beans.)

THE WHITE HOUSE

WASHINGTON

8-2-79

To Sen. Lloyd Bentsen

I have discussed further
with Charles Duncan the
matter which you and Mr.
Singer brought to me.

This is, indeed, an
intriguing idea which I
have asked Charles to per-
sue.

Thank you,

Jimmy

cc Duncan

THE WHITE HOUSE
WASHINGTON

8/8/79

Bob Lipshutz

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

Rick Hutcheson

cc: Tim Kraft

3416

THE WHITE HOUSE

WASHINGTON

August 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*

RE: D.C. Superior Court: Judge W. Byron Sorrell

Judge W. Byron Sorrell's ten year term on the District of Columbia Superior Court has expired. The local Judicial Tenure Commission has raised questions about his fitness for reappointment. Under the Home Rule Act, the Commission's equivocal finding means that you must decide whether to reappoint Judge Sorrell.

We recommend against reappointment. The Attorney General concurs.

Sorrell is a hardworking judge, but he has exhibited a lack of sensitivity to many of the demands of his office. He has been more actively involved in plea bargaining than is appropriate. On two occasions he has used his office to give special assistance to former clients or friends. (The Commission earlier censured Sorrell in connection with one of these episodes and apparently learned of the other only recently.) He has not been sufficiently attentive to the right of indigent defendants to pay fines on an installment basis, rather than be jailed. Finally, he has on occasion let his friendliness toward certain lawyers favorably affect his attitude toward their clients. For these and other reasons, the Judicial Evaluation Committee of the District of Columbia Bar has urged that Sorrell not be reappointed.

Byron Sorrell is not the worst judge on the D.C. Superior Court, but he is one of the Court's more marginal members. There is little doubt that a better replacement can be found. If you agree that Sorrell should not be reappointed, we will contact him and give him the opportunity to resign before any public action is taken.

✓
Do not reappoint
Judge Sorrell
(We recommend; Tim
Kraft and Attorney
General concur.)

Reappoint
Judge Sorrell

**Electrostatic Copy Made
for Preservation Purposes**

THE WHITE HOUSE
WASHINGTON

8/8/79

Tim Kraft
Arnie Miller

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

Rick Hutcheson

3413

THE WHITE HOUSE
WASHINGTON

C

August 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: TIM KRAFT ^{TK}
ARNIE MILLER ~~AM~~

SUBJECT: Board for International Broadcasting

The Board for International Broadcasting has five members appointed by the President and confirmed by the Senate. You have appointed three members and named John Gronouski the Chair. The terms of the remaining two members have expired. John R. Murphy, a Republican from Ohio, and Thomas H. Quinn, a Democrat from Rhode Island, both wish to be reappointed. We recommend that Tom Quinn be reappointed and that Charles D. Ablard be named to the Republican seat. John Gronouski and Zbig Brzezinski concur.

Thomas H. Quinn (Rhode Island): General partner with the law firm of O'Connor and Hannan. Former general counsel and legislative assistant to James J. Saxon, Comptroller of the Currency. Recommended by Senator Pell and supported by Anne Wexler.

Charles D. Ablard (Virginia): Attorney. Formerly General Counsel for the Department of the Army, Associate Deputy Attorney General, General Counsel and Congressional Liaison of USIA. Recommended by Senator Bellmon.

RECOMMENDATION:

Nominate Thomas H. Quinn and Charles D. Ablard as members of the Board of International Broadcasting.

approve

disapprove

J

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Thomas Henry Quinn is a general partner in the Minneapolis-Washington law firm of O'Connor & Hannan, specializing in the field of administrative practice with emphasis on financial institutions policy matters.

He was appointed by the President and confirmed by the Senate as a Democratic member of the Board for International Broadcasting on April 30, 1974. He has had a keen interest in foreign affairs, and has been active in the Atlantic Council of Young Political Leaders.

Besides his law practice, he has extensive business experience. He serves as President of Bardmoor Realty Corporation, a large real estate development company, and is also President of Ilsco Corporation of Cincinnati, Ohio, one of the country's leading manufacturers of electrical connectors and industrial components.

Mr. Quinn was born in Pawtucket, Rhode Island on December 17, 1937. He graduated with an A.B. Degree in Economics from Providence College in 1959. After serving as an artillery officer in the Army in 1960, he attended Georgetown Law Center and graduated in 1963.

From 1963 to 1967, he served as counsel and legislative assistant to James J. Saxon, the Comptroller of the Currency.

