

9/11/79 [1]

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THE WHITE HOUSE
WASHINGTON
11 Sep 79

Frank Moore

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

Rick Hutcheson

Zbig Brzezinski

The original has been given
to Ev Small for handling
and delivery.

DOLE AND MATHIAS LETTERS

3744



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

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

ACTION
FYI

	VICE PRESIDENT
	JORDAN
	CUTLER
	DONOVAN
	EIZENSTAT
	MCDONALD
/	MOORE
	POWELL
	WATSON
	WEDDINGTON
	WEXLER
/	BRZEZINSKI
	MCINTYRE
	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

A

THE WHITE HOUSE
WASHINGTON
September 11, 1979

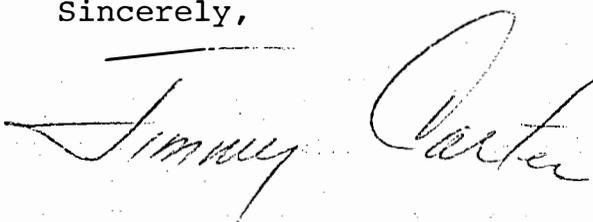
To Senator Charles Mathias

Thank you for your recent letter asking for clarification of a number of questions about the SALT II Treaty which arose in the course of the hearings. I asked Cy Vance to give your questions his close attention, and his response is attached.

I agree with you that the hearings have been extremely useful. They gave the Senate and the public a much better understanding of the details of what we know to be a tightly negotiated Treaty. Your perceptive questions provide an additional opportunity to add to the public record.

I look forward to working with you closely during the forthcoming weeks of this historic debate.

Sincerely,

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

The Honorable Charles McC. Mathias, Jr.
United States Senate
Washington, D.C. 20510

B

THE SECRETARY OF STATE
WASHINGTON

September 7, 1979

Dear Senator Mathias:

The President has asked me to respond to the very thoughtful and important questions you posed in your letter of August 14. The issues have all been a matter of careful deliberation within the Executive Branch. So I am pleased to give you a response that reflects a full consensus within the Administration.

- (1) Is the Soviet commitment not to produce more than 30 Backfire bombers per year for the life of the Treaty deemed to be binding, and if so upon what basis?

Yes. This and other commitments contained in the Soviet statements made at the Vienna Summit on this question establish legally binding limits on the Backfire.

If the United States concluded that the Soviet Union had broken the Backfire commitments, the United States would have the same range of responses as with any provision of the Treaty, including withdrawal from the Treaty.

- (2) Does the United States unequivocally retain the right to share both technology relevant to the development of strategic systems and those systems themselves with our allies?

SALT II will not affect traditional patterns of American collaboration and cooperation with its Allies, nor will it preclude cooperation in modernization. The Soviets attempted to inhibit such cooperation by proposing a non-transfer provision in SALT. The US refused and the Soviets withdrew their proposal. The non-circumvention provision merely makes explicit an obligation which is implicit in any agreement. It imposes no new obligations.

The Honorable
Charles McC. Mathias, Jr.
United States Senate.

- (3) What is the intention of the Administration with respect to the expiration of the Protocol on December 31, 1981? Do you foresee circumstances under which it might be extended?

The Protocol's limits expire on December 31, 1981. The Administration has stated that these limits set no precedents for future negotiations; I stated before the Senate Foreign Relations Committee and our NATO allies have been told that "any future limitations on US systems principally designed for theater missions should be accompanied by appropriate limitations on Soviet theater systems." Therefore, while it is conceivable that a mutually attractive agreement might be achieved before the Protocol expires on one or more of the systems it covers, we do not see any circumstances under which the Protocol would be extended. Moreover, Soviet Foreign Minister Gromyko has stated that the obligations of the Protocol cease to exist upon the expiration of the Protocol, and the Chief of the Soviet SALT Delegation acknowledged that the limitations in the Protocol create no precedents for future negotiations.

Finally, the Executive Branch has no independent authority to commit the United States to extend the duration of the Protocol, and the Administration has made clear that any follow-on to the Protocol will require the concurrence of the Senate.

- (4) Is the United States aware of any question about our right to deploy our ICBMs in a survivable and verifiable basing mode after 1981?

Mobile ICBM launchers are explicitly permitted after the expiration of the Protocol, and the US has made clear that any US mobile ICBM system would comply with all Treaty provisions. MX deployment in any of the mobile basing modes we are considering would not involve construction of additional fixed ICBM launchers. The shelters in MPS systems would clearly be incapable of launching an ICBM. Rather they provide a protected launch location to the launchers themselves. Additionally, the systems for MX basing that have been under consideration would be designed to meet the need for adequate verification.

The Soviet Delegation in Geneva stated to US officials that it appeared that an MPS basing mode would violate both the ban on construction of new fixed ICBM silo launchers and the ban on deliberate concealment measures. The US Delegation responded that its mobile ICBM program would not violate Treaty provisions concerning verification and launcher construction. Subsequently, the issue was discussed on several occasions through diplomatic channels along the same lines. Prior to the Vienna Summit the US publicly announced its plans to proceed with MX and described the various MPS basing modes under consideration. The Soviets questioned the verifiability of MX deployment at the Vienna Summit, where President Carter assured them that the basing mode would be verifiable. Thereafter President Brezhnev signed the Treaty and the Protocol.

- (5) What is the United States' definition of a "launcher" as the word is used in the Treaty?

We consider a launcher, as this term is used in the Treaty, to be an entity which contains the equipment necessary for launching a missile. In certain cases, such as with our present ICBMs, the equipment is located at a fixed silo; in other cases, the equipment can be readily moved to different sites, such as with SLBM launchers and mobile ICBM launchers.

- (6) What is the position of the United States regarding the utilization of third countries in furtherance of our "national technical means" of verifying Soviet compliance with the terms of the Treaty?

The US position is that in SALT "national technical means" are technical information collection systems used by a nation for verifying compliance with agreements and which operate from outside the territory of the Soviet Union. Hence, any American intelligence collection systems located anywhere outside the territory of the Soviet Union, if used for SALT II verification, are included within the term "national technical means" of verifying Soviet compliance with the SALT Treaty.

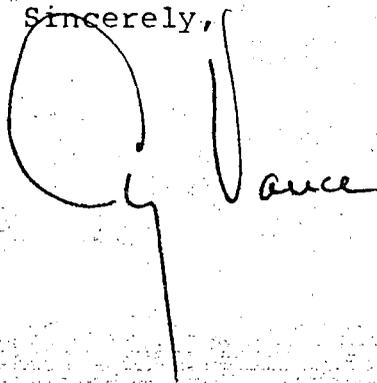
In this connection, I would note that in SALT I the US described NTM in these terms and the Soviet side stated there was no substantive difference between us on this point. Indeed, on at least one earlier occasion, a Soviet official has publicly referred to US stations in third countries as national means.

- (7) The SALT II Treaty is silent with respect to the launch-weight and throw-weight of the SS-19, the heaviest permissible light ICBM. Why has the Soviet Union not provided this essential data, and lacking it, how will the United States be able to verify compliance with the Treaty?

The absence of Soviet data on the launch-weight and throw-weight of the Soviet SS-19 will not interfere with our ability to assure compliance with SALT II provisions. A Soviet statement on data could not substitute for our own estimates of SS-19 launch-weight and throw-weight. In addition, we can tell that increases have occurred in any missile more easily than we can determine their exact size or relationship to specific values. The important point is that our own monitoring capability will allow us to determine whether there are any significant increases in the size of the SS-19 and whether there is any significant discrepancy between the SS-19 and any other Soviet "light" missile.

Let me reiterate my thanks to you for your deep interest in the Treaty and your long-standing support for an arms control process that enhances our nation's security.

Sincerely,

A handwritten signature in black ink, appearing to be "G. Shultz", written over the word "Sincerely,". The signature is stylized with a large loop for the 'G' and a long vertical line for the 'S'.



CHARLES McC. MATHIAS, JR.
UNITED STATES SENATE

August 14, 1979

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CONGRESSIONAL
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AUG 15 1979

cc: Thomson, Beckel

Dear Mr. President:

The four weeks of extremely useful hearings on the SALT II Treaty before the Senate Foreign Relations Committee, Armed Services Committee and Select Committee on Intelligence have produced an extensive and informative record. The legislative recess has given me a chance to reflect on the testimony given in those hearings and to consider how best to deal with the issue of SALT II when the Congress reconvenes in September.

Reference was made in the hearings to factual gaps and to possible differences in interpretation between the Soviet Union and the United States in regard to a number of provisions of the SALT II Treaty. Some ambiguity in any negotiated document may be unavoidable. However, certain questions arose in the hearings and were not answered in a way that adequately completes the record.

Attached are seven questions of fact and interpretation. I would appreciate receiving the Administration's explanation of the United States' position with respect to each one of these. If the Soviet Union is believed to take a different view, I hope

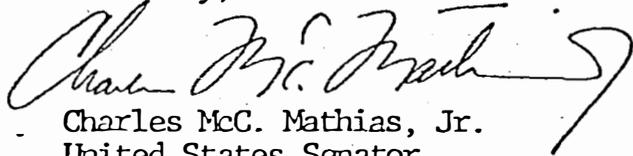
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Mr. President
Page Two
August 14, 1979

that you will explain the difference. Precise statements of our positions will be most helpful to me, to other Senators, and, I am sure, to all citizens who are considering the provisions of the Treaty.

With best wishes,

Sincerely,

A handwritten signature in cursive script, appearing to read "Charles McC. Mathias, Jr.", written in dark ink.

Charles McC. Mathias, Jr.
United States Senator

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

Questions Related to the SALT II Treaty

- (1) Is the Soviet commitment not to produce more than 30 Backfire bombers per year for the life of the Treaty deemed to be binding, and if so upon what basis?
- (2) Does the United States unequivocally retain the right to share both technology relevant to the development of strategic systems and those systems themselves with our allies?
- (3) What is the intention of the Administration with respect to the expiration of the Protocol on December 31, 1981? Do you foresee circumstances under which it might be extended?
- (4) Is the United States aware of any question about our right to deploy our ICBMs in a survivable and verifiable basing mode after 1981?
- (5) What is the United States' definition of a "launcher" as that word is used in the Treaty?
- (6) What is the position of the United States regarding the utilization of third countries in furtherance of our "national technical means" of verifying Soviet compliance with the terms of the Treaty?
- (7) The SALT II Treaty is silent with respect to the launch-weight and throw-weight of the SS 19, the heaviest permissible light ICBM. Why has the Soviet Union not provided this essential data, and lacking it, how will the United States be able to verify compliance with the Treaty?

MEMORANDUM
ACTION

THE WHITE HOUSE
WASHINGTON

September 10, 1979

MEMORANDUM FOR: THE PRESIDENT
FROM: ZBIGNIEW BRZEZINSKI 
FRANK MOORE *F. M.*
SUBJECT: Dole Letter

Senator Dole wrote to you during the Senate recess expressing his concerns about the impact of SALT on the strategic balance (Tab C).

Harold Brown has responded to him with some preliminary observations and has invited Dole to meet with him at his convenience (Tab B).

Recommendation

That you sign the letter at Tab A forwarding Brown's letter. We believe that Dole warrants this type of attention because of his potential help on SALT.

Approve Disapprove

The text has been cleared by the speechwriters.

**Electrostatic Copy Made
for Preservation Purposes**

A

THE WHITE HOUSE

WASHINGTON

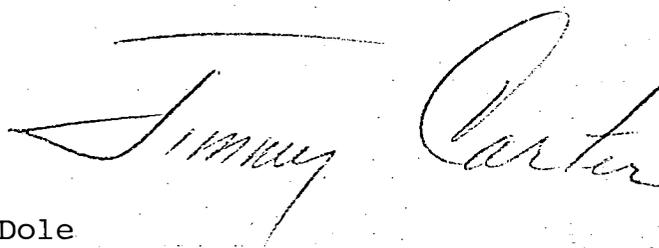
September 11, 1979

To Senator Bob Dole

You recently wrote to me suggesting ways in which we should assess our strategic posture. I appreciate your thoughtful letter and have asked the Secretary of Defense to respond to the questions you have raised and to meet with you at your convenience to discuss your concerns in more detail.

I appreciate the time you are taking to study what we know to be a well-negotiated Treaty and look forward to your constructive participation during the forthcoming weeks of this historic debate.

Sincerely,

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

The Honorable Bob Dole
United States Senate
Washington, D.C. 20510

B

THE SECRETARY OF DEFENSE
WASHINGTON, D. C. 20301

SEP 7 1979

Senator Robert Dole
United States Senate
Washington, D. C. 20510

Dear Senator Dole:

The President asked me to respond to your letter of August 12 concerning the SALT II Treaty and its impact on the strategic balance. You have brought to light some interesting and thought provoking points.

I appreciate the constructive spirit of your letter and I fully agree on the need to "find a basis for ratifying SALT that is founded on a US strategic program that will ensure our future security." The issues you raise are complex, and rather than attempt to answer them in detail in this letter, I would like to invite you to come here and discuss these issues with me in depth at your earliest convenience.

Meanwhile, before we meet, I have the following preliminary observations. I agree that we must evaluate SALT in the context of our overall military force structure and defense strategy. I believe that all of the Administration witnesses who have testified on SALT II have attempted to set their remarks in this light, and the Senate debate seems to be proceeding along these lines. The formal statements of the various Administration officials, including my own, are in effect net assessments of the strategic balance and the impact of SALT II on that balance. Precisely because I agree that our defense programs and policies must be set in the context of our objectives, of our strategy for meeting the threats we face and preserving the interests we may need to defend, and of the capabilities of our allies and our potential enemies, I have attempted to cast my presentation on SALT II in that light. My July 11 statement to the SFRC, a copy of which I enclose, along with the transcript of the ensuing discussion, provides an example of how SALT II and our modernization programs relate to each other.

