

**9/13/79 [2]**

Folder Citation: Collection: Office of Staff Secretary; Series: Presidential Files; Folder: 9/13/79  
[2]; Container 130

To See Complete Finding Aid:

[http://www.jimmycarterlibrary.gov/library/findingaids/Staff\\_Secretary.pdf](http://www.jimmycarterlibrary.gov/library/findingaids/Staff_Secretary.pdf)

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo	From Owen to The President (2pp.) re: Advisory Group on U.S.-Japan Economic Relations	9/12/79	A
memo	From Owen to The President (2 pp.) re: Letter to Prime Minister Ohira	9/11/79	A
letter	From The President to Ali Abdallah Salih President of the Yemen Arab Republic	9/13/79	A
memo w/att.	From Brown to The President (11 pp.) re: FY 81-85 Defense Program	9/5/79	A
memo w/att	From Owen to The President (2pp.) re: Letter to Prime Minister Ohira	9/11/79	A
memo w/att.	From McIntyre to The President (17 pp.) re: SALT/Defense Budget	9/7/79	A
<del>memo w/att.</del>	<del>From McIntyre to The President (14 pp.) re: SALT and Defense Policy</del> <i>open, RAC, 8/3/11</i>	<del>9/12/79</del>	<del>A</del>

FILE LOCATION

Carter Presidential Papers-Staff Offices, Office of the Staff Sec.- Pres. Handwriting File  
 9/13/79 BOX 146

[2]

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

THE WHITE HOUSE

WASHINGTON

September 13, 1979

To Lloyd McBride

The facts, as you have reported them in your letter of August 13 regarding an Export-Import Bank loan to the Tang Eng Iron Works in Taiwan, are basically correct. I am acutely aware of the serious problems faced by American steel workers and the American steel industry in general. Nevertheless, I believe that the U.S. Government acted to promote U.S. interests in approving the loan in question.

As you are aware, the U.S. Government has made major efforts to convince the European and Japanese governments to restrict official export credit financing for projects which will produce commodities already in excess supply. We have sought to restrict the subsidy element in export credits through the International Arrangement on Export Credits. Thus far, the other industrial nations which manufacture mill equipment have refused to agree to restrictions on support for steel mill projects in third world countries.

The Taiwanese company in this particular case decided to construct a steel mill to meet domestic needs, primarily to replace stainless steel currently imported from Japan. The Taiwanese Government supported the project and guaranteed the repayment of loans. Several foreign governments agreed to provide subsidized export credits to assist their firms' bidding for the contract to construct this plant. Japanese, German, and British firms offered 85 percent financing at 7.5 percent interest. A U.S. consortium of Waterbury-Farrel, General Electric, and Production of Machinery approached Eximbank and requested financial support in meeting the foreign competition.

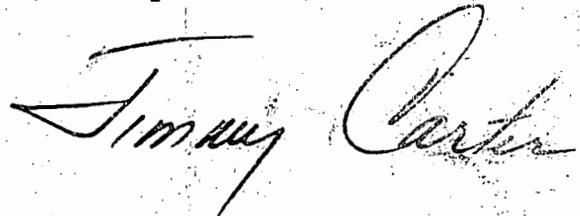
However, their investigation into the case clearly established that the steel mill definitely would be built by the Taiwanese, with or without Eximbank involvement. The impact on the world supply of stainless steel would be the same. The only issue outstanding was whether the U.S. consortium would get the contract to build the plant, with significant favorable impact on U.S. jobs (estimated at 300 man-years) and balance of payments, or whether the contract and those economic benefits would go to a foreign company. In this particular case, the financing package approved by Eximbank, while above the rates other governments were offering, was sufficiently attractive to convince the Taiwanese to award the contract to the U.S. consortium.

If the U.S. were the sole source of technology, capital, or machinery for steel plants, the U.S. Government could logically choose not to finance the expansion of productive capacity for goods already in excess supply or expected to be so. However, we live in a competitive world. If the U.S. refuses to finance this kind of purchase, the buyer can find another supplier. We understand that situation, but we must realize it in making our decisions with that fact in mind.

I agree with you that we must work to eliminate this credit-cutting among industrial countries. As you suggest, a strong effort should be made through the channels of government, labor, and industry to develop a common policy among the industrial countries on the financing of plants in third world countries to produce goods which are already in excess supply on world markets. The U.S. Government will continue its efforts. We have already succeeded in obtaining from the other members of the C.E.C.D. Steel Committee an initial commitment to abstain from destructive competition in official export credits. We expect that the Committee will undertake a detailed consideration of steel export credit issues as part of the 1980 work program. I would urge that your organization assist in generating support for our efforts in other key industrial countries. I also urge industry leaders to undertake similar missions

with their colleagues in the other countries. It is only through such joint efforts that we can solve this difficult problem.

Sincerely,



Mr. Lloyd McBride  
President  
United Steelworkers of America  
Five Gateway Center  
Pittsburgh, Pennsylvania 15222

Enclosure

60c Export Support Program  
Tang Eng

790910

## INFORMATION ON THE STEEL INDUSTRY

In late 1977 the steel industry in the U.S. faced serious problems because of unfair foreign competition, selective dumping by large foreign firms, aging U.S. facilities, and inability to meet environmental requirements. In response, the President instituted a multi-faceted recovery program to assist domestic steel companies, their employees and the communities in which they live. The results of that effort have been dramatic and effective.

Employment - Industry employment reached a 23 month high in June at 465,000. In May, the industry's payroll exceeded \$2 billion for the first time in history.

EDA has already approved guarantees covering 90 percent of \$250 million in loans to four steel firms. These guarantees will result in the saving and/or creation of more than 24,000 jobs at 14 plant locations spread over seven states. EDA also has under review applications from two additional firms for the guarantee of loans totaling nearly \$170 million that will directly impact on an additional 33,500 jobs.

Wheeling-Pittsburgh Steel Corporation - On August 28, 1979, approval was given for the 90 percent guarantee of \$150 million in loans to the Wheeling-Pittsburgh Steel Corporation. These guarantees are part of a \$191.5 million package of private-public financing (\$100 million guarantee from EDA and \$50 million guarantee from the Farmers Home Administration) to be used for the construction of a new rail mill and modernization of the company's other plants including the installation of pollution control equipment. Nearly 15,700 jobs will be created and/or saved under this revitalization effort. Approximately 6,200 are located in the Staubenville area.

CF&I Lawsuit - Shortly after EDA approved the Wheeling-Pittsburgh loan guarantee offer, Colorado Fuel and Iron Steel Corporation (CF&I), a Colorado company, filed a complaint in Denver seeking to enjoin the guarantee. This company and other steel executives are critical of the federal action based upon the rail plant portion. They feel there is enough rail production capacity and the new mill is therefore unfair. However, EDA has reviewed the situation and concludes that there will be increased demand for rails. At present there are four rail mills in the country (CF&I is one). All are old and cannot compare to the one Wheeling-Pittsburgh is building in Pennsylvania which uses the latest Japanese technology. In fact, the Japanese have financed \$10 million of this loan package.

	<u>1979</u> <u>Year to Date</u>	<u>1978</u> <u>Year to Date</u>	<u>1977</u>
Capacity Utilization	90.2%	85.1%	78%
			<u>Increase</u> <u>'79 over '78</u>
Production (net tons)	94.6 million	89.7 million	5.5%

	<u>1977</u>	<u>1978</u>
<u>Steel Industry Profits</u>	\$151 million <u>loss</u>	\$1.3 billion <u>profit</u>

Profits for first quarter of 1979 were 161% of first quarter of 1978 earnings.

	<u>1979</u> <u>Year to</u> <u>Date</u>	<u>1978</u> <u>Year to</u> <u>Date</u>	<u>1978</u> <u>Total</u>
<u>Imports</u>			
Volume (million tons)	9.3	12.6	21.1

THE WHITE HOUSE  
WASHINGTON

September 13, 1979

~~Down~~ NSC/S

The attached letter is ready for dispatch. A summary has been done (as the President's note asks) and should be the enclosure to the letter.

pb

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

4889

*3619 - We've done  
great things for US steel  
industry - get brief  
summary from  
Stu today &  
enclose - same data  
I used yesterday  
in Ohio  
J*

September 11, 1979

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI *Zb*  
SUBJECT: Presidential Response to Steelworkers'  
President on Export-Import Bank Loans  
to Taiwan

The letter at Tab A responds to Steelworkers' President McBride's telegram complaining about approval of an Ex-Im Bank loan to Taiwan. Landon Butler has discussed the contents of the letter with the Steelworkers' Union. They are satisfied with the explanation in it and look forward to receiving the letter. Landon feels that the letter is long, but that our relationship with the Steelworkers would benefit if you signed it.