He is a member of the District of Columbia and Rhode Island Bars, the Federal Bar Association, Congressional Country Club, the Metropolitan Club of Washington, D.C., the Bardmoor Country Club, Queen City Club of Cincinnati, and is a subscriber of Spouting Rock Beach Association of Newport, Rhode Island.

CHARLES D. ABLARD, BIOGRAPHICAL DATA

Born: October 25, 1930, Enid, Oklahoma

Address: Home - 229 South Pitt Street, Alexandria, Virginia
Office - Obermayer, Rebmann, Maxwell & Hippel
Suite 500
2011 "I" Street, N.W.
Washington, D.C. 20006

Education: Master of Laws - George Washington University, 1959
Bachelor of Laws - University of Oklahoma, 1954
Bachelor of Business Administration
University of Oklahoma, 1952

Profession: 1977 - Present Partner, Washington Office
Obermayer, Rebmann, Maxwell & Hippel
Attorneys at Law

1975 - 1977 General Counsel
Department of Army

1974 Associate Dean
Oct - Dec Vermont Law School
South Royalton, Vermont

1974 Visiting Fellow, Center of
Feb - Sept International Studies,
Cambridge University, England

1972 - 1974 Associate Deputy Attorney General
U.S. Department of Justice
Washington, D.C.

1969 - 1972 General Counsel & Congressional
Liaison
U.S. Information Agency
Washington, D.C.

1963 - 1969 Vice President and Counsel
Magazine Publishers Association, Inc.
and American Society of Magazine
Editors
Washington, D.C.

- Publications:
(Con't)
- "Some Comparisons Between the Council on Tribunals and the Administrative Conference of the United States," The American Journal of Comparative Law, Vol XXIV, Number 1 (1976)
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- "The Post Office & Publishers' Pursestrings: A Study of the Second Class Mailing Permit," 30 The George Washington Law Review 567 (1962)
(Co-authored with Marion Edwyn Harrison)
- "Ex Parte Contracts in Federal Administrative Proceedings," 47 American Bar Association Journal 473 (1961)
- "The Need for Legislation to Correct Abuses in the Administrative Process," 31 Oklahoma Bar Association Journal 2280 (1960).
- "An American Lawyer in London," 5 The Student Lawyer 18 (1959).

Bar

Admissions:

U.S. Supreme Court
U.S. Court of Appeals for the
District of Columbia
U.S. District Court
Western District of Oklahoma
and District of Columbia
U.S. Court of Claims
Supreme Court of Oklahoma
U.S. Court of Military Appeals

Memberships:

American Bar Association
District of Columbia Bar Association
Oklahoma Bar Association
Federal Bar Association
American Judicature Society
American Society of International Law

Activities:

Chairman, Special Committee on Lawyers
in Government, American Bar Association
(1977-1978); Member, (1975-1977)

Chairman, Special Committee on Revision
of the Administrative Procedure Act,
American Bar Association (1966-1969);
Member, (1964-1969)

Member, Council, Section of Administrative
Law, American Bar Association (1966-1969)

Associate Member, Legal Committee, European
Broadcasting Union (1969-1972)

Honors:

Professional Achievement Award, The George
Washington University Law School (1976)

Distinguished Civilian Service Award, Department
of Army (1975 & 1977)

Plainsman Award (1973), Outstanding graduate of
Enid High School

Public Affairs:

Member, Board of Directors, English Speaking Union, Washington, D.C.

First Vice President, Oklahoma State Society of Washington, D.C. (1972-1973)

Member, Council of The Administrative Conference of the United States (1970-1973)

Colonel, U.S. Air Force Reserve, Office of The Judge Advocate General (1956-1977)

Chairman, Alexandria Committee, Washington National Cathedral Fund Drive (1967)

Arbitrator, American Arbitration Association (1963-1964)

President, Washington D.C. Chapter, University of Oklahoma Alumni Association (1960-1961)

Religion:

Episcopal, St. Paul's Church, Alexandria, Virginia, Vestry Member (1975-1978)

Clubs:

Army-Navy Country Club, Arlington, Virginia
Barristers, Washington, D.C.
Cosmos Club, Washington, D.C.