The continuing process of reviewing our policies and programs in this broader context is one of the highest priorities of the Defense Department, both in OSD and in the JCS. In that effort, we involve outside experts fully. I doubt that a "blue ribbon" panel could add very much to the effort in a timely fashion for the SALT debate, though we will be considering ways to improve and broaden the perspectives of this effort as we go forward. (It is hard for me to imagine a better "blue ribbon" panel than that represented by the various Congressional committees that deal with defense programs and budgets.) As we proceed, with the Senate, to consider SALT II in the light of our defense programs, I will continue to present my view of the balances that are critical to maintain, the programs we propose, and the way these programs will permit us to maintain these balances. The views of the JCS will also be available to the Congress.

In the specific case of our strategic nuclear forces, it is my view that the various programs we have underway--the Trident submarine and missile programs, the ALCM program, and the MX program recently approved by President Carter, as well as key improvements in communications and intelligence--will meet the criteria you set out, which are also our objectives, of perceived balance and stable deterrence, hedged against unforeseen Soviet developments. No less important are our efforts to reverse a 10-year trend of declining overall defense efforts that has only recently leveled out, to modernize our theater nuclear forces with our allies and to improve, again in conjunction with our allies, our conventional forces. I stress that improved readiness and improved cooperation with our allies are as much a part of this effort as new equipment. As to the overall level, while I recognize that there can be honest differences of view over whether these efforts are enough or, indeed, too great, my immediate concern is securing Congressional approval for the full level of the Administration's current proposals.

Those of us who speak for the Executive Branch, both military and civilian, will be addressing these issues in great detail in the coming weeks. I believe our statements--and the commentary of our critics and supporters--should provide ample basis for making a judgment about SALT and about our nation's defenses.

If you agree that a meeting is the best way to carry our dialogue further, my office will be contacting you to arrange it.

Sincerely,

Harold Brown

Enclosure
a/s

STATEMENT ON STRATEGIC MILITARY BALANCE: MILITARY ASSESSMENT

BY

THE HONORABLE HAROLD BROWN

SECRETARY OF DEFENSE

BEFORE THE

COMMITTEE ON FOREIGN RELATIONS

OF THE

UNITED STATES SENATE

11 July 1979

Mr. Chairman and Members of the Committee:

I am pleased to testify before you today on the strategic balance and SALT. With me is Dr. William Perry, Under Secretary of Defense for Research and Engineering. With your approval, I would like to submit for the record our joint statement, and discuss more briefly in oral testimony the key issues you are considering today. Dr. Perry will then elaborate further our planned programs to modernize our strategic deterrent. Following that, we would be pleased to answer your questions.

My discussions today will be divided into four parts. First is a statement of our strategic policy goals and an assessment of our present forces relative to those goals. Second, I will review the challenge posed by the continuing Soviet strategic force buildup. Third, a description of the US strategic force modernization plan developed in response to this challenge. And fourth, a discussion of proposed SALT II constraints and their impact on the future strategic military balance.

Strategic Policy Goals

Strategic nuclear forces are only a part of our military capability. They account for a relatively small part--including their associated infrastructure and depending on how the estimate is made, 12-15%--of our defense expenditures. My estimates given to you two days ago, in answer to questions, were of the direct expenditures on strategic forces. Our non-nuclear general purpose forces consume more of the budget and are much more likely to be used. They have to be relied on for deterring and defending against many threats for which strategic nuclear forces alone, no matter how capable, would not be a credible deterrent, and are still less so in an era of parity in strategic forces. But it is only

by a strategic nuclear war that the physical existence of the United States could be militarily threatened in the foreseeable future. Thus, our very highest military priority is to assure that our strategic forces are fully adequate to:

- (1) Preserve the physical integrity of the U.S. by deterring strategic nuclear war, and contribute to deterring other actions that, though short of a nuclear attack on the US, nevertheless threaten our vital national interests.
- (2) Maintain the perception--and the reality--that US forces are as capable as those of the USSR, that there is no level of nuclear conflict at which the USSR could gain a military or political advantage. This will aid both in deterrence of nuclear war and, if it nevertheless occurs, in ending it at as low a level of intensity and on terms as favorable as possible to the US (recognizing that we are dealing with degrees of catastrophe).
- (3) Promote greater stability by limiting the pressures to build up strategic arms, and reducing the incentives for either side to resort to nuclear weapons.

Deterrence of nuclear war is our most fundamental defense objective. A credible deterrent is achieved when our enemies believe that if they start a course of action that could lead to war, they will either pay an unacceptable price or be frustrated in their attempt to achieve their objective. Adequate deterrence requires the capability to inflict, regardless of the circumstances, assured destruction on a potential attacker.

Assured destruction is necessary for nuclear deterrence, but it is not, in my judgment, sufficient as a strategic doctrine or as a sole basis for determining the characteristics of our strategic forces. While I have serious doubts about whether a nuclear war, once started, could be kept limited, it would be imprudent to place the United States in a position in which uncontrolled escalation would be the only course we could follow. Massive retaliation may not be appropriate, nor will its prospect be sufficiently credible in all circumstances to deter the full range of actions we seek to prevent. Effective deterrence requires forces of sufficient size and flexibility to attack selectively a range of military and other targets, yet enable us to hold back a significant and enduring reserve. The ability to provide measured retaliation is essential to credible deterrence.

Essential equivalence--our second broad objective--goes beyond deterrence. It reflects the reality that nuclear forces have a political impact influenced by static measures (numbers of warheads, throw weight, equivalent megatonnage, etc.), and by dynamic (war-gaming) evaluation of military capability. We need forces of size and character so that we, the Soviets, and third countries perceive that we cannot be coerced or intimidated by larger or more capable Soviet forces.

As long as our relationship with the Soviet Union is more competitive than cooperative--and this is clearly the case for the relevant future--maintaining essential equivalence of strategic nuclear forces is necessary to prevent the Soviets from gaining political advantage from a real or perceived strategic imbalance.

In terms of specific forces, the United States leads in some categories; the Soviets lead in others. The Soviets have more and larger land-based missiles, megatonnage, extensive air defenses, and a larger number of submarines and submarine-launched ballistic missiles. We have offsetting advantages, for example, in numbers of warheads (particularly SLBM and bomber warheads), accuracy, bomber forces, and submarine survivability. US gaps in some comparative measures are compatible with essential equivalence if the gaps are offset by compensatory US advantages in other measures; a judgment of overall imbalance, whether perceived or real, is not compatible with essential equivalence. Essential equivalence exists today.

Our present strategic forces also provide, by any standard, a credible deterrent. We have today--and will take whatever measures are required to sustain--survivable forces capable of massive destruction of Soviet cities and industry, even after an all-out surprise attack on our forces by the Soviets. We also have both the forces and the targeting and employment policies to allow selective use of nuclear force to respond to more limited provocations.

The Future Challenge

While the present balance is adequate in terms of our objectives of deterrence and equivalence, we face challenges for the future that we cannot ignore. Indeed, while the strategic balance through 1985 will continue to be adequate, it will be less favorable to us in the early 1980s than it is now.

The first challenge is force obsolescence. Our strategic forces are characterized by a 30- to 40-year life cycle. It typically takes

about ten years from the initiation of system development until achievement of complete deployment (what is usually called full operational capability). And the useful operational life of strategic forces is up to about thirty years.

The strategic forces operational today--B-52, Minuteman, and Polaris/Poseidon--were developed in the 1950s and 1960s. No significant new aircraft have been introduced in the heavy bomber force for nearly twenty years (though the medium FB-111 was brought on line in the late 1960s); the last Poseidon submarine was commissioned twelve years ago; and it has been almost ten years since the introduction of Minuteman III into the ICBM force.

We deployed the last Minuteman III in June 1975. That was the culmination of a large US MIRV program for both ICBMs and SLBMs that was some 5-8 years ahead of Soviet programs. But, since that date--as a result of decisions made years ago--we have deployed no additional ICBMs, while over the same period the Soviets, making up for their late start on MIRVing, have produced and deployed over 500 ICBMs of new or improved types. This exemplifies the greater current momentum of the new strategic systems deployments by the Soviets as compared with our own. This momentum is evident in qualitative as well as quantitative terms. Together, these factors affect assessments of essential equivalence and also pose threats to elements of our strategic forces.

The Soviets began to deploy MIRVs on their ICBMs a few years ago and will exceed 5000 warheads in their ICBM force by the early to mid 1980s. They have tested a new ICBM guidance system which we believe will provide improved guidance accuracies in their deployed forces. The

combination of accurate guidance and the large number of warheads expected in the early 1980s will give their ICBM force the capability to destroy most of our ICBM silos with a relatively small fraction of their ICBM force. This is the most serious single problem we face, probably in terms of threats to our strategic forces and certainly in terms of perceptions of equivalence.

Fortunately, the future vulnerability of the Minuteman force is not the same as vulnerability of the United States. We can afford to have a degradation in the ICBM force for a temporary period because our overall strategic capability remains very good, thanks to our strategic concept of a Triad, whose other legs are not now threatened in the same way. But in recognition of this concern, we have decided to build up the leg of the Triad that is temporarily weak, so that should--at some later time--other parts of our strategic forces become more vulnerable, our overall strategic deterrent will not be eroded.

Soviet improvements in the SLBM force are also significant. The Soviets are developing a new SSBN and a new SLBM (TYPHOON). While Soviets strategic forces have had more delivery vehicles and larger aggregate nuclear yield than the US, we have had substantially more warheads because of the MIRVs in our SLBM force. This past year the Soviets began deploying the SS-N-18, a MIRVed SLBM. As they deploy the MIRVed version of the SS-N-18 on their DELTA submarines, they will sharply erode our earlier lead in the number of strategic warheads.

The projected increase in SLBM warheads is not only a matter of appearances, but also of reality. Under some circumstances SLBMs could pose a significant counterforce threat to our bombers, by barrage attack

on our present Strategic Air Command bases. There is also the potential of our bombers being destroyed with an ICBM barrage attack, whose larger numbers could compensate for the longer bomber escape time, so that even though the bombers get off the ground, they may not escape the area that is barraged. Our air-breathing force will in the future also have to deal with the growing Soviet air defense threat posed by look down - shoot down interceptors and advanced surface to air missiles currently under development. Well into the 1980s our bombers will be able to penetrate Soviet defenses--and our ALCMs indefinitely.

Fortunately, we are also quite confident that, through the 1980's-- which is about as far as we can confidently predict--our SLBMs cannot be located by Soviet anti-submarine warfare forces sufficiently well for an ICBM barrage attack to be effective against them. But we are not so sure what ASW capabilities the Soviets may develop and deploy in the 1990s, so we cannot simply assume that our SLBM force will remain invulnerable indefinitely.

Strategic Force Modernization

Maintaining deterrence and essential equivalence through the next decade and beyond will require strategic force modernization in reaction to: (1) obsolescence, (2) vulnerability to attack or to defense, and (3) the need to maintain essential equivalence.

The first challenge results from our lagging investment in strategic forces during the last decade.

The latter two result from the continuing Soviet strategic offensive and defensive forces buildup which, without reaction on our part, would ultimately increase the vulnerability of our forces, to destruction

8

either before they are launched or before they reach their targets, thus tilting the worldwide perceptions of the strategic balance.

For these reasons, we have been working to find ways to restore the survivability of ICBMs, to maintain our SLBM survivability into future decades, and to strengthen the survivability of the air-breathing forces. We have programs in the works to do all of these things. The longer range of the Trident (C-4) missile will maintain the invulnerability of our SLBM force by expanding the ocean area which would have to be searched to find our submarines. Our cruise missile development will offset improvements in Soviet air defenses as we achieve an initial operational capability in 1982. And our work on a hardened cruise missile carrier will, at a later time, both reduce our vulnerability to a barrage attack on our bomber bases and also allow us to expand substantially the size of the cruise missile force.

The most difficult issue to resolve has been the survivability of the land-based leg of the Triad. We have sought a solution that will satisfy our military need, at a cost in line with past investments in strategic systems and consistent with our efforts to have verifiable strategic arms limitations.

Finding a system that is compatible with all of these things has been a taxing effort. To carry this out we will deploy a new ICBM in a mobile basing mode that is both survivable and verifiable. The President has chosen the full-scale (190,000 pound) MX for this purpose. This is the largest new missile permitted under SALT II.

This missile will in military terms be as capable--in the light of the limit on fractionation of payloads--as any the Soviets can deploy.

A comparison of relative ICBM capabilities is provided in Figure 1. Each of the warheads in all of these systems have sufficient yield to provide essentially 100% probability of destroying nearly any soft target (e.g., industrial complexes) in our (or the Soviet) targeting base. The capability which is more often compared is so-called hard target capability. This is proportional to the number of hard targets that each of these missiles can destroy. Figure 1 compares this capability according to the date by which it would be achieved. It is not appropriate to compare the MX with the present SS-18, because the SS-18 exists today and the MX will not be operational until 1986. By the time the MX is operational, the SS-18 may very well have improved its guidance accuracy, which would improve its hard target capability. Figure 1 shows the capability of the SS-18 today and in 1986 allowing for possible improvements in guidance accuracy by that date.