State has cleared the letter, as has Bernie Aronson's office.

RECOMMENDATION:

That you sign the letter at Tab A.

**Electrostatic Copy Made  
for Preservation Purposes**

## NATIONAL SECURITY COUNCIL

September 10, 1979

ACTION

MEMORANDUM FOR: ZBIGNIEW BRZEZINSKI

FROM: NICK PLATT *NP*

SUBJECT: Presidential Response to Steelworkers'  
President on Export-Import Bank Loans  
to Taiwan

The attached memorandum to the President is self-explanatory.

## RECOMMENDATION:

That you send the memo forward.

*md*  
Michel Oksenberg and *Schor* Jim Cochrane concur.

THE WHITE HOUSE  
WASHINGTON

September 7, 1979

FOR: NICK PLATT  
FROM: LORA SIMKUS

The attached draft letter was returned by Landon Butler who approves. (He apparently did some checking with the Union, per his secretary - and it's all agreeable.)

Attachment

AW  
9/17/79

Dear Mr. McBride:

The facts, as you have reported them in your telex of August 13 regarding an Export-Import Bank loan to the Tang Eng Iron Works in Taiwan, are basically correct. I am acutely aware of the serious problems faced by American steel workers and the American steel industry in general. Nevertheless, I believe that the U.S. Government acted to promote U.S. interests in approving the loan in question.

As you are aware, the U.S. Government has made major efforts to convince the European and Japanese governments to restrict official export credit financing for projects which will produce commodities already in excess supply. We have sought to restrict the subsidy element in export finance through the International Arrangement on Export Credits. So far, the other industrial nations which manufacture mill equipment have refused to agree to restrictions on support for steel mill projects in third world countries.

The Taiwanese company in this particular case decided to construct a steel mill to meet domestic needs, primarily to replace stainless steel currently

①  
②  
③ Mr. Lloyd McBride, President,  
United Steelworkers of America,  
Pittsburgh, Pennsylvania.

15222

imported from Japan. The Taiwanese Government supported the project and guaranteed the repayment of loans. Several foreign governments agreed to provide subsidized export credits to assist their firms' bidding for the contract to construct this plant. Japanese, German, and British firms offered 85 percent financing at 7.5 percent interest. A U.S. consortium of Waterbury-Farrel, General Electric, and Production Machinery approached Eximbank and requested financial support in meeting the foreign competition.

Where Eximbank and the other U.S. Government agencies involved in consideration of the loan were well aware of the problems of the American industry, <sup>How</sup> their investigation into the case established that the steel mill definitely would be built by the Taiwanese, with or without U.S. involvement. The impact on the world supply of stainless steel would be the same. The only issue outstanding was whether the U.S. consortium would get the contract to build the plant, with significant favorable impact on U.S. jobs (estimated at 300 man-years) and balance of payments, or whether the contract and those economic benefits would go to a foreign company. In this particular case, the financing package approved by Eximbank, while above

the rates other governments were offering, was sufficiently attractive to convince the Taiwanese to award the contract to the U.S. consortium.

If the U.S. were the sole source of technology, capital, or machinery for steel plants, the U.S. Government could logically choose not to finance the expansion of productive capacity for goods already in excess supply or expected to be so. However, we live in a competitive world. If the U.S. refuses to finance <sup>this kind of</sup> a project, the buyer can find another supplier. We may not like that situation, but we must realize it and make our decisions with that fact in mind.

I agree with you that we must ~~eliminate~~ <sup>or</sup> eliminate this credit cutting among industrial countries. As you suggest, a strong effort will be made through the channels of government and industry to develop a common policy among the industrial countries on the financing of plants in third <sup>world</sup> countries <sup>to</sup> producing goods which are already in excess supply on world markets. The U.S. Government will continue its efforts. We have already succeeded in obtaining from the other members of the O.E.C.D. Steel Committee an initial commitment to abstain from destructive competition in official export credits, <sup>we</sup> and expect that the Committee will undertake a detailed

consideration of steel export credit issues as part of the 1980 work program. I would urge that your organization assist in generating support for our efforts in other key industrial countries. I also urge industry leaders to undertake similar missions with their colleagues in the other countries. It is only through such joint efforts that we can solve this difficult problem.

Sincerely,

Jimmy Carter

Draft:

EB/IFD/ODF:SEDonnelly/smcp  
8/27/79 --- 29426  
119 A/1-4

SD

Clearance:

EB/IFD/ODF - Mr. Dunford  
EB/ITP/STA - Mr. Blum  
E - Mr. Casey  
Eximbank - Mr. Cruse  
Treasury - Mr. Ray  
Mr. Lange

} SD

RECEIVED 17 AUG 79 10

TO: PRES

FROM: MCBRIDE, LLOYD

DOC DATE: 13 AUG 79

TARNOFF

27 AUG 79

PLATT

10 SEP 79

054065

ENTERED

KEYWORDS: EXIM

TAIWAN

ECONOMICS

SUBJECT: LTR RE A \$47 MILLION LOAN TO IRON WORKS OF TAIWAN

ACTION: APPROPRIATE ACTION DUE: 13 SEP 79 STATUS C FILES WH

FOR ACTION

FOR COMMENT

COCHRANE

OKSENBERG

COMMENTS: ACTION RETURNED TO COCHRANE PER OKSENBERG

REF# 7914886 LOG UNCLASSIFIED (L / )

ACTION OFFICER (S) ASSIGNED ACTION REQUIRED DUE COPIES TO

ZR X 9/10 Reopened / FPS 9/13

Res P 9/11 signature

C 9/13 Res eqd LFB MCBride cc/no/np/sc

DISPATCH B 9/13

DISPATCH FILE WH (C)

RECEIVED 17 AUG 79 10

TO: PRES

FROM: MCBRIDE, LLOYD

DOC DATE 13 AUG 79

054065

KEYWORDS: EXIM

TAIWAN

ECONOMICS

SUBJECT: LTR RE A \$47 MILLION LOAN TO IRON WORKS OF TAIWAN

ACTION: APPROPRIATE ACTION DUE: 23 AUG 79 STATUS **C** FILES

FOR ACTION

FOR STAFF COMMENTS

FOR INFO

COCHRANE

OKSENBERG

COMMENTS ACTION RETURNED TO COCHRANE PER OKSENBERG

(ICAO Z)

(L / )

REF#

LOG

NSC/FID

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
State	5/8/20	Draft msg coordinate	8/27	
		w/ Econ Bank (via LDK)		MO, CC
		Rec'd SLS draft	7914	
CC	5/8/28	Memo CD to deal	9/5	
MO	5/8/28	Concur to CC	8/31	

DISPATCH

WV 8/20 (Y) (W) (X)

ATTACH FILE

**(WV)** (C) #

C 9/11 Action completed

4887

THE WHITE HOUSE  
WASHINGTON

August 31, 1979

to NSC/S

Opened money to  
London Bill for transmission  
to the Steelworkers union. no  
further action required

Nick Platt

(Please keep!)

THE WHITE HOUSE  
WASHINGTON

August 29, 1979

MEMORANDUM FOR: CHRISTINE DODSON

FROM: NICK PLATT *NP*

SUBJECT: Draft Response to Steelworkers'  
President Lloyd McBride on Eximbank  
Loan to Taiwan

The attached draft response to Steelworkers' President Lloyd McBride is fine from the substantive point of view. It is too long and detailed, however, to be a Presidential message.

I recommend that you pass the message on to Landon Butler or Anne Wexler to determine how the message should be sent, and who should sign it.

Dear Mr. McBride:

The facts, as you have reported them in your telex of August 13 regarding an Export-Import Bank loan to the Tang Eng Iron Works in Taiwan, are basically correct. I am acutely aware of the serious problems faced by American steel workers and the American steel industry in general. Nevertheless, I believe that the U.S. Government acted to promote U.S. interests in approving the loan in question.