Travel:

Western and Eastern Europe, Soviet Union, Japan, Philippines, Hong Kong, Thailand, Viet Nam, India, Pakistan, Cyprus, Iran, Lebanon, Morocco, Senegal, Liberia, Ghana, Togo, Nigeria, Union of South Africa, Kenya, Ethiopia, Egypt, Saudi Arabia, Yemen

BOARD FOR INTERNATIONAL BROADCASTING

Independent

AUTHORITY: 22 U.S.C. 2872

P.L. 93-129, Sec. 3, October 19, 1973

P.L. 94-350, Sec. 301, July 12, 1976

P.L. 95-105, Title III, Sec. 302, August 17, 1977

P.L. 95-426, October 7, 1978 (membership change)

METHOD:

Ex officio and nominated to the Senate

MEMBERS:

SEVEN members, two of whom shall be ex officio members as follows:

Chief operating executive of RFE/RL Incorporated, and the Chairman of the Board of Directors of RFE/RL, Incorporated, shall be ex officio members

and

FIVE members appointed by the President, by and with the advice and consent of the Senate

Members of the Board appointed by the President shall be citizens of the U.S. who are not concurrently regular full-time employees of the U.S. Government. Such members shall be selected by the President from among Americans distinguished in the fields of foreign policy or mass communications.

Not more than three of the members of the Board appointed by the President shall be of the same political party. (BI-PARTISAN)

The five members appointed by the President shall be the voting members of the Board and the ex officio members shall participate in the activities of the Board, but shall not vote in the determinations of the Board.

CHAIRMAN:

Designated by the President from among the five members appointed by him.

(CONTINUED)

BOARD FOR INTERNATIONAL BROADCASTING (Cont'd)IndependentTERM:

THREE YEARS, except in appointing the initial voting members, the President shall designate three of the members appointed by him to serve for a term of three years and two members to serve for a term of two years. The President shall appoint members to fill vacancies occurring prior to the expiration of a term, in which case the members shall serve for the remainder of such term. Any member whose term has expired may serve until his successor has been appointed and qualified. (HOLDOVERS)

An ex officio member of the Board shall serve on the Board during his or her term of service as chief operating executive or as Chairman of the Board of Directors of RFE/RL, Incorporated, as the case may be.

SALARY:

Members appointed by the President shall, while attending meetings of the Board or while engaged in duties relating to such meetings or in other activities of the Board, including traveltime, be entitled to receive compensation equal to the daily equivalent for Level V. While away from their homes or regular places of business members may be allowed travel expenses, including per diem in lieu of subsistence.

The ex officio members shall not be entitled to any compensation for their service on the Board, but may be allowed travel expenses.

PURPOSE:

Receive Congressional appropriations and disburse them, in the form of grants, to RFE/RL, Incorporated, and be responsible for ensuring that radio operations would not be inconsistent with U.S. foreign policy objectives and would exercise management oversight responsibility for the efficient and economical utilization of resources available to Radio Free Europe and Radio Liberty. The Board shall report annually to the President and the Congress on or before the 31st day of January, summarizing their activities during the year ending the preceding September 30, and reviewing and evaluating the operation of Radio Free Europe and Radio Liberty during such year.

THE WHITE HOUSE
WASHINGTON

08 Aug 79

FOR THE RECORD

JODY POWELL RECEIVED A COPY
OF THE ATTACHED.

United States of America
**Office of -
Personnel Management** Washington, D.C. 20415

August 6, 1979

In Reply Refer To:

Your Reference:

cc Jody
J

MEMORANDUM FOR THE PRESIDENT

FROM: Alan K. Campbell
Director

SUBJECT: Employment of Women and Minorities in the Federal
Service -- A Special Report

This is the third in a series of semiannual reports on the progress being made in the employment of women and minorities in the Federal service.

To preserve consistency with previous reports, analysis is based on the approximately 1.8 million full-time, permanent non-postal employees in the Federal Government. Statistics in this report have been extended to November 30, 1978, providing a two-year comparison with the November 1976 baseline established in the first report.

TOTAL REPRESENTATION

The lack of growth in Federal employment makes it difficult to improve its representativeness. There has been a decline of about 2,000 in the full-time permanent employment in the Federal Government from November 1976 to November 1978. Against this decline I think it impressive that there has been an absolute increase of 22,000 in the number of women in full-time permanent employment while the comparable increase for minorities has been 17,000. In percentage terms this constitutes an increase from 34 to 35.3 for women and from 20 to 21.4 for minorities which is not that impressive. Nonetheless, the increase in absolute numbers and the lack of overall growth demonstrates the strenuous efforts which are being made by your departments and agencies to improve their employment profile.

Jody

The following table compares the proportions of women and minorities in the Federal work force to their representation in the National work force. As is clear from that data, the Federal Government is doing relatively well in comparison with the private sector in the employment of women and Blacks but not as well with Hispanics.