There remain design details to be worked out for the mobile land-based system. These will take some weeks. We expect a decision later this summer that will take into account costs, the needs for invulnerability, environmental concerns and the requirement that the system be adequately verifiable. (The basing system will set a verification standard to which we will hold the Soviets in their own deployments).

Our SLBM modernization program is already well underway. This year we will begin deployment of the new Trident 1 (C-4) missile in our submarine fleet. The first new Trident submarine, launched earlier this spring, will be on patrol in late 1981.

The C-4 missile will significantly enhance our strategic force effectiveness by improving weapon yield, accuracy and range relative to

the present C-3. The Trident submarine will also increase the effective size of the force as a result of improved on-station times.

In combination, the Trident submarine and the C-4 missile will provide a significant hedge against future force vulnerability. While we do not expect a serious threat to our SSBNs to develop during the next decade, we must hedge against potential ASW breakthroughs. The C-4 will allow a much greater patrol area as a result of its increased range, and the Trident submarine will be quieter than our present SSBNs, making acoustic detection more difficult.

The Trident submarine allows for future force enhancement as well, by providing room for later increases in SLBM size. We are examining alternative designs of SLBMs which could exploit this potential.

Our bomber modernization program will provide a near term response to counter Soviet initiatives in air defense. The two competing designs for the air launched cruise missile will begin "fly-off" flight testing this summer, and we will begin serial production next year to achieve an IOC in 1982. The cruise missile will provide a radar signature which is less than one one-thousandth that of the B-52, making it very difficult to detect. In addition, the cruise missile will fly at very low altitudes, where ground clutter further complicates detection. Finally, a force of three thousand cruise missiles provides great offensive flexibility-- flexibility which can be used to overwhelm defenses selectively, making the task of Soviet air defense planning against cruise missiles very difficult. The programmed cruise missile deployment and our associated cruise missile technology programs will provide the capability to continue to penetrate Soviet air defenses through and beyond the 1980s.

The air-launched cruise missile program also contributes to aggregate measures of essential equivalence by providing thousands of warheads of substantial yield which are guided with very great accuracy. Additional force enhancement and the problem of long term (beyond 1990) bomber obsolescence can be addressed by development of a cruise missile carrier aircraft, or a new penetrating bomber if that proves advisable.

The timing and magnitude of a future cruise missile carrier aircraft program can be adjusted to deal only with force obsolescence (i.e., replacing the B-52), or to provide force enhancement as well. Such a program would also reduce future vulnerability to an SLBM--or ICBM--barrage attack by including aircraft hardening to blast and nuclear effects. Hardening achievable with reasonable designs can increase by tenfold the number of equivalent warheads needed for a successful attack.

Our modernization program also includes improvements to our strategic command, control and communications network. Without a survivable network, we would suffer from the inability to gather information, make decisions, and execute our forces in consonance with those decisions. This would affect not only our war fighting capability, but also our deterrence and our ability to control the use of nuclear weapons and limit, to the extent possible, escalation. We have analyzed our C³ system under attack conditions and have initiated both near term and long term improvements required to maintain credible deterrence.

The aggregate effect of these modernization plans will be to preserve our deterrent and essential equivalence through the next decade. We cannot measure deterrence directly. But one way to make an appropriate assessment is to examine how our forces could respond to a

hypothetical Soviet attack. Figure 2 compares total available warheads versus time. The first plot (Figure 2a) shows undegraded forces (that is, as they would be before they are attacked). The second (Figure 2b) shows surviving US warheads and remaining Soviet warheads after a Soviet attack. The third (Figure 2c) shows remaining warheads after a US response. The impact of Soviet strategic force building is evident in the adverse trends in the late 1970s to mid 1980s. These trends are the result of aggregate US and Soviet strategic nuclear program decisions made throughout the 1970s. The bomber and SLBM improvements resulting from our modernization program, resolutely pursued, will begin to correct these trends by the mid 1980s. And deployment of a new, survivable ICBM beginning in 1986 will reverse them. In short we project that by 1986 we will have by our own programs redressed the threat to the balance. This is evidence both of the need for our programs and of the utility of SALT limits on what we must do to respond.

Essential equivalence is also difficult to measure directly. Figures 3 and 4 compare two static indicators as projected for 1980, 1985 and 1990. Of course, projections for the latter two dates are much more subject to uncertainty--and to future decisions.

These indicators are consistent with our best estimate of Soviet strategic posture under a SALT II agreement and a representative US posture consistent with SALT II. These indicators do not account for reliability or the ability to penetrate defenses. They are static measures.

Figure 3 compares the number and size of US and Soviet warheads. The height of the bar is proportional to the total number of warheads

and the width is proportional to the average warhead size. Thus the area in each bar is proportional to the total equivalent megatonnage. We project that we will maintain our lead in total warheads through 1990 while the Soviets will maintain their lead in equivalent megatonnage. This is, broadly, also the current picture.

Figure 4 compares the military capability of US and Soviet strategic forces against soft targets (e.g., industrial complexes) and hard targets (e.g., missile silos). Aggregate military capability against soft targets depends upon the nature of the targets and the geographic distribution (clustering) of the target base. The soft target capability compared in Figure 4 is an appropriate measure of capability against targets clustered in a limited geographic area (e.g., a few square miles). For targets clustered in larger areas, a more appropriate measure is the equivalent megatonnage compared in Figure 3.

The US, with its advantage in number of weapons, leads in capability against soft targets in small clusters, while the Soviet Union, with its advantage in warhead yield, leads in capability against soft targets in large clusters.

In Figures 3 and 4, the impact of the US strategic force modernization program is evident in the changes projected during the 1980-1990 time period. It should be noted that in 1985, the hard target capability of the Soviets will have a substantially larger component than ours of prompt (e.g., less than one hour) delivery time that will be redressed by 1990, but is a perceptual problem in the 1985 period; I will return to this issue later in my presentation.

This modernization program is completely consistent with SALT II constraints. We can develop, test, and deploy each of our planned programs--cruise missiles, Trident, MX--in the fashion, and on the schedule, that we have planned. In at least one important respect--Minuteman vulnerability--SALT II will make the solution of a problem easier than without an agreement. SALT II will limit, to well below previously projected levels, the number of Soviet MIRVed ICBMs, will freeze the number of warheads on existing ballistic missile launchers, and will limit the number of RVs allowed for new ICBMs. A new mobile ICBM system, regardless of basing mode, will be more survivable because these limits place an upper bound on the number of warheads that can be targeted against the system. SALT II becomes, then, an important step in maintaining the survivability of our ICBMs.

The magnitude of the Soviet threat would not in my judgment be diminished, nor would our ability to respond to such a threat be improved by rejection of SALT II. SALT II will permit all of the actions which are necessary to counter the Soviet threat. Without SALT II we would need to do more, since the challenge we face would almost certainly be larger in the absence of limits on Soviet actions.

The cost for the United States to maintain the strategic balance is likely to be significantly more if SALT II limits are not in force. The Soviets are capable of deploying significantly more high-quality systems in the absence of an agreement than they would be permitted under the SALT II provisions. Cost estimates of illustrative forces which the United States might deploy so as to maintain the strategic balance in the face of such a Soviet buildup range up to about \$15B per year on the

average in FY 80 dollars for the next decade. With SALT II, currently planned US forces will cost about \$12 billion per year in 1980 dollars for the same period, and that reflects an increase over current spending levels. Thus, without SALT II an additional \$30 billion could be incurred over the next ten years. These are very approximate estimates but the nature of the effect of SALT II is clear.

With SALT II we have a framework which can add predictability and stability in the strategic challenges we face. One meaningful test of the SALT II Treaty is to compare the strategic balance of the present and near-future (the product of decisions made by both sides a decade or more ago) with the balance which will exist in the immediate post-Treaty years, after 1985.

I believe it is clear that in 1985 under SALT II we will attain our strategic objectives if we carry out the programs we plan to modernize our forces. That is, in 1985 under SALT, as is true today, Soviet advantages in some areas will be offset by US advantages in others and the overall flexibility, power and survivability of our forces will be such that deterrence, as well as equivalence will be maintained, despite the fact that the Minuteman force will be vulnerable until MX is deployed.

There are some who contend that in 1985 under SALT, the US will be condemned to strategic inferiority. On examination, it appears that the principal basis for this claim is that in 1985, the US Minuteman force will be vulnerable to Soviet ICBM attack and we would be unable, by use of U.S. ballistic missiles, to retaliate in kind against Soviet ICBMs if they attacked ours. In other respects, these critics concede the balance would be rather as it is today--a US reentry vehicle lead

(though smaller than now); a Soviet lead in throw weight and concomitantly, megatonnage. Because of the seriousness of the charge--and, I may say, the seriousness of some of the observers by which it is advanced-- I want to respond to it directly.

I do not believe the US will face strategic inferiority in 1985--or at any other time before or later--if we have SALT and if we do the things we need and plan to do to modernize our own forces. In particular:

- o In 1985, our bomber and submarine force will be far more capable than today, and far more capable than the corresponding Soviet force.

- o In 1985 the US would have a range of devastating responses open to it were the Soviets to run the enormous risks of an attack on our ICBMs. It bears emphasizing, because it is so often ignored, that even after a total loss of Minuteman missiles, we would not face the dilemma of surrender by inaction or mutual suicide by an all-out attack on Soviet cities and industry, provoking an equivalent attack on ours. We would instead have surviving bomber and submarine forces still fully capable of selectively attacking military, economic, and control targets, thus negating any gain the Soviets might imagine they could attain by an attack on our ICBM force.

- o In the aftermath of an attack on US ICBMs, the remaining Soviet ICBMs would not be in sanctuary. Our ALCMs in surviving bombers would have the accuracy, numbers, and ability to penetrate defenses sufficient to allow us significantly to reduce the residual Soviet ICBM force. The time for cruise missiles to arrive on target would be longer than the time for ICBMs to arrive, but that element of difference is only one among many factors in determining the balance.

o All these facts being true, the Soviets could not hope to gain political or diplomatic leverage from their advantage in a narrow area-- ICBM vulnerability. In connection with the political effects of the balance we anticipate in 1985, it is worth pointing out that by the mid-80s, Soviet ICBMs as well as ours will be increasingly vulnerable to a first strike by the other side's fixed ICBMs. Our Minuteman III alone, equipped with MK12A and improved guidance, would have considerable counter-silo potential, especially if one considers the possibility of preferentially targeting the limited number of MIRVed Soviet ICBMs. In political terms, the fact that by 1985 the US should be very far along toward solving its vulnerability problem should contribute to the perception of dynamism in US programs that would reinforce perceptions of US strength in units already deployed.

In saying the US could maintain the balance under SALT II, I do not imply that we must have SALT II to do that. For we have the means--and I am confident we would find the will--to maintain the balance against any threat.

But I believe, and think that after analysis you will agree, that the post-1985 balance will be more stable and more certain than would be the case were SALT II rejected. After 1985, assuming ratification and the implementation of planned strategic programs, our force will include a substantially modernized Triad--a full-scale MX in a survivable and verifiable basing mode, the TRIDENT SSBN submarine with C-4 SLBMs aboard, and a force of bomber-launched ALCMs--and vigorous ongoing R&D programs in several key technology areas, designed to assure the continued viability of our deterrent into the 1990s and beyond. Confronting

us will be a somewhat similar force whose size, composition and capabilities, measured by all significant indices, in consequence of our verification efforts, will be known to us. Both arsenals, ours and that of the Soviets, will be smaller--less threatening and less threatened--than would have been the case were competition to have been unconstrained. Limitations on arms levels and reduced uncertainty on both sides would allow the balance to be maintained at a substantially lower level of destructive power, with reduced risk and reduced demands on defense expenditures.

We and our adversaries need to constrain the competition. This is not to say that agreements to limit strategic or other armaments can solve problems of political or even of military competition. But carefully drawn SALT agreements--backed by sound verification measures--can accomplish a great deal.

We can and will maintain deterrence and essential equivalence through the 1980s with or without a SALT II agreement. I view SALT not as an alternative to strategic forces, but as a major factor, along with our strategic modernization program, in maintaining the military balance and meeting our broad strategic goals.

To summarize, with the programs the Administration proposes, we will retain an adequate strategic balance through 1985 and improve the relative balance thereafter, though the balance will be less favorable in the early 1980s than it is now. The SALT II agreement will produce a more favorable balance for the US during its duration than we would have without it. It permits us to carry out all of the strategic programs we plan, including those that will improve our relative position in the middle and last 1980s.

I have no doubt that approval of SALT II will improve our military security as well as our overall national security.