As you are aware, the U.S. Government has made major efforts to convince the European and Japanese governments to restrict official export credit financing for projects which will produce commodities already in excess supply. We have sought to reduce the subsidy element in export finance through the International Arrangement on Export Credits. So far, the other industrial nations which manufacture mill equipment have refused to agree to restrictions on support for steel mill projects in third countries.

The Taiwanese company in this particular case decided to construct a steel mill to meet domestic needs, primarily to replace stainless steel currently

Mr. Lloyd McBride, President,  
United Steelworkers of America,  
Pittsburgh, Pennsylvania.

imported from Japan. The Taiwanese Government supported the project and guaranteed the repayment of loans. Several foreign governments agreed to provide subsidized export credits to assist their firms' bidding for the contract to construct this plant. Japanese, German, and British firms offered 85 percent financing at 7.5 percent interest. A U.S. consortium of Waterbury-Farrel, General Electric, and Production Machinery approached Eximbank and requested financial support in meeting the foreign competition.

While Eximbank and the other U.S. Government agencies involved in consideration of the loan were well aware of the problems of the American industry, their investigation into the case established that the steel mill definitely would be built by the Taiwanese, with or without Eximbank involvement. The impact on the world supply of stainless steel would be the same. The only issue outstanding was whether the U.S. consortium would get the contract to build the plant, with significant favorable impact on U.S. jobs (estimated at 300 man-years) and balance of payments, or whether the contract and those economic benefits would go to a foreign company. In this particular case, the financing package approved by Eximbank, while above

the rates other governments were offering, was sufficiently attractive to convince the Taiwanese to award the contract to the U.S. consortium.

If the U.S. were the sole source of technology, capital, or machinery for steel plants, the U.S. Government could logically choose not to finance the expansion of productive capacity for goods already in excess supply or expected to be so. However, we live in a competitive world. If the U.S. refuses to finance a project, the buyer can find another supplier. We may not like that situation, but we must realize it and make our decisions with that fact in mind.

I agree with you that we must work to reduce or eliminate this credit cutting among industrial countries. As you suggest, a strong effort should be made through the channels of government, labor, and industry to develop a common policy among industrial countries on the financing of plants in third countries producing goods which are already in excess supply on world markets. The U.S. Government will continue its efforts. We have already succeeded in obtaining from the other members of the O.E.C.D. Steel Committee an initial commitment to abstain from destructive competition in official export credits and expect that the Committee will undertake a detailed

consideration of steel export credit issues as part of the 1980 work program. I would urge that your organization assist in generating support for our efforts in other key industrial countries. I also urge industry leaders to undertake similar missions with their colleagues in the other countries. It is only through such joint efforts that we can solve this difficult problem.

Sincerely,

Jimmy Carter

Draft:

EB/IFD/ODF:SEDonnelly/smco SD  
8/27/79 --- 29426  
119 A/1-4

Clearance:

EB/IFD/ODF - Mr. Dunford  
EB/ITP/STA - Mr. Blum  
E - Mr. Casey  
Eximbank - Mr. Cruse  
Treasury - Mr. Ray  
Mr. Lange } SD

NATIONAL SECURITY COUNCIL

August 28, 1979

NOTE FOR: NICK PLATT  
FROM: JIM COCHRANE *Jim*

Contrary to the cover sheet, Mike Oksenberg has the action on this. We concur with what State drafted for the President to send to McBride.

*Mc/s*  
*Nick has message*

*But, see this line, you have  
1st, please address the  
775015  
L*

Senators - Energy 9/13/79

NAT SEC - IMPORT SUPPLY

2 1/2 mbd - 1990 goal, No Δ

\$88 b, phased, Sec Corp

Mob Bd - expedite

Conservation → Syn fuels

Decon + WPT, \$106 1/4 oil

Need WPT, \$88 B

Meeting with Senate Group/  
Energy 9/13/79

**Electrostatic Copy Made  
for Preservation Purposes**

BILL GRAY

SINGLETON MC ALLISTER

BILL DALEY

TERRY & MARY HERNDON

CHICK & ROSALIND CHAIKIN

PAT & RONALD RUSSELL  
KEENE

JIM & PATRICIA ROUSE

LARRY O'BRIEN

private luncheon  
9/13/79



DEPARTMENT OF STATE

7914886

Washington, D.C. 20520

August 27, 1979

MEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI,  
THE WHITE HOUSE

Subject: Draft Presidential Response to  
Steelworkers' President Lloyd McBride  
Re: Eximbank Loan to Taiwan

Attached is a draft response to Steelworkers' President Lloyd McBride's telex to the President complaining about Eximbank financing for a steel plant in Taiwan. This draft response has been cleared with the Eximbank and the Treasury Department.

*for Peter Tarnoff*  
Peter Tarnoff  
Executive Secretary

MEMORANDUM

## NATIONAL SECURITY COUNCIL

ACTIONUNCLASSIFIED

August 20, 1979

MEMORANDUM FOR:

CHRISTINE DODSON

FROM:

JIM COCHRANE *rc*

SUBJECT:

\$47 Million Loan to Iron Works of Taiwan

Contrary to the cover sheet, Mike Oksenberg has the action on this. It is a very complex issue. I suggest we do the following:

-- Extend the August 23rd due date.

-- Ask State to prepare a response.

Recommendation

That you sign the memorandum at Tab A.

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

MEMORANDUM FOR:

PETER TARNOFF  
Executive Secretary  
Department of State

~~Please provide a draft response for the President to  
Lloyd McBride's telegram. The draft response should  
be coordinated with the Export-Import Bank.~~

Christine Dodson  
Staff Secretary

*8/20*

*NSCIS - LDX telegram  
to state for draft resp. note  
to coordinate resp w/ Export-  
Import Bank.*

*CA*

REFERRAL

DATE: 20 AUG 79

MEMORANDUM FOR: STATE SECRETARIAT  
DEPARTMENT OF STATE

DOCUMENT DESCRIPTION:

TO: PRES

FROM: MCBRIDE, LLOYD

DATE: 13 AUG 79

KEYWORDS: EXIM

TAIWAN

ECONOMICS

SUBJ: LTR RE A \$47 MILLION LOAN TO IRON WORKS OF TAIWAN

REQUIRED ACTION: DRAFT MESSAGE

DUEDATE: 27 AUG 79

COMMENTS: COORDINATE DRAFT W/ EXPORT-IMPORT BANK

*Harold J. Hudson*

FOR CHRISTINE HUDSON

STAFF SECRETARY

FOR NSC USE ONLY

FOR INFO BUTLER, L

OKSEMBERG

COCHRANE

F

Q LB C

(ICAO Z)



HSC

THE WHITE HOUSE  
WASHINGTON

*Butler*

8/13/79

TO: LANDON BUTLER

For Your Information: \_\_\_\_\_

For Appropriate Handling:  \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*R*  
Robert D. Linder

4889

WHD016 3021

WAA213(1357)(1-0175520225)PD 08/13/79

TWX USWA PGH I  
DLY PITTSBURG  
PMS THE PRES  
THE WHITE HOUSE  
WASHINGTON, D. C. 20500

I AM INFORMED THAT THE U.S. EXPORT-IMPORT BANK HAS APPROVED A  
LOAN IN EXCESS OF \$47 MILLION AT 8% INTEREST TO THE TANG ENG  
IRON WORKS OF TAIWAN FOR THE CONSTRUCTION OF A STAINLESS STEEL  
MILL. NO AMERICAN STEEL COMPANY CAN OBTAIN CAPITAL AT SUCH  
A FAVORABLE RATE OR FOR SUCH A LONG TERM.

AS YOU KNOW, THERE IS ALREADY EXCESS WORLD CAPACITY FOR PRODUCING  
STAINLESS STEEL. OUR UNION THEREFORE STRONGLY OPPOSES GRANTING  
OF SUCH A LOAN WITH AMERICAN TAX REVENUES ON TERMS MORE FAVORABLE

THAN ARE AVAILABLE IN AMERICAN STEEL COMPANIES.

THE ARGUMENT IS MADE THAT IF THE UNITED STATES DOES NOT GRANT THE  
LOAN OTHER INDUSTRIAL NATIONS WILL DO SO AND AMERICAN SUPPLIERS WILL  
THEREFORE LOSE THE ASSOCIATED EQUIPMENT SALES. I WOULD URGE THAT  
INSTEAD OF PARTICIPATING IN THIS WASTEFUL COMPETITION A SERIOUS  
EFFORT SHOULD BE MADE THROUGH THE CHANNELS OF GOVERNMENT, LABOR UNIONS  
AND INDUSTRY TO UNITE THE INDUSTRIAL NATIONS IN AGREEMENTS NOT ONLY  
TO PROVIDE LOWER-COST CAPITAL FOR THE EXPANSION OF INDUSTRIES  
WHICH ALREADY SUFFER FROM WORLD OVER-CAPACITY.