PERCENTAGE DISTRIBUTION OF WOMEN AND MINORITIES

	FEDERAL FULL-TIME PERMANENT EMPLOYMENT	NATIONAL NON-FARM EMPLOYED LABOR FORCE
	November 30, 1978	1978 Annual Averages
WOMEN	35.3	41.7 (37.2% of full-time employment)
BLACK	15.3	10.1
HISPANIC	3.7	4.8
AMERICAN INDIAN/ ALASKA NATIVE	1.3	0.4
ASIAN/PACIFIC ISLANDER	1.2	1.3

REPRESENTATION BY GRADE LEVEL

Examination of changes in overall participation of minorities and women in the labor market is, at best, a rough indication of their progress. There have been gains in the level of jobs held by minorities and women in both the Federal and the private sector; however, these groups remain highly concentrated in lower paying jobs. The representation of minorities and women within grade level groupings as of November 1976 and November 1978, illustrate these disparities within the General Schedule and equivalent jobs:

	GS 1-8		GS 9-12		GS 13-15		GS 16-18	
	1976 - 1978		1976 - 1978		1976 - 1978		1976 - 1978	
% Men	32.4	31.2	78.7	75.9	94.5	93.7	97.2	96.4
% Women	67.6	68.8	21.3	24.1	5.5	6.3	2.8	3.6
% Minority	25.3	26.6	11.7	12.7	6.4	6.9	4.7	4.7
% Nonminority	74.7	73.4	88.3	87.3	93.6	93.1	95.3	95.3

Despite the very small gains in overall levels of representation, there is some indication that efforts to hire minorities and women have had some success. For example, during the period between November 1976 and November 1978, minorities made up about 16 percent of hires from outside Government at the GS-16 level and about 6 percent of promotions to GS-16 positions within their agencies. Both these rates exceed the 5 percent minority representation at this grade level. Among women, the rates of new hires and promotions were about the same as for minorities,

although their representation in GS-16 positions remains under 4 percent. As small as these gains are, however, they occurred when the total number of GS-16's decreased from about 4500 in November 1976 to 4200 in 1978.

In the first of these semiannual reports, we noted that at least two major factors help to account for the slow rate of increase in the progress of minorities and women, particularly at the highest levels of the General Schedule: the career nature of the civil service, and the relatively stable size of the Federal work force over the past several years. Consequently, our efforts have been directed toward strengthening upward mobility and career development programs within the Federal Government. Of necessity, hiring goals continue to focus on the opportunities presented by replacement and turnover.

PRESIDENTIAL MANAGEMENT INTERN PROGRAM

Selection of the 1979 PMIP nominees and alternates has been completed. Although final placements have not yet been made, the preliminary report indicates that minorities and women are well represented among the 248 nominees and 48 alternates in the program. Women are 45 percent of the nominees, and 35 percent of the alternates. Of the 208 nominees who identified their racial or ethnic background, 11.1 percent are Black, 5.8 percent are Hispanic, 0.5 percent are American Indian, and 1.4 percent are Asian or Pacific Islanders.

The results of this year's selection process confirm our belief that this intern program contributes significantly to the accomplishment of two major objectives of your Administration: commitment to the ideal of a work force representative of the nation's diverse population, and the principle of selection and advancement on the basis of individual abilities, skills, and qualifications.

NON-CAREER EXECUTIVE APPOINTMENTS

The number and percent of non-career executive appointments of women show a small gain since my December report to you. Overall, the number of such appointments rose from 527 to 575, with the number of women increasing from 74 to 81. As of December 31, 1978, women were 14.1 percent of all non-career executive appointments. As we reported to you in our April 1978 memorandum, the most significant gains were made in the first year of this Administration. Minority data on non-career executive appointments are not yet available.

	12/30/75	12/30/76	12/30/77	12/30/78
Total	472	438	497	575
Women	21	29	66	81
% Women	4.4%	6.6%	13.3%	14.1%

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still not good

CONCLUSION

The two-year period analyzed in this report noted continued small gains in the employment of minorities and women in the Federal work force, consistent with the patterns in the years just prior to 1976. It is notable that this growth, while small, has occurred at a higher rate than total Federal employment. However, it is clear that major efforts must continue to be made, particularly at the higher grade levels, to improve representation of minorities and women.

During your Administration, several initiatives have been undertaken to improve the representation of minorities and women. We reported considerable success in both the Presidential Management Intern Program, and the appointment of non-career executives.