FIGURE 2a

TOTAL WARHEADS ON-LINE FORCES

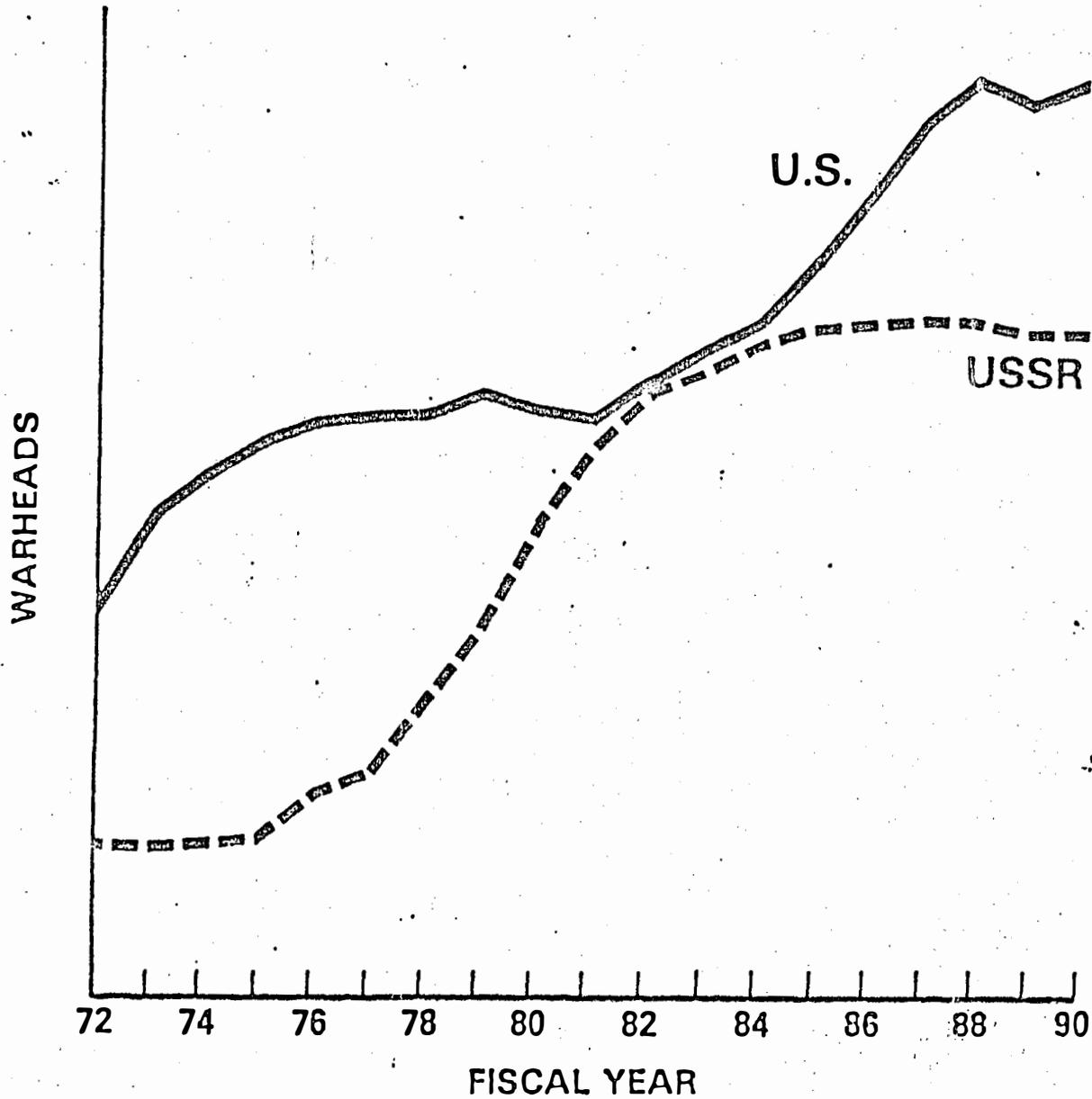


FIGURE 2b

WARHEADS AFTER SOVIET 1st STRIKE

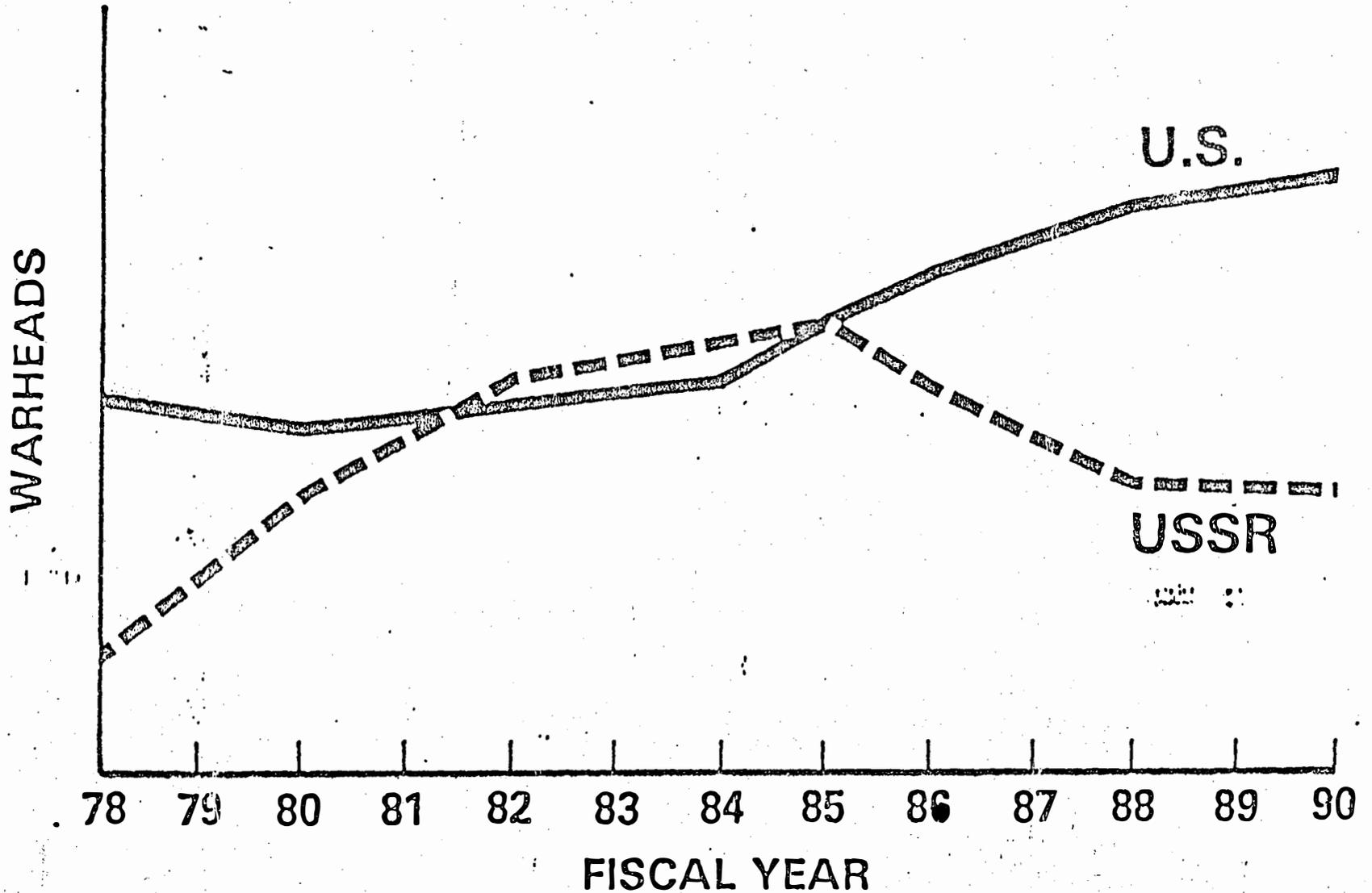


FIGURE 2c

WARHEADS AFTER SOVIET 1st STRIKE AND U.S. RETALIATION

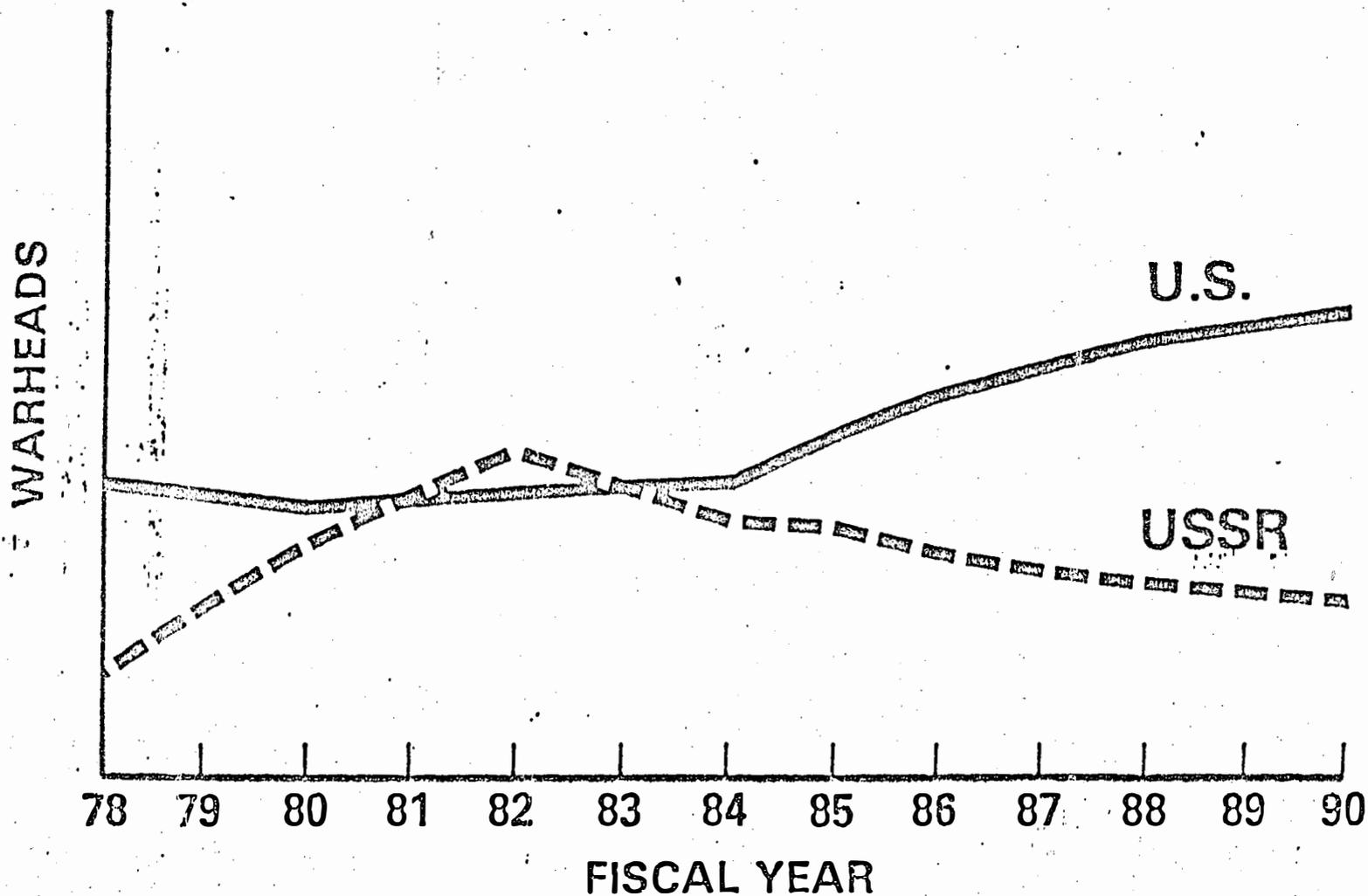
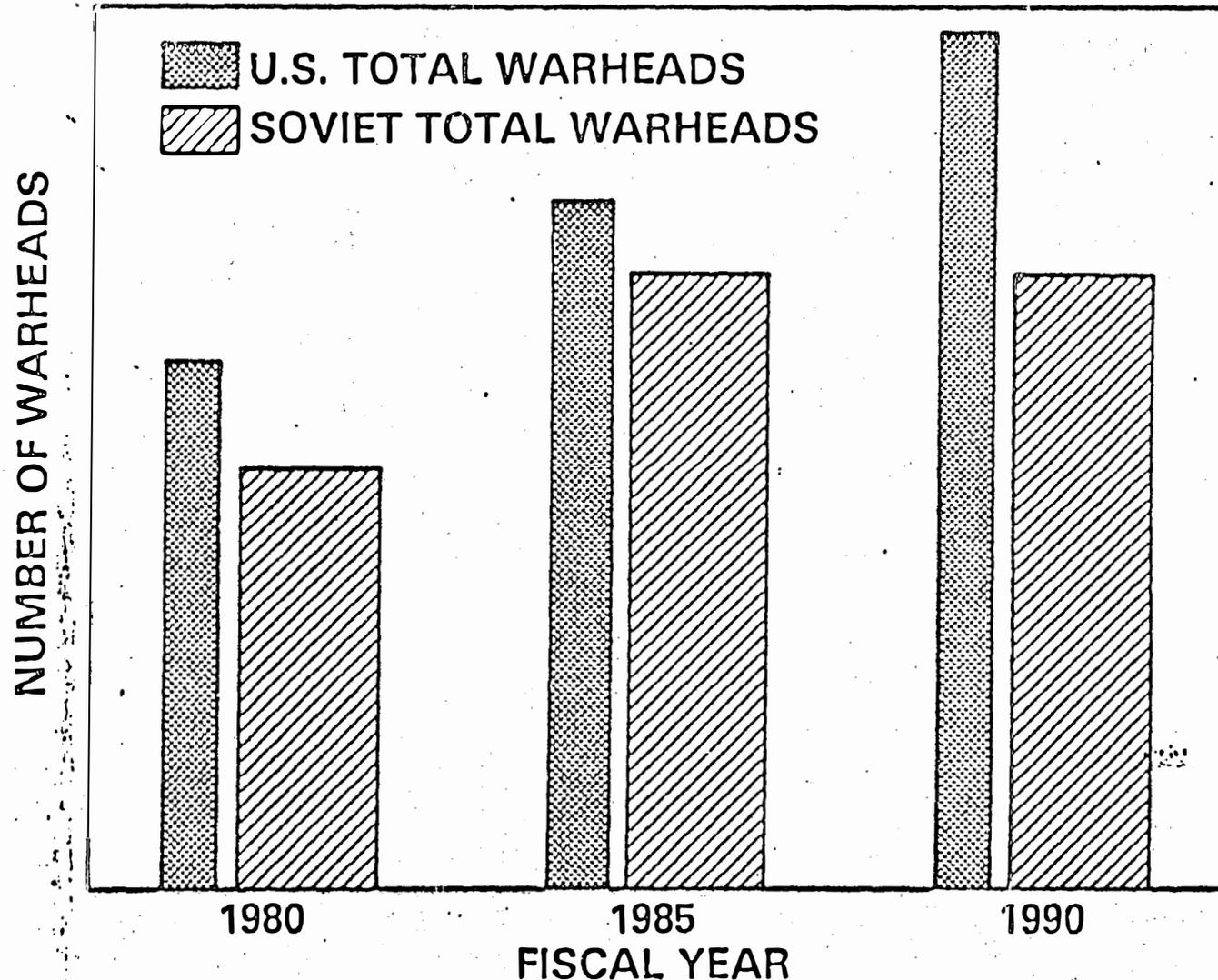