LLOYD MCBRIDE, PRESIDENT  
UNITED STEELWORKERS OF AMERICA  
NNNN

Thursday - September 13, 1979

- 
- 7:15 Dr. Zbigniew Brzezinski - The Oval Office.
- ✓ 7:45 Meeting with Senate Group/Defense Budget.  
(30 min.) (Mr. Frank Moore) - The Cabinet Room.
- ✓ 8:30 Drop-By Breakfast with Senate Group/Energy.  
(60 min.) (Mr. Frank Moore) - First Floor Private Dining Room.
- 9:45 Mr. Hamilton Jordan and Mr. Frank Moore.  
The Oval Office.
- ✓ 11:35 Greetings/Photographs - The Oval Office.  
(25 min.) (SEE ATTACHED)
- # 12:00 PRIVATE LUNCHEON - Second Floor Private  
(60 min.) Dining Room.
- ✓ # 2:00 Meeting with Network Executives. (Mr. Gerald  
(30 min.) Rafshoon) - The Cabinet Room.
- ✓ 3:00 Drop-By Reception for Conference of National  
(15 min.) Volunteer Organizations - The East Room.
- 9:05 Depart South Grounds via Motorcade en route  
Washington Hilton Hotel.
- 9:15 Drop-By Hispanic Caucus Dinner (Black Tie Optional).
- 9:55 Return to the White House.

GREETINGS/PHOTOGRAPHS

Thursday - September 13, 1979

---

- ✓ 11:35 (5 min.) Photograph with Janet Guthrie, Outstanding Women's Golfer; Donna deVarona, Swimmer; and Carol Mann, Race Car Driver. (Ms. Sarah Weddington) - The Oval Office.
- ✓ 11:40 (2 min.) Photograph with Mr. Frank Weil, who Recently Resigned as Assistant Secretary for Trade at the Department of Commerce. (Mr. Stuart Eizenstat) - The Oval Office.
- ✓ 11:45 (5 min.) Photograph with the Officers of the Associated General Contractors of America. (Ms. Anne Wexler) - The Oval Office.
- ✓ 11:50 (3 min.) Greet Dr. John J. Czajka, Winner of Sertoma International's Service to Mankind Award, and Mrs. Czajka. (Ms. Anne Wexler).  
The Oval Office.
- ✓ 11:55 (3 min.) Photograph with Mr. Al Rubin and Delegation from the National Planning Council for the International Year of Disabled Persons. (Mr. Stuart Eizenstat) - The Oval Office.

11:35 AM

THE WHITE HOUSE  
WASHINGTON

BRIEF MEETING WITH WOMEN'S SPORTS FOUNDATION

Oval Office - 11:35 a.m.

Thursday, Sept. 13, 1979

By: Sarah Weddington *SW*

- I. PURPOSE: Courtesy greeting with representatives of Women's Sports Foundation
- II. BACKGROUND, PARTICIPANTS, PRESS:
- A. BACKGROUND: There is a rapidly increasing interest in sports opportunities for women. The Women's Sports Foundation has as its aim encouraging that interest; it is also organizing support for Title IX (the 1972 Education Amendment which prohibits discrimination in education, including sports).
- This morning (Thursday), a broader group met with Secretary Harris to encourage her support of Title IX and the group plans activities on the Hill.
- At this meeting, four outstanding women athletes will present you a statement in support of Title IX. (Attached)
- When the meeting was scheduled, Billie Jean King was to participate, especially since her 20th win at Wimbledon. However, she is playing in Japan today and could not attend.
- B. PARTICIPANTS: CAROL MANN. Professional golfer. Former President of the Ladies Professional Golf Association and one of its all-time greatest performers. LPGA Hall of Fame, 1977. Ms. Mann will present the statement.

**Electrostatic Copy Made  
for Preservation Purposes**

JANET GUTHRIE. Best known as the first woman ever to race in the Indianapolis 500. Has performed in Grand National stock car races such as the Daytona 500. She will present a Schultz cartoon on Title IX.

LACEY O'NEAL. Former Track and Field contender in the 1964 and 1972 Olympics. Currently program director for the National Football League's Players Association's Unions for Youth Camps program. President of the D.C. International Track and Field Team. She will make a statement about Title IX enforcement.

DONNA DE VARONA. Member, President's Advisory Committee for Women. Olympic gold medal winner in 1964 in the 400-meter individual medley. Between 1960 and 1965 set 18 World Swimming records. Named outstanding female athlete in the world in 1964 by AP and UPI. She will present an honorary membership in the Women's Sports Foundation for the President and for Mrs. Carter.

EVA AUCHINCLOSS. Executive Director, Women's Sports Foundation.

CAROL BAIN. Coordinator of Women's Sports Foundation project.

SARAH WEDDINGTON. Assistant to the President.

C. PRESS:

None/White House Photo

III. TALKING POINTS:

1. Part of the principle of this Administration has been that of opening new doors to women and making them a part of the mainstream of every aspect of American life. You are delighted to note that this same principle is being carried out in the sports field.

2. You regret that Billie Jean King was unable to attend, but certainly admire her great talent. Many Americans admire the talent of outstanding athletes like those joining you.

3. You are proud of Secretary Harris and are delighted that they had the opportunity, with others, to visit with her. You will be relying on her for guidance regarding Title IX issues.

DECLARATION FOR WOMEN'S ATHLETICS

STATEMENT IN SUPPORT OF TITLE IX, THE  
1972 EDUCATION AMENDMENT, AND AS  
INTERPRETED BY H.E.W. IN DECEMBER 1978.

"In the interest of developing all Americans as healthy, strong and physically sound individuals we, the undersigned, declare that the teaching of physical fitness and athletics are and should be an important and integral part of all school programs; that all children and adults in our educational systems should have an equal opportunity to discover their full physical potential through all physical education, athletic and sport programs; that H.E.W. enforce Title IX, as it pertains to physical education, athletics and sports; that girls and women should be taught to develop their full physical potential; that legislation which would deprive girls and women of any equal opportunity in sports is against the best interests of all Americans. For these reasons we ask Congress to stand firm on its intent to include athletics within the scope of Title IX and we ask the President to use the power of his office to enforce this legislation."

ENDORSERS OF DECLARATION  
As of September 10, 1979

NATIONAL SPORT ORGANIZATIONS

A.A.U. Aquatic Division  
A.A.U. Synchronized Swimming Committee  
A.A.U. Women's Judo Division of U.S.A.  
Association for Intercollegiate Athletics for Women  
Group Fore Women's Professional Golf Tour  
International Women's Professional Softball Association  
Ladies Professional Golf Association  
National Archery Association of U.S.A. & College Division  
National Association for Girls and Women in Sport  
National Jogging Association  
National Junior College Athletic Association  
United States Badminton Association  
United States Field Hockey Association  
United States Figure Skating Association  
United States Racquetball Association  
United States Ski Association  
United States Table Tennis Association  
Women in the Wilderness  
Women's International Bowling Congress  
Women's Professional Basketball League  
Women's Professional Bowling League  
Women's Professional Football League  
Women's Sports Foundation & Associations

INDIVIDUALS

Billie Jean King	Karen Logan	Jacki Sorensen
Bruce Jenner	Mary Jo Pepler	Marilyn King
Joan Joyce	Micki King Hogue	
Kathrine Switzer	Janie Blalock	
Donna deVarona	Nancy Lopez	
Janet Guthrie	Cathy Rigby Mason	
Carol Mann	Sheila Young	
Lacey O'Neal	Al Oerter	

OTHER NATIONAL ORGANIZATIONS

American Association of University Professors  
American Association of University Women  
American Civil Liberties Union  
B'Nai B'Rith Women  
Explorer Division of Boy Scouts of America  
The Girls Glubs of America  
Girls Scouts of U.S.A.  
National Board of the YWCA of the U.S.A.  
National Coalition for Girls and Women in Education  
National Council of Negro Women Commission on Higher Education  
National Federation of Business and Professional Women's Clubs, Inc.  
National Student Educational Fund  
National Organization for Women  
National Women's Political Caucus  
Women's Equity Action League  
Women's equity Action League, Educational and Legal Defense Fund

11:40 AM

THE WHITE HOUSE

WASHINGTON

PHOTO SESSION WITH FRANK WEIL  
Thursday, September 13, 1979  
11:40 a.m. (2 minutes)  
The Oval Office

From: Stu Eizenstat *Stu*

I. PURPOSE

A farewell photo with Frank Weil, who recently resigned his post as Assistant Secretary for Trade at Commerce.