In addition, we have moved rapidly to implement provisions of the Civil Service Reform Act of 1978, which provide additional opportunities to work toward our goal of a work force truly reflective of the Nation's diverse population. Initial phases in the implementation of the Senior Executive Service have been completed. Once fully established, we will have increased flexibility to attract outstanding men and women, both in and out of government, to the highest levels of management. We are continuing our cooperative efforts with the Equal Employment Opportunity Commission to establish the Federal Equal Opportunity Recruitment Program mandated by the Civil Service Reform Act, as well as other efforts to ensure that equal employment opportunity enforcement and Federal personnel management reforms reflect our commitment to a fully representative work force, and to the principle of selection and advancement on the basis of skills and abilities.

Copies of this memorandum are being sent to all Cabinet level Department Heads, and the Administrators of the Veterans Administration, General Services Administration, and National Aeronautics and Space Administration, together with an update of the reports on the performance of their agencies. Copies of the reports to agencies will also be provided to your domestic policy staff. We will continue to provide you with semiannual updates of this report.

COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

August 8, 1979

CHARLES L. SCHULTZE, CHAIRMAN
GEORGE C. EADS
LYLE E. GRAMLEY

EYES ONLY

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MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LSG*

Subject: Producer (Wholesale) Prices in July

Tomorrow (Thursday, August 9) at 9:00 a. m. the Bureau of Labor Statistics will release the producer price index for July. The news is very disappointing.

Prices for all finished goods rose 1.1 percent last month (an annual rate of 13.7 percent), the largest increase since February. Prices for consumer foods were unchanged, after declines in the preceding three months. Prices of finished goods other than food increased 1.4 percent (an 18.7 percent annual rate), the largest increase since October 1974.

Among consumer foods, there were continued declines in beef and veal (0.6 percent), pork (6.8 percent), and poultry (6.7 percent). Eggs and vegetables both fell 6.6 percent. But there was a 13.4 percent increase in roasted coffee (there was a May frost in Brazil that has pushed up prices of green coffee sharply) and fairly large increases in cereals and bakery products that reflect an earlier run-up of grain prices.

Energy prices rose dramatically again -- by 6½ percent in July, compared with 5.3 percent in June. Gasoline was up 4 percent; kerosene, 10 percent; fuel oil, 9 percent; diesel fuel, 9 percent; and jet fuel, 5 percent. The effects of increased energy prices also show up in rising prices of goods that have a heavy energy input -- such as industrial chemicals, paint and plastics.

Excluding food and energy, finished goods prices rose 0.8 percent in July, compared with 0.6 percent in May and June. (These are the broad range of industrial goods most directly affected by the price standards.) Regulations set forth by COWPS basically confine price increases each quarter to one-fourth of a company's annual allowable amount. Since July is the first month of the fourth quarter of the price program, some acceleration of these price increases was perhaps to be expected. But it is depressing to see such large increases when the economy is weak.

While the July change in producer prices is discouraging, I do not think it means that our hopes for moderation of inflation later this year were ill-founded. The incredibly rapid rise of energy prices cannot reasonably be expected to continue. Cash prices of a wide range of raw farm and food products -- green coffee, eggs, poultry, hogs, steers, wheat, corn, oats, and flour -- have all declined sharply over the past month. And there is good reason to expect somewhat more moderate increases in the broad range of industrial prices if the economy is as weak as we expect.

THE WHITE HOUSE
WASHINGTON

August 8, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

ANNE WEXLER *Anne*

SUBJECT:

Business Contacts on the Energy Program

I have been working with John Filer, Chief Executive Officer of the Aetna Life Insurance Company, on building support in the business community on the windfall profits tax, the Board, the Corporation, and other parts of the energy program. John is a strong supporter of the program, but has found great resistance in the business community, especially on the tax and the corporation.

He called today with a suggestion I think is worthy of your consideration. He suggests that Hedley Donovan has great credibility with his former peers in the industrial, business, and financial sectors. John has served with Hedley on some boards and thinks he would have great impact in explaining the energy program and enlisting business support.

He suggests that when Hedley comes on board that he, Mil Batten (President of the New York Stock Exchange), and several other businessmen who are supporters, get together to plan some meetings with businessmen. If you feel you would like to ask Hedley to take this on, Stu and I would be glad to work with him in establishing and implementing this process.

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THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

Dear Mr. President,

My staff thought we
should brag a bit.

Jeanita

8-8-79