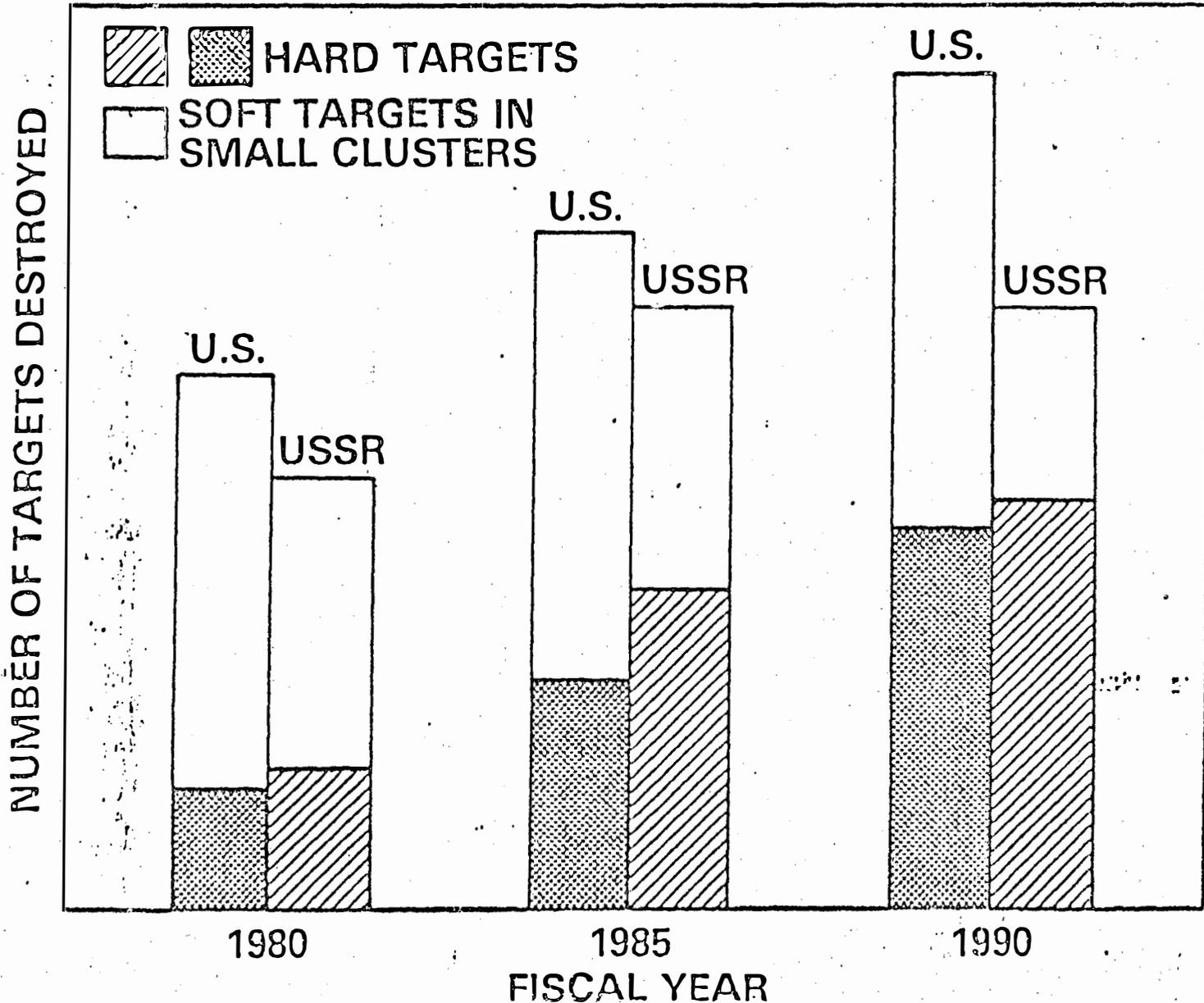
FIGURE 3
**TOTAL FORCE MEASURE COMPARISON
BY YEAR**



THE WIDTH OF EACH BAR IS PROPORTIONAL TO THE AVERAGE EQUIVALENT MEGATONNAGE PER WARHEAD SO THAT THE AREA IN EACH BAR IS PROPORTIONAL TO TOTAL EQUIVALENT MEGATONNAGE.

FIGURE 4

TOTAL FORCE MEASURE COMPARISON BY YEAR



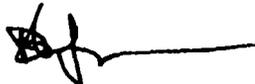
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MEMORANDUM
ACTION

THE WHITE HOUSE
WASHINGTON

September 10, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI 
FRANK MOORE *F. M.*

SUBJECT: Dole Letter

Senator Dole wrote to you during the Senate recess expressing his concerns about the impact of SALT on the strategic balance (Tab C).

Harold Brown has responded to him with some preliminary observations and has invited Dole to meet with him at his convenience (Tab B).

Recommendation

That you sign the letter at Tab A forwarding Brown's letter. We believe that Dole warrants this type of attention because of his potential help on SALT.

✓ Approve _____ Disapprove

The text has been cleared by the speechwriters.

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BOB DOLE
KANSAS

United States Senate

WASHINGTON, D.C. 20510

August 12, 1979

STANDING COMMITTEES:
AGRICULTURE, NUTRITION, AND FORESTRY
FINANCE
JUDICIARY

4999

3615
J
Ack FM/NSC
CONGRESSIONAL
LIAISON

AUG 16 1979

cc: Thomson, Beckel

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

Dear Mr. President:

In a previous letter I addressed several concerns I have with the SALT II treaty and its impact on the strategic balance. Over the past days and weeks of testimony before the Foreign Relations and Armed Services Committees, the Senate has heard much expert opinion on the issues of national security and nuclear arms - but, unfortunately, much of this testimony has been conflicting and impossible to put in context. Such testimony, from Administration sources as well as other experts in the field, has only added to the confusion over strategic balance and our future defense needs, rather than helped answer the many existing questions and concerns.

Today, the debate over SALT II must be conducted without an adequate public picture of the overall strategic and theater nuclear balance. For all the testimony, and private and public discussion of SALT II issues, we cannot address either individual force improvements or individual aspects of the SALT II treaty on the basis of how they will affect the overall trends in the balance.

As a result, we have become polarized over issues like the Backfire, the Soviet monopoly of heavy ICBM's, verification, and the MX, rather than furnished with a basis for judging how each SALT II issue affects our overall nuclear security. Worse, we lack the basis for forming a consensus that would combine support of the SALT II treaty with the improvements in U.S. nuclear forces which would ensure both the long-term stability of deterrence and which would enable us to negotiate future arms control agreements from strength.

.../...

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SU02
NA01

The President
August 12, 1979
Page Two

Several Senators have recently attempted to cope with the frustration created by these problems by calling for defense spending over the next few years to redress a perceived imbalance between the power of the Soviet Union and that of the United States. It has also been requested that before SALT II is ratified, a new five-year plan for defense spending be submitted for the evaluation and commitment, not only of the Administration, but of the Congress.

This approach, while well-intentioned, makes too much of an attempt to solve our national security problems by throwing federal money at them. These problems require reflection and direction. This country needs to know its specific strategic and military needs. It needs to know how it stands against its potential enemies. It needs to know what its position is likely to be five years, ten years and twenty years from now. It is not in our interests to simply spend more money. If we spend more, we must do so according to an overall defense plan.

Further, we cannot separate the SALT debate from the more global setting of military force structure and total defense posture of the United States and our allies. It may well be that we do need to spend more in the defense area. But what concerns me most is not the total spent, but that we make the necessary force improvements based on a careful analysis of the areas that need to be strengthened in order to halt the erosion of our position during the treaty years. Only when we have this knowledge, can we achieve a plan of action that could allow us to support ratification with confidence.

For these reasons, I urge you to take four steps which I believe can transform the SALT II debate from a narrow and polarized argument over the treaty into a sound bi-partisan bargain that will combine ratification of SALT II with a broad, agreed program of improvements in our strategy and forces.

First, given the pressing timing of the SALT II debate, I urge you to provide the Senate and the American people with a comprehensive net assessment of the trends in the strategic and theater nuclear balance which fully reflects the impact of SALT II, the individual impact of currently programmed U.S. force improvements, and the individual impact of known and projected Soviet force improvements.

.../...

The President
August 12, 1979
Page Three

Such an assessment must go beyond the narrow boundaries of static indicators of strategic strength, or the ill-defined assessments of Secretary Brown's annual defense reports. It must compare the level of defense expenditure and the overall effort in building nuclear forces. It must make detailed comparisons of the present forces and technology on each side and of the meaning of major force improvements. It must assess command and control, warning, intelligence, targeting and communications capabilities. It must show how current and future forces will affect war fighting capabilities. It must clearly identify risks and uncertainties, and it must list the major options for further U.S. force improvements and their potential cost-effectiveness.

I know that the building blocks for such a net assessment are already available in the Department of Defense, and that virtually all of it can be made public without any risk to our security and intelligence services. It is this work that should serve as the basis for the Senate's deliberations over SALT II.

I further suggest that you direct the Joint Chiefs of Staff to independently report their assessment of the trends in the strategic balance on both sides through the end of this century. Again, their assessment should be comprehensive in nature, and fully portray the impact of the provisions of SALT II. It should show how currently planned and programmed U.S. force improvements will affect the balance and how known or probable Soviet force improvements will affect U.S. security. It should reveal our ability to predict the rate of improvement in Soviet forces. The overall uncertainties in our ability to predict and analyze Soviet force improvements covered in the treaty after they occur, must also be assessed. In short, it should complement this initial input of the Secretary of Defense with the best possible independent judgements of our senior military officers.

.../...

Mr. President
August 12, 1979
Page Four

Second, I urge you to work with the Congress to develop a zero-based force improvement program for U.S. strategic and theater nuclear forces which can be presented in the FY 1981 budget, and which will serve as the basis for Senate ratification of the SALT II treaty. In calling for a zero-based program, I am not calling for any fixed level of additional expenditure, but rather for those specific improvements which are required to ensure that the balance does not shift in favor of the Soviet Union, that no major vulnerability weakens the shield of deterrence over the United States and its allies, and that no, as yet, unanticipated Soviet force improvement - whether permitted by SALT II or not - can take place to which the United States will not be ready to respond.

Third, in order to ensure that this effort can be transformed into a broader bi-partisan consensus around our future defense posture, I urge that you call for a special, national net assessment of our current and future overall defense needs by the Joint Chiefs of Staff, perhaps in concert with a blue ribbon non-partisan panel of experts, to bring the facts openly to Congress and the American people. Such a commission should include experts with a wide range of views, from present and former administrations, from academia, from the executive and legislative branches as well as the military and intelligence communities.

Fourth, I urge you to use the resulting FY 1981 defense program to re-structure the basis in which defense plans and budgets are presented to the Congress. This would mean a change from presenting the defense budget and five-year program in terms of changes in U.S. forces, to presenting a budget which is tied to a net assessment of the key balances which shape our security, and which provides the proper context for judging the adequacy of our defense budget and plans. Specifically, I urge you to present the FY 1981 defense program in a way which portrays its detailed impact not only on the strategic balance, but on the trends in the NATO/Warsaw Pact balance, in the balance in Northeast Asia, in power projection capabilities to secure our resources and energy supplies, and in overall seapower capability.

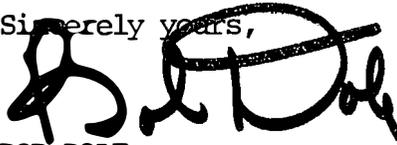
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The President
August 12, 1979
Page Five

I believe that if you take these four steps you can, not only remove SALT II debate from the present politicized and polarized arena, but allow this nation, the Congress, and the Executive to jointly lead this nation towards a defense posture founded on a common understanding of our capabilities and the risks we face. I believe that if we work together, we can not only find a basis for ratifying SALT II that is founded on a U.S. strategic program that will ensure our future security, but conduct a review of our overall defense program that will ensure the FY 1981 program will check any major increase in the threat, and will be founded on need and not simply total levels of defense expenditure.

I strongly urge you to consider such an approach, and provide my wholehearted support and backing to such an undertaking.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Bob Dole". The signature is stylized and somewhat cursive, with a large, prominent "B" and "D".

BOB DOLE
United States Senate

NEW CONDITION 9-11-79

OTIS BOWEN
ENERGY

WPT - MOB BD - SEC CORP
NOT POL EXP - SEC OF NATION
CUR IMPORTS. POOR - XPORT
PRG - EA. PART IMP
CONS - SOLAR. BIOMASS, etc.