II. BACKGROUND AND PARTICIPANTS

A. Background: During his tenure, Frank played a major role in the development of the Administration's export policy, the MTN legislation, and the trade reorganization.

Frank decided to leave because of policy differences with Secretary Kreps and because a more senior position in the Administration was not offered to him (he was interested in being the Special Trade Representative or the Under Secretary of Commerce). However, Frank remains very supportive of you and would like to help in any way possible in the future.

As you may remember from 1976, Frank was one of your earliest and most successful fundraisers in New York and he retains a great many of those ties.

Frank will be joining a law firm in Washington shortly. It would be helpful in enlisting his future support if you just mention to him that you believe he did an outstanding job developing our trade policy and you hope he will be continuing to support and work with the Administration on the outside.

B. Participants:

Frank Weil  
Stu Eizenstat

**Electrostatic Copy Made  
for Preservation Purposes**

11:50 AM

THE WHITE HOUSE

WASHINGTON

RECOGNITION OF SERTOMA INTERNATIONAL'S  
SERVICE TO MANKIND AWARD WINNER,

DR. JOHN J. CZAJKA

Thursday, September 13, 1979

11:50 a.m.

The Oval Office

FROM: ANNE WEXLER *AW*

**Electrostatic Copy Made  
for Preservation Purposes**

I. PURPOSE

To congratulate Dr. John J. Czajka (Chika) for winning Sertoma International's Service to Mankind Award.

II. BACKGROUND

Each year Sertoma (from Service to Mankind) International presents an International Service to Mankind Award for community service. This will be the first time the recipient of the award will meet a President of the United States.

Dr. John Czajka (Chika) received the Service to Mankind Award this June for his work in establishing the Guadalupe Children's Medical Clinic. Today the clinic provides 20 doctors, 13 dentists and 50 volunteers to service the community.

Sertoma International, one of the oldest civic service clubs, has a membership of over 35,000 people. The club stresses service to health organizations and individuals with speech and hearing defects.

III. PARTICIPANTS

Dr. John Czajka and his wife, Shirley  
-- Service to Mankind Award winner

James Hooper, Executive Director of Sertoma International

Lee Machemer, President of Sertoma International

Patrick Burke, Public Affairs Director of Sertoma International

Gaylord Nelson, Senator from Wisconsin  
(Czajka's home state)

Clement Zablocki, Congressman from Milwaukee, Wisconsin  
(Czajka's home district)

IV. PRESS PLAN

White House Photographer

V. TALKING POINTS

1. Congratulate Dr. Czajka (Chika) for receiving the International Service to Mankind Award.
2. Commend Dr. Czajka and Sertoma International for their service to the community, particularly in the area of health.

11:55 JHVI

THE WHITE HOUSE  
WASHINGTON

PHOTO SESSION WITH THE U.S. COUNCIL FOR THE  
INTERNATIONAL YEAR OF DISABLED PERSONS  
(1981)

Thursday, September 13, 1979  
11:55 a.m. (3 minutes)  
The Oval Office

From: Stu Eizenstat *Stu*

I. PURPOSE

A photo session with three representatives from the privately organized U.S. Council for the International Year of Disabled Persons (IYDP), proclaimed by the U.N. for 1981.

II. BACKGROUND & PARTICIPANTS

The Council is a privately established and funded organization composed of members from private sector businesses, foundations and human services organizations (e.g., Stockton Corporation, Xerox Corporation, Kresge Foundation, Gallaudet College). The purpose of the Council is to develop and implement private sector activities to observe and promote the International Year.

This group is extremely dedicated to assuring a meaningful recognition and celebration of the International Year of the Disabled. Their goals include the expansion of educational and employment opportunities, removal of transportation and housing barriers, improvement of the quality of life for handicapped people and increased participation in community life, and reduction of the incidence of disability and the conquest of major disabling conditions. Unfortunately the zeal with which they are pursuing these objectives could create some confusion because of their desire to be the only U.S. organization responding to the IYDP. They are not the only group addressing IYDP. HEW and the State Department are in the process of establishing an interagency committee to coordinate and develop the Federal Government's response to IYDP. A similar process was initiated for the International Year of the Child.

**Electrostatic Copy Made  
for Preservation Purposes**

### Participants

David T. Kearns, Chairman of the Council and president of Xerox Corporation.

Alan A. Reich, President of the Council, Chairman of the People-to-People Committee for the Handicapped, and formerly Deputy Assistant Secretary, Department of Commerce (1977-78) and Director of Commerce's Bureau of East-West Trade.

Alan A. Rubin, Treasurer of the Council.

### III. TALKING POINTS

- The Administration supports the IYDP and is committed to a partnership between government and the private sector to promote the IYDP.
- Coordination, cooperation, and joint sponsorship of nation-wide activities will bring the IYDP's important message to every community in our country. Secretaries Vance and Harris have already begun organizing a federal coordinating committee for IYDP and we will actively support efforts promoting the IYDP.
- The theme of the IYDP is "full participation," i.e., the mainstreaming of the world's 400 million disabled persons into every aspect of society. This theme has also been the basis for the Administration's support for policies and programs that have benefitted the disabled population in the U.S.
- The IYDP will provide the world with the opportunity to better understand the needs of the disabled and how communities across the globe can bring the disabled into the mainstream of life. The United States has a lot to offer other nations during the IYDP but can also benefit from the communication with other nations about research and technological advances that benefit disabled individuals.
- The disabled have made significant advancements in the last decade in this country. For too long, the disabled were not thought of as contributing members of society nor were they expected to be independent citizens. The IYDP will significantly promote the universal advancement of the disabled.

THE WHITE HOUSE

WASHINGTON

September 13, 1979

Nominations

The following-named persons to be Representatives of the United States of America to the Thirty-fourth Session of the General Assembly of the United Nations:

Donald F. McHenry, of Illinois  
Benjamin S. Rosenthal, United States Representative  
from the State of New York  
Larry Winn, Jr., United States Representative from  
the State of Kansas  
Esther L. Coopersmith, of Maryland

The following-named persons to be Alternate Representatives of the United States of America to the Thirty-fourth Session of the General Assembly of the United Nations:

Richard W. Petree, of Virginia  
William L. Dunfey, of New Hampshire  
Howard T. Rosen, of New Jersey

The following-named persons to be Members of the Federal Council on the Aging for the terms indicated:

For terms expiring June 5, 1981

Cyril Hilary Carpenter, of Minnesota  
John B. Martin, of Maryland. (Reappointment)  
Mary Crowley Mulvey, of Rhode Island  
Jean Jones Perdue, of Florida

For a term expiring June 5, 1982

Aaron E. Henry, of Mississippi

Resignations

- \* Daniel H. Brill as an Assistant Secretary of the Treasury, effective October 1, 1979
- Dale R. Babione as a Member of the Committee for Purchase of the Blind and Other Severely Handicapped, effective August 31, 1979

September 13, 1979

Resignations (Continued)

- \* Patricia M. Wald as an Assistant Attorney General, effective July 2, 1979
- Thomas Cash Jorling as an Assistant Administrator of the Environmental Protection Agency, effective September 7, 1979
- Mary Leyland as an Assistant Director of the ACTION Agency, effective April 12, 1979
- Edmund Alvarez as a Member of the Committee for Purchase from the Blind and Other Severely Handicapped, effective September 7, 1979
- Noel P. Fox retiring as United States District Judge for the Western District of Michigan, effective December 31, 1979
- Walter Ely retiring as United States Circuit Judge for the Ninth Circuit, effective October 31, 1979
- Dorwin W. Suttle retiring as United States District Judge for the Western District of Texas, effective October 10, 1979, or upon the appointment and qualification of his successor, whichever occurs first

NSC

Presidential Determination on Economic Support for Yugoslavia

Memorandum for the Heads of Departments and Agencies

Memorandum for the Heads of Executive Departments and Agencies, subject: President's Management Improvement Council

Memorandum for the Heads of Executive Departments and Agencies, subject: The Human Rights of Undocumented Aliens

Messages to the Congress

Message to the Congress transmitting the 1978 Report on Disease Control Programs

Message to the Congress transmitting the Second Annual Report on the Administration of the National Sickle Cell Anemia, Cooley's Anemia, Tay-Sachs and Genetic Disease Act

September 13, 1979 (Continued)

Disaster Declarations

Major Disaster Declarations for Florida, Alabama and Mississippi

OMB Budget Amendments

Proposed 1980 Budget Amendment for Public Law 480 Program -  
Department of Agriculture \$205,800,000

CAB Decisions

CAB Decisions:

- (1) Increases in Cargo Rates Proposed by Braniff Airways, Inc. - Docket 36500
- (2) Increases in International Normal Economy Fares Proposed by Various Carriers - Dockets 36505, 36505, and 36513

Trade Case

Recommended Presidential Action on the Consent Order Issued as a Result of Commission Investigation of Certain Cattle Whips, under Section 337 of the Tariff Act of 1930, as Amended

Recommended Presidential Action on the Exclusion Under Section 337 of the Tariff Act of 1930, as Amended, of Certain Thermometer Sheath Packages Which Infringe U.S. Letters Patent 3,552,558 and 3,847,280

Presidential Determination

Proposed Presidential Determination to permit the transfer of Funds for Disaster Relief in the Caribbean under the authority of Section 610(a) of the Foreign Assistance Act

Other

Presidential Preface to Surgeon General's Report  
Letter to the Members of the Management Improvement Commission

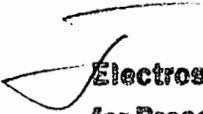
THE WHITE HOUSE  
WASHINGTON

Mr. President:

At the request of  
Sec. Miller and the con-  
firmation by Landon Butler  
I scheduled a meeting today  
for you to be briefed on  
the wage-price guideline  
talks. Miller said you  
had approved directly to  
him but I thought I should  
check.

approve     disapprove

Phil

 Electrostatic Copy Made  
for Preservation Purposes

September 11, 1979

MEMORANDUM FOR THE PRESIDENT  
FROM SARAH WEDDINGTON

---

*SW*

Following up on our Saturday conversation, we arranged for a meeting for Bill Romjue of Iowa with Secretary Bergland and with Jim Webster of his staff. The meeting was a very productive one; it was held Sunday afternoon in my office.

*Q*  
*/*

**Electrostatic Copy Made  
for Preservation Purposes**

cc: Mrs. Carter  
Hamilton Jordan

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

September 10, 1979

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: The Effect of Energy Prices on Overall Inflation

This morning you asked for data on the rate of inflation for all items excluding energy. The relevant numbers are:

	(percent change; annual rate)		
	December 1976	1979	Last
	to	to	3
	<u>December 1978</u>	<u>date</u>	<u>months</u>

Consumer Price Index:

Total	7.9	13.1	12.8
Energy	7.6	46.0	68.0
<u>All other</u>	<u>8.0</u>	<u>9.8</u>	<u>8.3</u> ←

Producer Price Index  
(finished goods):

Total	7.8	11.6	11.6
Energy	7.6	63.5	96.7
<u>All other</u>	<u>7.8</u>	<u>7.9</u>	<u>5.8</u>

The story these numbers tell is startling:

- o In the first seven months of 1979 rising energy prices added more than 3 percentage points to the rate of consumer price inflation.
- o During the last three months for which data is available (May to July), energy prices added 4½ percentage points to the rate of consumer price inflation. Outside of energy, other consumer prices, on average, showed virtually no acceleration compared to the 1977-78 period.

**Electrostatic Copy Made  
for Preservation Purposes**

- o Rising energy prices added almost 4 percentage points to the inflation of producer prices in 1979 to date and almost 6 percentage points in the last three months.

Energy products account for only 8½ percent of the total weights in the consumer price index and 7 percent of the weight in the producer price index. But the increase in energy prices was so huge, that despite their relatively small weight in the indexes, they caused most of the recent acceleration in inflation.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

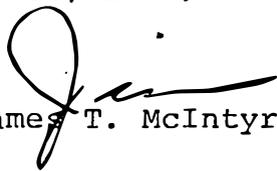
SEP 12 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: President's Management Improvement Council

I am forwarding the attached letter and memorandum for your approval. Scotty and I think that the memorandum to the heads of Executive departments and agencies will highlight and emphasize their need to cooperate with the Council. The letter to the Council members will accompany their commissions and give your personal touch to their appointments.

We have provided Fran Voorde with a brief set of talking points for your use should you be available to greet the members at their Friday morning session in the Roosevelt Room. (9:30 a.m. on September 14, 1979)

  
James T. McIntyre

Attachments

THE WHITE HOUSE

WASHINGTON

To

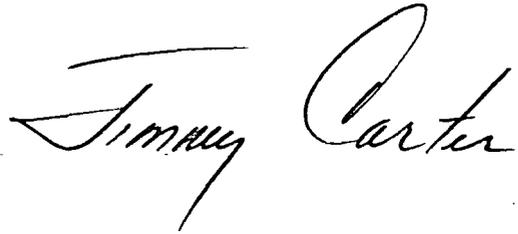
One of the most significant changes in American life in the past three decades has been the expansion of the role of the Federal government and its increasing impact on all elements of American life. The Federal government vitally affects the well-being of almost all individuals, State and local governments, private businesses and public services. As I meet and talk with individual citizens and groups, I am constantly reminded that there continues to be widespread distrust of government and dissatisfaction with how well the Federal government does its job.

From the very beginning of my Administration I have taken this public concern very seriously. One of the most consistent efforts of this Administration has been to press for the reform of government and improvement in the quality of service that our government provides to the American people. Major programs have been pursued in government reorganization, regulatory reform, civil service reform, elimination of fraud and waste, relieving paperwork burdens, and stronger government budgeting, cash management and financial administration.

I view the initiation of the President's Management Improvement Council as an exceptionally valuable resource to advise and assist me and the leaders of my Administration in meeting this management improvement responsibility. I would like to draw upon your own wide knowledge, experience and relationships in your own fields to develop ways in which the private sector, State and local government, universities, and other organizations can bring their skills and talents to bear in cooperation with Federal government leaders to help solve management problems. I will be sending a memorandum to the heads of principal departments and agencies which reiterates my own commitment to management improvement, points out the need for their commitment and leadership within their own organizations, and emphasizes the potential of the Council to advise and assist them in their own management improvement work.

I have asked Jim McIntyre and Scotty Campbell to point the efforts of the Council toward finding realistic solutions to practical problems so that we can have the mutual satisfaction of producing tangible management results. I welcome you to the Council and know that great benefit to the country can be achieved through your willingness to serve.

Sincerely,

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

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS  
AND AGENCIES

SUBJECT: President's Management Improvement Council

One of the highest priorities of my Administration has been, and remains, improving the management and performance of the Federal government. Together we have made some significant progress toward that end. Civil Service Reform, regulatory reform, cash management improvements, paperwork reduction, Federal grant reform, and our efforts to prevent fraud and waste are producing substantial improvements in the operations of the Federal government.

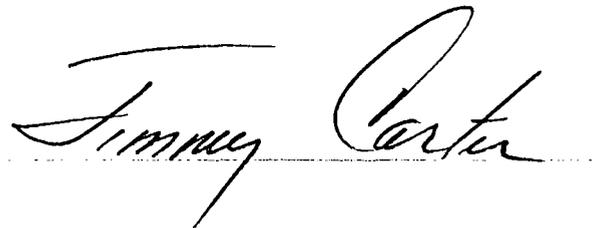
I recognize that you are already doing many things to improve management in your departments or agencies. Yet as I meet and talk with individual citizens and groups, I am constantly reminded that there continues to be widespread distrust of government, and widespread dissatisfaction with how well the Federal government does its job. I believe that there are further management improvements which need to be undertaken, and I seek your commitment to take a fresh look at management problems in your agency.

I would urge you to give special attention to the problems of delivery of service to the public. There continue to be many instances throughout government of slow response to client needs, backlogs of work, overly complicated procedures, and insensitivity or indifference in dealing with the public. In many cases improvements can be made in practical, down-to-earth ways by line managers and supervisors, if they have your strong backing to do so.