ST/LOC/FED

EMB. PROC VS SUBSTANCE

ESC

EMERG CONS

CONSERVATION 58 mil families ^{78 Inc} ^{1960M}

WPT + 2mil > 78 + 330T/day

SUPPLY 240 + FARM, etc

150 + 250 + 1200 + 1200 ⁷ ^{GAP} ^{WEALTH}

REUSN

WELFARE

BOAT
DICK CLARK

San Fran - refugees - standby
A Private Choice - Newman
Moon see Bishop
View from Sunset Blvd - Stein

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THE WHITE HOUSE
WASHINGTON

10 Sept 79

MR. President

Sorry about the
length. Note that much
of the EMB and Rationing
material is background.

Duncan, Cutler &
Eigenstat will be in your
office at 7:45 if
you have questions

Bob Thomas

8:10 AM

THE WHITE HOUSE

WASHINGTON

September 10, 1979

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MEETING WITH THE SENATE ENERGY COMMITTEE

Tuesday, September 11, 1979

8¹²a.m. (60 minutes)

The Cabinet Room

From: Frank Moore

I. PURPOSE

The primary purpose of the meeting is to talk to the Senate Energy Committee about our synthetic fuels program. The secondary purpose is to talk with them about the EMB and the rationing plan.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: This meeting with the Senate Energy Committee comes at a most critical time. The rationing conference is at a turning point; the Committee is in the midst of marking up the Energy Mobilization Board; and opinions of Committee members on synthetic fuels are now beginning to crystallize. This meeting also presents an opportunity for you to "show off" Secretary Duncan and stress again his preeminence as our energy policy-maker.

We have planned the agenda of this meeting carefully. This meeting and the two that will follow will make or break the synthetic fuels program. Nevertheless, you must also find time to push hard for the EMB and an acceptable rationing proposal.

We have organized this briefing paper in accordance with the following agenda:

- a) 8:00-8:10 - Frank Moore introduces John Deutch and Bo Cutter who will review the Administration's synthetic fuels and Energy Security Corporation proposals.

At the same time, you will be meeting with Secretary Duncan, Stu and Eliot Cutler to make final preparations for the meeting.

- b) 8:10-8:15 - you enter the room with Secretary Duncan. You make opening remarks about the EMB and rationing.
- c) 8:15-8:25 - you discuss generally the need for a strong synfuels program.
- d) 8:25-8:30 - Secretary Duncan discusses and rebuts certain misperceptions about our synfuels program.

B. Agenda

A. DEUTCH, CUTTER REMARKS ON SYNFUELS
(8:00 - 8:10)

John Deutch, Undersecretary of Energy, and Bo Cutter, the work unit leader on synfuels, will explain your ESC/synfuels proposal. We have attached a fact book on the proposal in case you want to review material they will be discussing. During this time, you will be meeting with Secretary Duncan, Stu Eizenstat and Eliot Cutler in the Oval Office.

B. YOUR REMARKS ON EMB AND RATIONING
(8:10 - 8:15)

1. ENERGY MOBILIZATION BOARD

The Committee has had many sessions on the Energy Mobilization Board, but has yet to hold a final mark-up vote. The Committee staff has put together a staff draft that is unsatisfactory in several respects. Its worst feature is a requirement that both Houses of Congress affirmatively approve each EMB decision to override state procedural law. You should make the following points:

- o I know Bo Cutter and John Deutch have been talking about our synfuels proposals. I invited you here today to talk about synfuels and the Energy Security Corporation, but before we get back to that, I want to talk about two subjects that you will be dealing with this week - the Energy Mobilization Board and the conference on standby rationing.

- I have proposed an EMB to assure that critically needed energy facilities receive prompt and priority attention from permitting agencies at each level of government. No more than 75 projects would be designated as priorities at any one time.

The EMB's authorities should be:

- To set binding project decision schedules on federal and state permitting agencies;
- To waive, modify or consolidate procedural requirements;
- to enforce its schedule;
- to consolidate judicial challenges;
- to waive or modify substantive laws enacted after a critical energy project has begun construction.

- State and Local Substantive Law: We believe the Board must have the authority to waive procedural but not substantive law. Our proposal continues the right of states and localities to regulate or bar energy facilities. I am pleased that you have tentatively agreed that state substantive law should not be overridden by the EMB.
- Congressional Role: The Senators should be reminded that the Board must have the authority to cut through red tape in order to expedite priority energy projects. We oppose the concept of either a two-house approval or one-house veto as contrary to the objective of expedited decision-making. The Committee now seems inclined to support two-house affirmative approval of any Board decision to override state or local procedural law. This is a "slow track" not a "fast track" and strips the EMB of any effective authority whatsoever.

- Grandfather Clause/Consolidated Judicial Review: The Board must have authority to protect projects under construction from changes in federal, state or local laws. This "grandfathering" of projects under construction is the only area in which we proposed possible changes in substantive law. The Board must also have authority to consolidate judicial review in order to prevent unacceptable delays caused by litigation following every decision made by the Board. These authorities are necessary in order to assure business certainty and financing of these projects. Current Committee prints exclude both the "grandfather clause" and consolidated judicial review.

In addition to these main points, you can expect other points to be raised by Senators during their comment period:

- Senator Johnston has proposed "super" fast track for 6-10 synthetic fuel demonstration technologies. Johnston's proposal would allow waiver of any law to facilitate rapid development of these technologies. Since we have appreciated Senator Johnston's cooperation and support, we have not actively opposed this concept. However, there should be no commitment at this time to this approach.
- Senator Wallop and other Western Senators may have questions on water rights. We support a position of no change in present state or federal water law.
- Senators Bradley, Metzenbaum and Tsongas may have questions about the effect of the EMB on environmental laws and conservation.
 - Environmental laws: We support the present Committee position of consolidating all environmental requirements for a project in one NEPA review. We support only procedural changes with respect to environmental law.
 - Conservation: We support a broad definition of priority energy projects that would reduce our nation's dependence upon imported oil, including conservation. This definition should also take into account projects that will help meet present and future energy requirements, such as pipelines and

refineries and those projects that advance energy technology.

- o Other Senators may seek your agreement on specific energy projects, e.g.,
 - (1) Northern Tier Pipeline (Melcher)
 - (2) Strict compliance of 55 mph (Metzenbaum); etc.

We recommend no positions or commitments on these ideas.

2. GAS RATIONING

S.1030 - Gas Rationing and State Conservation Plans
Background: S.1030, which is designed to provide you with clearer gasoline rationing authority than you now have and to set a mechanism for development and implementation of state conservation plans, is now in conference. The Conferees have been meeting regularly since Congress' return and should finish within the next week to ten days. The Senate version of the bill contained no gas rationing provision. The House bill, which contains provisions in both areas, was changed substantially on the House floor in ways that we found unacceptable. It is essential that the following provision be knocked out or modified in conference.

- o The Wiley amendment which would gut our building temperature plan by permitting any building owner to use any mechanism he chose to achieve an equivalent level of savings.
- o A 20% trigger for implementation of the gasoline rationing program - i.e., you may not implement rationing unless there is a 20% shortfall in crude oil supplies.
- o A 10% trigger for implementation of the state conservation plan program.

In addition, there is a question whether the Senate will want to have two Congressional bites at the rationing apple rather than just one at the time of implementation. We have consistently opposed any Congressional veto prior to implementation of the plan, though Senator Domenici is considering proposing such an amendment to the House conferees.

The Senate Conferees are Jackson, Johnston, Metzenbaum, Domenici and McClure.

Recommended Talking Points

- With a fragile world oil situation, it is essential that this country have a system for development and implementation of a gasoline rationing program which will permit us to respond effectively and promptly in the case of an emergency. While I understand and support a role for the Congress in having a say on whether to implement rationing in a time of an emergency, a second one-house veto or approval process at the time a plan is developed would leave us with the same problem we faced last spring in gaining approval of a plan under existing law. It is also unwise to tie our hands statutorily in defining through a trigger mechanism precisely when a shortage is sufficiently severe that rationing must be imposed. I urge you to refrain from amendments which would impose a second Congressional veto or approval or which is unduly restrictive - as I believe a 20% crude oil shortfall would be.
- The state conservation plans are an important element of our overall program to reduce U.S. energy consumption. I do not believe that this program should be delayed until we have a shortfall and I urge you to drop the 10% trigger for this program, at least for motor fuels.
- The building temperature program which we have in place is working well in spite of some start-up problems. The House amendment permitting building owners to substitute their own plans is unacceptable since it would take away all means of enforcing this plan. The plan we now have has flexibility for state or local government agencies to develop an alternative plan, and that is being used successfully in at least one state (Massachusetts). This is a responsible means of providing flexibility, whereas a building-by-building approach is not. I urge you not to accept the House amendment on this issue. I would find it very difficult to sign legislation containing such a provision.

C. YOUR REMARKS ON SYNFUELS/ESC
(8:15 - 8:25)

Congressional action is proceeding fairly well. The Senate Budget Committee has put in \$50 billion over 5 years (\$22 billion for FY 1980) for the Corporation; the Senate Energy Committee has drafted and should report a bill we can endorse; testimony before the Senate Appropriations Committee will occur this week. The Senate Banking Committee, however, will report a bill which does not support our approach.

The House has already passed the Moorhead bill, a generalized approach to synthetic fuels which we plan to use as a legislative vehicle for our approach.

Despite this relatively favorable picture in relevant Committees, the corporation is in trouble in the Senate as a whole. It is widely perceived as too big and too independent and as a threat to private enterprise. Also, the environmental community and its friends in the Senate are desparately fighting synfuels development.

It is important for us to ally ourselves with the Energy Committee. The Committee print the staff has developed is very close to what we need, although it is only a staff document. It includes the corporation and funding for the first phase of our synfuels program (approximately \$20 billion). It also recognizes there will be additional phases after the first phase is evaluated (as did the Senate Budget Committee). If a bill passes, similar to this one, it will be a major victory for you.

You should make the following points:

- After long consideration and with substantial public urging, I proposed a synthetic fuels program that include (1) a goal of 1.75 million barrels per day (2.5 million barrels per day if the tax credit effects are included); (2) funding of \$88 billion to meet the goal; and (3) an Energy Security Corporation as a financing mechanism.
- However, I want to open by expressing my appreciation for the work you have done on the synfuels concept. Senator Johnston and Senator Domenici have been crucial to our efforts with the Senate Budget Committee; and the synthetics bill this Committee is working on is one I want to be able to endorse.

- I know that in this Committee I'm talking to the converted. And I'll avoid telling you things you already know. But I do want to emphasize by this and other meetings that I regard energy as the crucial domestic problem we face, that I do not believe there is a solution to energy which does not involve a strong synthetics fuel emphasis, and that between my proposed Energy Security Corporation and the bill you are drafting there is an approach we can jointly support.
- We are far too dependent on a single fuel source - imported oil. In 1971, the U.S. imported 3.9 million barrels per day and paid \$4 billion for that oil to foreign producers. By 1977, the U.S. was importing 8.8 million barrels of oil per day and paying \$45 billion to foreign producers. In 1979, almost half of our oil needs will come from imports and, with the surge of prices from the Iranian disruption, the total import bill will exceed \$56 billion; in 1980, the bill could reach \$70 billion - more than \$300 for every man, woman and child in the country.
- I have proposed to reduce imports from 13-14 million barrels per day in 1990 if we do nothing, to 4-5 million barrels per day. To meet this goal will require doing everything we can do: we must conserve; we must stimulate more production; we must develop solar and renewable sources of energy; and we must produce synthetic fuels.
- Funding
 - The \$88 billion I have proposed for the Corporation is appropriate if we wish to meet the goals - it involves largely the assumption that oil prices will rise at a real rate of 2.4% annually. However, \$88 billion is clearly an enormous investment and therefore it is important that it be understood.
 1. It is a one-time cost - not an annual expenditure.
 2. It represents the costs of financial incentives to the private sector - the Corporation's purpose is to stimulate private activity - not, except as a last resort, to own or operate plants. As we calculate, 85-90 percent of the funding is for price guarantees and purchase agreements from the private sector.

3. It will be spent over a very long period of time. The typical price guarantee might be for 20 years. Therefore, \$88 billion in commitments will be spent at an average rate of \$4-5 billion a year over the next 20 years. That seems prudent and feasible in an economy which will be \$3 trillion by the time the money is spent.

○ Phasing

- I understand that in recent weeks an interest in a phased approach to synthetics has developed. If some understandings are clear, I can be flexible about phasing. I am not interested in an approach which has no goals, which is in essence a hidden delay, which looks only to demonstrations. But if the Congress, while supporting my goals, wishes to build in by a review mechanism, and by phased multi-year appropriations (say 4 2-year appropriations of \$20 billion each) strong accountability and the possibility of mid-course corrections, then I could support that approach.

○ A Separate Corporation

- I am aware that questions have developed about the need for a separate corporation. But I think the reasons for a separate entity far outweigh the arguments against.

First, Congress is not being asked to give up control but to vest responsibility, which it can change over time by subsequent legislation.

Second, the tasks are more appropriately and efficiently done within the Corporation than with an Executive Branch department. This is not the government of 40 years ago - any government agency is now surrounded by layers of rules, regulations and restrictions which are appropriate for public policy, but clearly impede operational decisions and action. The corporation must and can act.

Finally, the Corporation is not a new mechanism. From the shipping corporations of World War I, to the Reconstruction Finance Corporation, to COMSAT we have turned to the corporate structure when we needed to get an operating job done. I want the

Energy Security Corporation to be a successful item on that list.

- Synthetic fuels and the Energy Security Corporation are difficult proposals to sustain - not because they are wrong - indeed they are right and they are essential. But because they involve matters in the future about which we cannot know everything and about which we must take risks.
- I know we need a strong synthetic fuel effort; I know that in 1990 whoever is President will be thankful we began one. But I do not know exactly what we will achieve, what sources of synthetic fuels will be best, what technologies will be most efficient, or what world oil prices will be. It frustrates me that I do not know these things; it frustrates me that any actions today on synthetics will not bear fruit for 7-10 years.
- But I am President today and I must act. And I want your help. If we delay action on synthetics because results take too long, or because there are uncertainties, there will still be a 7-10 year lead time tomorrow - when the risks and dangers are higher.

D. SECRETARY DUNCAN'S REMARKS
(8:25 - 8:30)

The Secretary will address the following misperceptions about your synfuels program:

1. That it represents nationalization of the synfuels industry;
2. That it is not fiscally sound;
3. That Congress will have no oversight capabilities after passage;
4. That we are asking for more money than can be spent, given the current technology.

E. QUESTIONS

1. You should recognize Chairman Jackson first and Hatfield, the ranking minority member, second.
2. Tsongas will be your most ardent critic. He will cite the Banking Committee's decision to report out a tiny synfuels bill and ask for more conservation.

3. Durkin could also pose problems, but he will be largely ignored by his colleagues.

Participants: The President, Secretary Duncan, Senators Jackson, Church, Johnston, Ford, Durkin, Metzenbaum, Matsunaga, Melcher, Tsongas, Bradley, Hatfield, Domenici, Stevens, Bellmon and Wallop, John Deutch (Energy), Bo Cutter and Frank Moore.

Press Plan: White House Photo Only.

3:00 PM

THE WHITE HOUSE

WASHINGTON

September 10, 1979

BRIEFING ON SALT FOR COMMUNITY LEADERS FROM ALABAMA

Tuesday, September 11, 1979
3:00 p.m. - 3:15 p.m.
The East Room

From: Anne Wexler *AW*

I. PURPOSE

To educate a group of prominent community leaders from Alabama on SALT, with the expectation that these leaders will carry our message back to their home state.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: This is the third in a series of SALT briefings for community leaders from key states. The persons in attendance were generally selected because of their ability to influence public opinion in the State of Alabama.
- B. Participants: Of the 350 persons invited, the largest group consists of persons recommended to us by Senators Heflin and Stewart. The two Senators are expected to attend. In general, the audience will consist of political leaders, businesspersons, trade union leaders, attorneys, publishers, university administrators, and interest group leaders.
- C. Press Plan: White House Photo and Press Pool for the first five minutes of your remarks. In addition, several members of the press will be in the audience for the entire briefing, including all of your remarks. They represent media outlets in Alabama.

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for Preservation Purposes**

III. AGENDA

When you arrive, Harold Brown will be answering questions from the audience at the completion of a one-hour briefing. After you make your remarks and (if you choose) take questions, there will be a reception in the State Dining Room. (See attached agenda.)

IV. TALKING POINTS

Talking points prepared by National Security Council staff are attached. In addition to points on SALT, these include a discussion of the MX and defense spending, subjects on which you can expect questions. You should also expect questions on the issue of Soviet troops in Cuba; your statement last week on this subject is attached.

THE WHITE HOUSE

WASHINGTON

SALT BRIEFING FOR COMMUNITY LEADERS

September 11, 1979

The East Room

2:00 p.m.	Opening Remarks	Anne Wexler
2:05 p.m.	The SALT II Agreement and U.S.-Soviet Relations	Harold Brown
2:25 p.m.	Questions and Answers	Harold Brown
3:00 p.m.	Remarks	The President
3:15 p.m.	Reception -- The State Dining Room	

PRESIDENT'S TALKING POINTS
BRIEFING ON SALT FOR COMMUNITY LEADERS

1. The SALT II treaty was hammered out by the sustained work of three Administrations: President Nixon's, President Ford's, and yours. It builds on the work of every American President since the end of World War II.
2. SALT must be examined realistically. It is not a panacea. It will not end the arms race. It is a supplement -- not a substitute -- for a strong national defense. But it is a major step in the long, historic process of bringing nuclear weapons under rational control.
3. SALT II is based on self-interest, ours and the Soviet Union's. Although the competition between us will continue as far into the future as anyone can see, we share a mutual interest in survival and in steering our competition away from its most dangerous element, an uncontrolled strategic nuclear arms race.
4. SALT II is not based on trust. The treaty will be adequately verifiable by our own national technical means of verification. In addition, it is in the interest of the Soviet Union to abide by this treaty. Despite predictions to the contrary, the Soviets have observed the terms of the SALT I treaty.
5. Whether or not the treaty is ratified, we must be able to make accurate assessments of Soviet capabilities. But SALT II will make this task much easier -- not only because the treaty forbids concealment measures and interference with means of verification, but also because the treaty gives us basic standards with which we can compare the information we derive independently from our satellites and other methods.
6. The details of ICBMs and SLBMs, throwweight and yield and all the rest are important. It was largely because of these details that the treaty took seven years to negotiate. But these details should not blind us to the real significance of the treaty as a contribution to stability, security and peace.

7. The treaty must be judged on its merits, but we must consider the consequences of rejection:
 - radical departure from the process of arms control that began with the atmospheric test ban and SALT I and will continue with SALT III and a comprehensive test ban;
 - heightened possibility of confrontation in each local crisis;
 - triggering an expensive, dangerous race for a nuclear superiority that each side has the means and will to prevent the other from attaining, with a loss of security for both;
 - calling into question our ability to manage a stable East-West relationship, thus undermining our leadership of the Western alliance;
 - implications for nuclear proliferation;
 - gravely compromising our Nation's position as a leader in the search for peace.
8. Importance of the coming debate; solicitation of support.

Talking Points on M-X

-- Last Friday I announced my decision on how the new MX missile is to be based. With this decision, we are now embarked on a program to modernize of our entire strategic triad. In addition to proceeding with our new mobile ICBM, our bomber force is being strengthened with nuclear-tipped cruise missiles and our strategic submarine force is being upgraded by Trident submarines and Trident missiles.

-- The Triad concept, which has deterred attack and kept the peace for nearly 30 years -- allows us to take advantage of the special strengths of each force while creating a combination of forces that is impossible for an enemy to counter.

-- Last June when I made the decision to build the MX missile, I established five essential criteria which its basing system would have to meet. First, it must contribute to the ability of the strategic forces to survive an attack. Second, it must set a standard which can serve as a precedent for the verifiability of mobile ICBM systems on both sides. Third, it must minimize the adverse impact on our own environment. Fourth, its deployment must be at a reasonable cost to the American taxpayer. And fifth, it must be consistent with existing SALT agreements and with our SALT III goal of negotiating for significant mutual reductions in strategic forces.

-- In light of these criteria I decided that the MX missile system will be based in a sheltered, road-mobile system to be constructed in our Western deserts, the total exclusive area of which will not exceed 25 square miles. This system will consist of 200 missile transporters or launchers, each capable of rapid movement on a special roadway connecting approximately 23 horizontal shelters.

-- This system meets the criteria that I have established. First, it increases the survivability of our missiles by multiplying the number of targets which would have to be attacked. The capacity of the missiles to move rapidly ensures that no attacker will be able to find out ahead of time where the missiles might be located and attack just those locations only. Moreover, the system is flexible enough so that we can adjust the scale of deployment either up or down in response to a future enemy threat, or to progress on future SALT negotiations.

Secondly, the system is adequately verifiable. It will be confined to designated areas, and the associated missile transporters will be incapable of moving other than on special roadways in those areas.

In addition, the shelters will be designed so they may be opened in order to demonstrate that no extra missiles are hidden within them.

Third, the system minimizes the impact on the environment. The shelters are flush with the ground. The public will retain access to the area. Only the shelters themselves will be fenced off.

Fourth, the system is affordable. The projected cost over the full 10-year period, total cost, to develop, to produce and to deploy is \$33 billion in 1980 dollars. While this acquisition cost may vary somewhat as the program proceeds, in constant dollar terms it will be no greater than the cost of any one of the original three legs of our strategic triad, either the B-52 force or the Polaris-Poseidon force or the Minuteman ICBM system.

Finally, this system is compatible with existing SALT agreements and with our objectives for SALT III. Deploying this system will make it clear to the Soviet Union that they will gain no strategic advantage out of continuing the nuclear arms race. This is a fundamental pre-condition to more effective arms control agreements. Equally important, this system points in the direction of reductions of strategic arms because we are giving better protection with a force of fewer missiles. Without such a mobile shelter system, the only way we can maintain our deterrent could be to increase greatly the number of our strategic systems or nuclear missiles.

I believe that this system will enhance our Nation's security, both by strengthening our strategic deterrent and by offering the prospect of more effective arms control.

If SALT II is ratified and SALT III is successful, then the time may come when no President will have to make this kind of decision again and the MX system will be the last weapon system of such enormous destructive power that we will ever have to build. I fervently pray for that time, but until it comes, we will build what we must, even as we continue to work for mutual restraint in strategic armaments.

Talking Points on SALT and the Defense Budget

-- There is no question in my mind that there is a strong consensus for the modernization of our strategic forces, and this Administration has pushed vigorously in that direction. We are moving ahead in an orderly manner with plans to modernize all 3 legs of our strategic TRIAD -- with the new M-X on land, cruise missiles for our bomber force, and TRIDENT submarines and missiles at sea.

-- In addition to our strategic programs, we are continuing to make major improvements in our ground and air forces. The Army procurement budget in 1980 is almost double that of 1975 in real terms. Air Force tactical air wings have been expanded in size and modernized. We have funded large increases in equipment prepositioned in Europe in order to improve early combat capability.

-- I will continue to support prudent increases in defense spending -- and I have every intention of meeting our NATO commitments. I have no greater responsibility as President than maintaining our nation's security.

-- We have a strong record on defense which is reflected in the fact that the previous pattern of declining defense spending has been reversed. I am therefore opposed to the idea of postponing consideration of the SALT II Treaty until a

supplemental defense appropriation and a new five-year defense plan have been submitted and approved. Such a delay is unnecessary. Our commitment to a strong defense is clear.

-- As a first step in helping us to meet this commitment, I would like the Congress to restore the level of defense spending I asked for last January.

[FYI -- At this point the Congress seems to be headed toward a cut of some \$2B in the FY 80 budget you submitted in January.]

Office of the White House Press Secretary

THE WHITE HOUSE

ANNOUNCEMENT
BY
THE PRESIDENT

The Briefing Room

4:15 P.M. EDT

I want to take two minutes to speak to you about the presence of the Soviet combat brigade in Cuba. The facts relating to this issue have been carefully laid out by Secretary Vance, both in his public statement and in his testimony before the Congress. The facts, in brief, are as follows:

We have concluded, as the consequences of intensified intelligence efforts, that a Soviet combat unit is currently stationed in Cuba. We have some evidence to indicate that such a unit has been in Cuba for some time, perhaps for quite a few years.

The brigade consists of 2,000 to 3,000 troops. It's equipped with conventional weapons, such as about 40 tanks and some field artillery pieces, and has conducted training as an organized unit.

It is not an assault force. It does not have air-lift or sea-going capability and does not have weapons capable of attacking the United States.

The purpose of this combat unit is not yet clear. However, the Secretary of State spoke for me and for our Nation on Wednesday when he said that we consider the presence of a Soviet combat brigade in Cuba to be a very serious matter, and that this status quo is not acceptable.

We are confident about our ability to defend our country or any of our friends from external aggression. The issue posed is of a different nature. It involves the stationing of Soviet combat troops here in the Western Hemisphere in a country which acts as a Soviet proxy in military adventures in other areas of the world, like Africa.

We do have the right to insist that the Soviet Union respect our interests and our concerns if the Soviet Union expects us to respect their sensibilities and their concerns. Otherwise, relations between our two countries will inevitably be adversely affected. We are seriously pursuing this issue with the Soviet Union, and we are consulting closely with the Congress.

MORE

Let me emphasize that this is a sensitive issue that faces our Nation, all of us, and our Nation as a whole must respond not only with firmness and strength, but also with calm and a sense of proportion.

This is a time for firm diplomacy, not panic and not exaggeration. As Secretary Vance discusses this issue with Soviet representatives in the coming days, the Congress and the American people can help to ensure a successful outcome of these discussions and negotiations by preserving an atmosphere in which our diplomacy can work.

I know I speak for the leadership in Congress, with whom I have met this afternoon, as well as for my own administration when I express my confidence that our Nation can continue to show itself to be calm and steady as well as strong and firm. Thank you very much.

END

(AT 4:18 P.M. EDT

THE WHITE HOUSE

WASHINGTON

11 Sep 79

Alfred Kahn
Esther Peterson

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

Rick Hutcheson

The Vice President
Stu Eizenstat
Jim McIntyre
Charles Schultze

FOR STAFFING
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	WEXLER
	BRZEZINSKI
✓	MCINTYRE
✓	SCHULTZE
	ANDRUS
	ASKEW
	BERGLAND
	BROWN
	CIVILETTI
	DUNCAN
	GOLDSCHMIDT
	HARRIS
	KREPS
	LANDRIEU
	MARSHALL

	MILLER
	VANCE
	BUTLER
	CAMPBELL
	H. CARTER
	CLOUGH
	CRUIKSHANK
	FIRST LADY
	FRANCIS
	HARDEN
	HERTZBERG
	HUTCHESON
✓	KAHN
	LINDER
	MARTIN
	MILLER
	MOE
✓	PETERSON
	PRESS
	SANDERS
	SPETH
	STRAUSS
	TORRES
	VOORDE
	WISE

THE WHITE HOUSE
WASHINGTON

Fred
C

September 10, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

ALFRED E. KAHN
ESTHER PETERSON

Fred
Esther

SUBJECT:

Our Meeting With Consumer Representatives
On The Anti-Inflation Program

Our offices arranged this meeting with consumer representatives,^{*} as part of our process of consultations on the second year anti-inflation program.