As part of this renewed commitment to Federal management, I have, by Executive Order, established the President's Management Improvement Council. This Council, co-chaired by the Directors of the Office of Management and Budget and the Office of Personnel Management, consists of representatives from Federal agencies and State and local government, executives from the private sector and labor organizations, and academic leaders. Its purpose is to work with you in a renewed effort to bring all of our collective expertise, experience, and knowledge to bear to generate the highest level of performance in the Federal government.

I am convinced that there is much that we can learn -- and must learn -- from sources outside the Federal government to improve the efficiency of our operations and our delivery of public services. The Council brings us an added dimension to help identify and solve the difficult and persistent problems of managing complex government institutions. I have asked the Council to focus its attention especially on the more practical problems affecting the delivery of services to the public. In turn, I am asking you to view the Council as a resource to advise and assist you in addressing your critical management problems.

The Council will keep me informed of its activities and will bring significant problem areas to my attention. I urge you to seize the opportunity which the Council represents and renew your commitment to an efficient and responsive Federal government.

A handwritten signature in cursive script, reading "Jimmy Carter", written over a horizontal dotted line.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS  
AND AGENCIES

SUBJECT: President's Management Improvement Council

One of the highest priorities of my Administration has been, and remains, improving the management and performance of the Federal government. Together we have made some significant progress toward that end. Civil Service Reform, regulatory reform, cash management improvements, paperwork reduction, Federal grant reform, and our efforts to prevent fraud and waste are producing substantial improvements in the operations of the Federal government.

I recognize that you are already doing many things to improve management in your departments or agencies. Yet as I meet and talk with individual citizens and groups, I am constantly reminded that there continues to be widespread distrust of government, and widespread dissatisfaction with how well the Federal government does its job. I believe that there are further management improvements which need to be undertaken, and I seek your commitment to take a fresh look at management problems in your agency.

I would urge you to give special attention to the problems of delivery of service to the public. There continue to be many instances throughout government of slow response to client needs, backlogs of work, overly complicated procedures, and insensitivity or indifference in dealing with the public. In many cases improvements can be made in practical, down-to-earth ways by line managers and supervisors, if they have your strong backing to do so.

As part of this renewed commitment to Federal management, I have, by Executive Order, established the President's Management Improvement Council. This Council, co-chaired by the Directors of the Office of Management and Budget and the Office of Personnel Management, consists of representatives from Federal agencies and State and local government, executives from the private sector and labor organizations, and academic leaders. Its purpose is to work with you in a renewed effort to bring all of our collective expertise, experience, and knowledge to bear to generate the highest level of performance in the Federal government.

I am convinced that there is much that we can learn -- and must learn -- from sources outside the Federal government to improve the efficiency of our operations and our delivery of public services. The Council brings us an added dimension to help identify and solve the difficult and persistent problems of managing complex government institutions. I have asked the Council to focus its attention especially on the more practical problems affecting the delivery of services to the public. In turn, I am asking you to view the Council as a resource to advise and assist you in addressing your critical management problems.

The Council will keep me informed of its activities and will bring significant problem areas to my attention. I urge you to seize the opportunity which the Council represents and renew your commitment to an efficient and responsive Federal government.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned above a horizontal dotted line.



**ANNIE LAURIE GUNTER**  
STATE TREASURER

C  
1

**Electrostatic Copy Made  
for Preservation Purposes**

The Capitol  
Montgomery, Alabama 36130  
(205) 832-3590

THE WHITE HOUSE  
WASHINGTON

9/14/79

Frank Moore

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

Rick Hutcheson

cc: Tim Kraft



**Congressional Hispanic Caucus  
Second Annual Dinner**

Thursday, September 16, 1979  
Seven in the evening  
The Washington Hilton Hotel  
Washington, D.C.

*Handwritten signature*

\$100

Per person  
Your contribution is tax deductible. Make check payable to Congressional Hispanic Caucus, Inc.

*Bill Green's picture* / The Rev. Amy Cortese

Electrostatic Copy Made  
for Preservation Purposes

TABLE NO. HEAD TABLE

My dear President,  
And bless you  
I feel your God's man  
farther than and I have  
a prayer circle backing you  
at all times. It's not "magic"  
it's God call that will set  
our nation through. <sup>through your</sup> Amen

THE WHITE HOUSE  
WASHINGTON

9/13/79

Esteban Torres

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

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

Rick Hutcheson

cc: Bob Linder

3195

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

September 12, 1979

C

MEMORANDUM FOR: THE PRESIDENT

FROM: ZBIGNIEW BRZEZINSKI *ZB.*

SUBJECT: Memorandum to Cabinet Secretaries and Agency Heads of the Human Rights of Undocumented Aliens

Cy Vance has prepared a memo for you to send to Cabinet Secretaries and Agency Heads that directs their attention to the human rights problems of undocumented aliens and encourages them to show concern and take appropriate positive actions as they discharge their responsibilities. The memo would correspond to and enclose the letter that you sent last May to State Governors on the same issue.

I concur with Cy that it would be appropriate for you to send the memo, which has been prepared in final form for your signature. The Domestic Policy Staff also concur. Ham Jordan feels that it would be most useful if you would announce this instruction to Department and Agencies, Thursday, September 13, 1979, when you address the Hispanic Caucus. I agree. The speechwriters have cleared.

Recommendation

That you sign the memorandum at Tab A.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR THE HEADS OF

EXECUTIVE DEPARTMENTS AND AGENCIES

SUBJECT: The Human Rights of Undocumented Aliens

Protection of the basic rights of all persons in our land is a vital part of our commitment to a just and humane society. This Administration's policy on human rights can only be effective if we assure the rights of all persons in the United States, whether or not they are citizens of this country.

I will continue to enforce vigorously this nation's immigration laws. Those found in violation will be dealt with as the law prescribes. But persons accused of being undocumented aliens must be treated fairly and humanely. No one in our country should be vulnerable to mistreatment or exploitation because he or she is afraid to secure protection of the law.

Since many of the problems in this area are under state and local jurisdiction, I sent letters to the Nation's Governors on May 4, asking for their concern, assistance and advice in dealing with these problems. In those letters, a copy of the text of which is attached, I also described some of the significant efforts the Federal Government has made in this area.

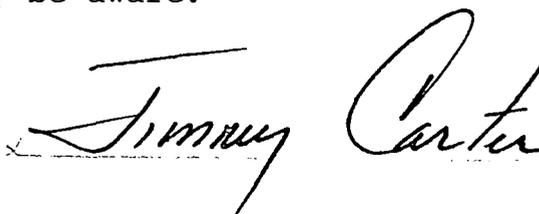
The work of each of your departments and agencies touches upon some aspects of the treatment of undocumented aliens in the United States. I will not dwell on all Government activities in this message but will mention some issues of particular importance.

A number of Federal, or Federally-assisted, social welfare and medical programs by law must exclude specifically persons who are not citizens or legal permanent residents of the United States. In such cases, I ask that the concerned agencies review their policies and practices in implementing these requirements to ensure that they are clear, equitable, adequately disseminated and understood and compassionately

applied within the limits of the law, and that they are carried out with respect for the basic dignity and privacy of all persons concerned.

I urge you to give full cooperation to Consular and other officials of Mexico and other countries who, in the discharge of their duties in the United States, seek your help in investigating possible incidents of abuse involving their citizens. I also ask you to work closely with the Department of State and the working groups of the U.S.-Mexico Consultative Mechanism.

I urge you to continue to keep this Administration's commitments in mind as you develop and carry out your programs and I would particularly welcome your recommendations of possible remedies for additional problems in this area of which you may be aware.

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 main text block.

Attachment:

Letter to the State Governors,  
Dated May 4, 1979



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

S 9/13/79

SEP 12 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: James T. McIntyre, Jr. *J. McIntyre*  
SUBJECT: Proposed 1980 Budget Amendment for the  
Public Law 480 Program

Attached for your approval is a request for a 1980 budget amendment in the amount of \$205.8 million.

This proposal implements your recent decision to provide a 6.0 million ton commodity level under Public Law 480 food aid programs. Of the total requested amendment, \$103.0 million would restore the 1.6 million ton statutory minimum level under the title II donation program and \$102.8 million would be added to the title I credit sales program and related title III programs.

We recommend transmitting this request to the Congress at this time so that it can be considered at the same time as the original Public Law 480 appropriation which is now in conference.