They began the meeting by asking for our assurance that we would transmit their views to you. In view of our much more frequent consultations with business and labor groups, and the belief of some of these people that our meetings with them are little more than token gestures, we thought the request a reasonable one, and agreed. Here is our delivery on the promise; we do believe you will find it valuable to see what was on their minds.

1. They asked about the outcome of your meeting with food processors and distributors. Fred promised to find out where the COWPS compliance inquiries stand. The situation is that the Council has identified several cases of probable noncompliance, which it is processing as expeditiously as possible.

*Fred - keep
public pressure
on -*

2. Their most pressing concern is the soaring price of heating oil, with the genuine suffering that it promises to bring.

a. There was some sentiment among them for a reimposition of price controls on heating oils. Fred responded that COWPS people had already scheduled a meeting with DOE staff for Monday, September 10, to consider all possibilities, including your possible meeting with the oil companies. He also pointed out, however, that trying to force the price down might be dangerous, because it might discourage the requisite expansion of supply.

* Attached

- b. They also asked whether there was any consideration being given to a reimposition of controls on crude oil. We told them there was not, and that this was in any event only a very small part of the explanation of the increase in heating oil prices.
- c. They asked where we stood on direct assistance to people of modest incomes. We pointed out that this was covered by your urgent recommendation to Congress.

10¢/gal max

3. They asked whether any consideration was being given to trying to break the OPEC price, through such measures as encouraging the expansion of production in non-OPEC countries, and setting up an exclusive governmental importing organization to bargain with OPEC. Fred said that he was aware of our advocacy of World Bank assistance to oil exploration in a broad spectrum of countries, and would undertake to find out whether the Department of Energy was giving any serious consideration to the centralized purchasing or any other measures that might offer hope of forcing the OPEC price down.

4. They strongly advocated the setting up of a Federal Energy Corporation, as proposed in a bill by Senator Stevenson, to serve as a "yardstick" for private oil companies. We pointed out the intense Congressional hostility even to the minor proposal in your energy message for possible federal ownership of a maximum of three of the synthetic fuels plants, and expressed the opinion that in these circumstances pressing for a Federal Energy Corporation would almost certainly be politically fruitless.

5. They asked whether we were giving any further consideration to Gar Alperovitz's proposal of a negative excise tax on food, as a means of producing an immediate dampening effect on the cost of living: he estimates that at a net budgetary cost of \$12 billion, one could produce a 1 percent decline in the CPI. Fred had once in the past called this proposal to your attention. We asked Alperovitz to send us the latest version of the proposal, and offered to ask Charlie Schultze and Bill Miller to give it serious consideration. It is not a ridiculous suggestion, as some have characterized it. In the event that economic conditions made it sensible to think about tax cuts, the suggestion could well become viable; but we emphasized that we were holding firm to your present budgetary intentions.

6. Several of them contended that Fred should speak out forcefully in opposition to increased spending for defense because of its inflationary effects. We rejected this advice,

arguing that all spending is inflationary; whether it should or should not be undertaken must depend, critically, on a comparison of those costs with the benefits; that while in a sense defense spending is more inflationary than most kinds, as they contended, because the spending is not matched by an increased flow of goods and services for sale in the market, we have no competence to judge the benefits; and, therefore, could offer you no useful advice in making the critical benefit/cost comparisons.

7. They pressed us for a recital of accomplishments coming out of the working groups we have set up to attack inflation in the necessities -- food, housing, energy, medical care. Several of the attendees are leaders in COIN.

8. Mrs. Pooler had some specific criticisms of our special price standards for public utilities, which she promised to document in a letter to Fred.

9. They asked us to convey to you their opinion that there is some rate of increase in the CPI at which mandatory wage and price controls must be adopted. As one of them put it: "We'd like the President to know that when the CPI hits 20 percent, everybody in this room will be for wage and price controls."

Attendees
September 6, 1979 - Inflation Briefing
Sponsored by Esther Peterson and Alfred E. Kahn

Gar Alperovitz
COIN
200 P Street, N.W.
Suite 200
Washington, D. C. 20036
833-3208

Rhoda Karpatkin
Consumers Union
256 Washington Street
Mt. Vernon, New York 10550
914: 664-6400

Rosemary Pooler
Chairwoman and
Executive Director
New York State
Consumer Board
99 Washington Avenue
Albany, New York 12210
518: 474-3514

Ellen Haas
Consumer Federation
of America
1146 - 19th Street, N.W.
Washington, D. C. 20036
833-1730

Mark Green
Congress Watch
133 C Street, S.E.
Washington, D. C. 20003
546-4996

STAFF:

Rod Leonard, Deputy Special Assistant, Consumer Affairs Office

Jim Zellner, Staff Economist, Consumer Affairs Office

Midge Shubow, Press Secretary, Consumer Affairs Office

Julie Clark, Associate Deputy for Intergovernmental Affairs,
Inflation

Josh Gotbaum, Executive Assistant to Alfred E. Kahn

Al From, Deputy for Congressional Affairs, Inflation Office

THE WHITE HOUSE

WASHINGTON

September 10, 1979

LUNCH WITH ARCHBISHOP JOHN R. QUINN, PRESIDENT, CONFERENCE OF
BISHOPS, UNITED STATES CATHOLIC CONFERENCE

Tuesday, September 11, 1979

Noon - 12:30 p.m.

The Oval Office

FROM: Anne Wexler *AW*I. PURPOSE

To meet with the elected leader of the organized Catholic Church in the United States.

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

A. Background: In his capacity as President of the Conference of Bishops, Archbishop Quinn was invited to Camp David in July along with other religious leaders. He could not make it to Camp David, and designated Terence Cardinal Cooke of New York to replace him. This luncheon meeting was arranged as a follow-up to Camp David and to provide an opportunity for you and Archbishop Quinn to discuss matters that have arisen in recent weeks, particularly the Pope's October visit.

Archbishop Quinn is the Archbishop of San Francisco. A California native, he was the first Archbishop of Oklahoma City before being appointed to the San Francisco post. He has been President of the Conference of Bishops since 1977. He is 50 years old.

B. Participants: The only participants will be the Archbishop and you.

C. Press Plan: White House photographer only (no press).

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for Preservation Purposes**

III. LIKELY TOPICS OF DISCUSSION

Our understanding from Catholic Conference staff is that Archbishop Quinn will not be coming with any sort of formal agenda. We have indicated to them that the luncheon should be viewed as an informal occasion for you and Archbishop Quinn to get to know each other.

The following matters may come up in the course of the luncheon:

o Pope's Visit-- I have been working closely with Vatican representatives, Catholic Conference staff, Gretchen Poston, and others on arrangements for this visit on October 6. A schedule of events is attached. The final guest lists are now being drawn up, and any ideas that Archbishop Quinn has regarding the events, guests, etc., should be referred to me. ←

o SALT and Defense-- The Catholic Conference's support for the ratification of SALT II was reaffirmed just last Thursday, September 6, in testimony by Archbishop John Krol of Philadelphia before the Senate Foreign Relations Committee. The Conference is concerned, however, about the possibility that SALT will be linked to major increases in defense expenditures, since such increases "inevitably will result in new limits on spending for essential human services here and abroad." ←

o Northern Ireland-- The Catholic Conference has not taken a formal position, but it is concerned that the United States has not taken an active enough role in the search for a peaceful solution. ←

o Middle East-- The Conference has recently expressed concern about Palestinian participation in negotiations (the Conference favors such participation and a Palestinian "homeland") and about the preservation of Lebanon as an independent, religiously pluralistic state. A major international aid program for Lebanon is a current Catholic Conference goal. ←

o Department of Education-- The Conference is opposed to creation of this department, believing that it will be dominated by public school interests. There will be an upgraded Office of Nonpublic Education in the new department.

o Internal Revenue Service Rulings-- The Conference is concerned about IRS rulings relating to voter "education" and school discrimination. My office and the Treasury Department have been working with them on these fairly technical subjects.

PROPOSED SCENARIO

VISIT OF HIS HOLINESS, JOHN PAUL II

Saturday, October 6

11:00 a.m. MRS. CARTER, accompanied by Dr. Brzezinski, meet His Holiness John Paul II at Andrews Air Force Base.

1:30 p.m. His Holiness John Paul II arrives by motorcade at the North Portico and is met by the PRESIDENT and MRS. CARTER.

THE PRESIDENT and MRS. CARTER, and His Holiness John Paul II proceed to platform on the North Lawn where His Holiness, after being introduced by THE PRESIDENT, will make remarks.

NOTE: Seated in this area will be:

Members of Congress and spouse (or guest)
Members of Cabinet and spouse (or guest)
Members of Supreme Court and spouse (or guest)

Standing will be:

White House staff members and spouse (or guest)

Protocol seating will be arranged in the front row for the Cabinet, Judiciary and leadership of Congress.

As His Holiness John Paul II proceeds to platform, he will be escorted around first row to greet those guests, then onto platform.

NOTE: Platform participants will be:

THE PRESIDENT AND MRS. CARTER
His Holiness John Paul II

2:00 p.m. THE PRESIDENT AND MRS. CARTER, His Holiness John Paul II, both official parties, at conclusion of remarks; proceed inside to the Blue Room for brief private reception.

NOTE: Receiving line will include:

THE PRESIDENT AND MRS. CARTER
His Holiness John Paul II

2:15 p.m. THE PRESIDENT and His Holiness John Paul II depart State Floor and proceed to the Oval Office for private meetings.

NOTE: The official parties depart State Floor and proceed to the Cabinet Room.

3:15 p.m. PRIVATE FAMILY MEETING

3:45 p.m. THE PRESIDENT and His Holiness John Paul II depart the family quarters enroute Blue Room for entrance to South Lawn.

THE PRESIDENT makes remarks of welcome then His Holiness John Paul II makes remarks.

NOTE: Invited Guests on South Lawn

4:20 p.m. His Holiness John Paul II departs South Lawn.

4:30 p.m. Motorcade with His Holiness John Paul II departs North Portico.

Sunday, October 7

8:00 p.m. MRS. CARTER and Vice President Mondale, accompanied by Dr. Brzezinski are present for the departure of His Holiness John Paul II from Andrews Air Force Base.

THE WHITE HOUSE
WASHINGTON
9/11/79

The First Lady

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and is forwarded to you for
appropriate handling.

Rick Hutcheson

cc: Phil Wise
Fran Voorde

3758

THE WHITE HOUSE
WASHINGTON

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J*

September 5, 1979

MEMORANDUM FOR THE PRESIDENT
MRS. CARTER

From: Bob Maddox *BM*
SUBJECT: Meeting with Billy Graham

On Wednesday morning, August 29, I met with Dr. Billy Graham at his home in Montreat, North Carolina. In every way he was cordial and gracious.

Matters Discussed

1. Feelings about the President.

Billy Graham and his staff remember with gratitude the President's willingness, many years ago, to chair a Graham film event in Americus, Georgia before an integrated audience.

Dr. Graham also remembers Governor Carter's role as Honorary Chairman of the Graham Crusade in Atlanta a few years ago.

Dr. Graham assured me he has complete confidence in, admiration and love for the President. He supports the President wholeheartedly. He prays daily for the President.

In the course of the conversation Dr. Graham referred to a quote attributed to him during the campaign in which he was supposedly criticizing Jimmy Carter's "born-again" candidacy. Dr. Graham gave me the proper statement which was not at all critical of Jimmy Carter.

It would give Dr. Graham pleasure to be of service to the President. He would especially welcome private time with him for conversation. Dr. Graham does not care to be a highly visible figure at the White House.

I thanked Dr. Graham for his support of SALT II. Dr. Graham declined a request to give Senate testimony on behalf of the agreement. He told me that he had consistently refused to give Senate testimony on any issue.

He assured me, however, that he would use every public platform at his disposal to talk about the agreement. He is scheduled for several major talk shows this fall.

We talked about Mark Hatfield's moratorium amendment. Dr. Graham would welcome moratorium but does not believe that such a step is possible at this time.

3. Miscellaneous Items

Dr. Graham urged the President to attend the Family of Man Conference Banquet in New York on September 27. "Other Presidents have done so."

He would welcome the opportunity to work with the President and Staff on "moral and spiritual" issues. He did not say what these would be. As his specific help is sought, he would probably decide issue by issue.

On behalf of Lynda Johnson Robb I asked Dr. Graham if he would like to come out in public support for ERA. He quickly, with nervous laughter, declined, though I got the impression that he himself has no problem with the amendment.

On the Pope's visit to the White House he saw no problem if the event were handled with due regard to church/state separation.

The conservative right, fundamentalist evangelical political coalitions are a definite factor in American life. Dr. Graham urged the President to take careful note of this group.

Conclusion

He was glad I came. He was delighted to be back in touch with the President. Dinner at the White House, most any time, would please him.

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WASHINGTON

9/11/79

Arnie Miller
Jack Watson

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Rick Hutcheson



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