This proposal would increase 1980 outlays by \$205.8 million but would not affect subsequent years. Agency staffing levels will not be affected by the proposal.

Recommendation

That you sign the letter transmitting this proposal by September 13 in time for it to be included in the final House/Senate Conference Committee mark-up of the 1980 Department of Agriculture and Related Agencies appropriation Bill.

THE WHITE HOUSE

WASHINGTON

The Speaker of

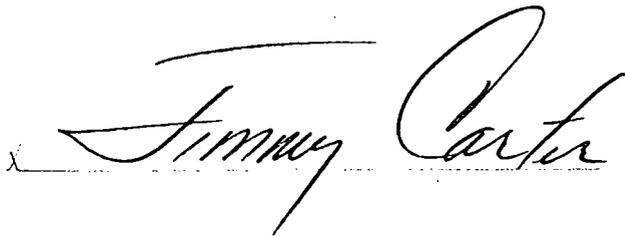
The House of Representatives

Sir:

I ask the Congress to consider a proposed amendment to the requests for appropriations for the fiscal year 1980 in the amount of \$205,800,000 for the Department of Agriculture.

The details of this proposal are set forth in the enclosed letter from the Director of the Office of Management and Budget. I concur with his comments and observations.

Respectfully,

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in black ink and is positioned to the right of the word "Respectfully,". The signature is written over a horizontal line that extends across the page.

Enclosures



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

SEP 12 1979

The President

The White House

Sir:

I have the honor to submit for your consideration an amendment to the request for appropriations for the fiscal year 1980 in the amount of \$205,800,000 for the Department of Agriculture. The details of this request are contained in the enclosure to this letter.

I have carefully reviewed the proposal contained in this document and am satisfied that this request is necessary at this time. I recommend, therefore, that this proposal be transmitted to the Congress.

Respectfully,

A handwritten signature in cursive script that reads "Jim McIntyre".

James T. McIntyre, Jr.  
Director

Enclosures

DEPARTMENT OF AGRICULTURE  
FOREIGN ASSISTANCE PROGRAMS

1980 budget appendix page	Heading	1980 budget request pending	1980 proposed amendment	1980 revised request
133	Public Law 480	\$1,399,000,000	\$205,800,000	\$1,604,800,000

(In the appropriation language under the above heading delete "\$843,000,000" and insert in lieu thereof \$945,800,000 and delete "\$556,000,000" and insert in lieu thereof \$659,000,000.)

This proposal would partially restore decreases, due to inflation, in the level of commodities programmed in the 1980 budget for shipment to less developed countries. Higher commodity prices and freight rates have reduced the volume of commodities which can be supplied with available funds from 6.8 million to 5.3 million tons. The additional funds would assure shipment of 6.0 million tons, 4.4 million tons under title I credit sales and related title III programs and 1.6 million tons of title II donations. This proposal would increase 1980 outlays by \$205.8 million.

THE WHITE HOUSE  
WASHINGTON

FOR THE RECORD:

THE ATTACHED WAS RETURNED  
FROM THE PRESIDENT ON  
9/13/79 AND GIVEN TO BOB  
LINDER FOR APPROPRIATE  
HANDLING.

THE WHITE HOUSE  
WASHINGTON

September 11, 1979

ACTION

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI *[Signature]*  
SUBJECT: Presidential Determination on  
Economic Support for Yugoslavia

Cy's memorandum (Tab B) seeks approval for a Presidential Determination (Tab A) which will permit reprogramming of \$10 million of FY 1979 Economic Support Fund assistance from the Magarin Dam project in Jordan to Yugoslav earthquake reconstruction.

The actions covered in the Presidential Determination accord with the positive response we have wanted to give Yugoslav requests for post-earthquake assistance for some time and have been fully coordinated with OMB (which concurs with the Vance memorandum). Because of the contribution which this initiative can make to strengthening U.S.-Yugoslav relations and the foreign policy benefits implicit in it, I feel that we should move ahead on the Determination without delay. (Specific justifications are more thoroughly documented in the enclosure to Cy's memorandum at Tab C.)

RECOMMENDATION

That you sign the Presidential Determination at Tab A.

Approve ✓ Disapprove \_\_\_\_\_

*provided McIntyre  
has no objection*

*J*

EXPRESS MAIL AGREEMENT WITH CANADA

COPY OF COMPLETE PACKAGE NOT AVIALABLE

AS OF THIS TIME (5:30 PM 9/13 BEING REDONE FOR PRES SIGNATURE  
PER LINDER'S REQUEST)

THE WHITE HOUSE  
WASHINGTON

Phil had  
seen

THE WHITE HOUSE  
WASHINGTON

9-13-79

Phil

Electrostatic Copy Made  
for Preservation Purposes

Next week set  
up ~ 15 min

Terry Herndon

1:15 pm  
Wed

J  
Les Francis

TALKING POINTS FOR NUNN

COPY NOT AVAILABE

2 PAGES

Department of Defense-Military  
Appropriations Enacted by the Congress

(\$ in billions)

	<u>Ultimate Request</u>	<u>Enacted by the Congress</u>	<u>Congressional Reduction</u>
1969	82.0	76.2	-5.8
1970	80.5	74.4	-6.1
1971	73.9	71.5	-2.4
1972	78.5	75.1	-3.4
1973	83.7	77.9	-5.8
1974	86.6	81.3	-5.3
1975	92.1	86.7	-5.4
1976	103.0	96.2	-6.8
1977	111.6	108.8	-2.8
1978	119.0	115.9	-3.1
1979	128.1	125.0	-3.1
Total Congressional Adjustments (1969-79)			-50.0

Note: The data reflects all Administration budget requests together with congressional action on each. To the extent the Administration sought to restore congressional reductions and Congress did not approve the supplemental request, there is an element of double counting.

Electrostatic Copy Made  
for Preservation Purposes

From 9/13/79

(either Senate Group/Defense Budget... or meeting with Senator Sam Nunn)

Defense Budget  
Real Growth Year to Year  
(\$ Billions)

Fiscal Year	TOA			Outlays		
	Current Dollars	January Inflation Rates	July Inflation Rates	Current Dollars	January Inflation Rates	July Inflation Rates
		% Real Growth	% Real Growth		% Real Growth	% Real Growth
1970	75.5	(-)	(-)	77.1	(-)	(-)
1971	72.8	(-9.6)	(-9.7)	74.5	(-9.2)	(-9.3)
1972	76.5	(-3.1)	(-3.0)	75.1	(-6.5)	(-6.5)
1973	78.9	(-4.4)	(-4.3)	73.2	(-8.6)	(-8.7)
1974	81.7	(-5.0)	(-5.0)	77.6	(-2.3)	(-2.2)
1975	86.2	(-3.3)	(-3.4)	84.9	(-1.1)	(-1.1)
1976	95.9	( 4.3)	(4.4)	87.9	(-3.2)	(-3.2)
1977	108.2	( 5.1)	(5.1)	95.6	(1.7)	(1.8)
1978	116.5	-3 <sup>1</sup> / <sub>2</sub> ( 0.5)	(-)	103.0	( 0.7)	(0.8)
1979	125.7	-3 <sup>1</sup> / <sub>2</sub> ( 1.1)	(0.5)	111.9 (114.5)*	( 1.4)	(1.0) (3.4)*
1980	135.5	( 1.7)	(0.5)	122.7 (125.0)*	( 3.1)	(1.8) (1.3)*
1981	145.7	( 2.2)	(0.7)	133.7	( 3.0)	(1.8) 4.7
1982	155.7	( 2.2)	(0.5)	144.9	( 3.2)	(1.8)
1983	166.8	( 3.1)	(1.1)	155.5	( 3.0)	(1.1)

\* Based on OMB/NSD latest outlay projections.

150  
+3  
+4  
+4  
+4  
+4  
+196

150  
+3  
+4  
+4  
+4  
+4  
+196

456

11:45 AM

THE WHITE HOUSE

WASHINGTON

September 12, 1979

MEETING WITH OFFICERS OF THE ASSOCIATED GENERAL CONTRACTORS OF AMERICA

Thursday, September 13, 1979

11:45 a.m. (5 minutes)

The Oval Office

From: Anne Wexler *AW*

I. PURPOSE

Brief greeting and photo with officers of The Associated General Contractors of America.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: The Associated General Contractors of America (AGC) which was formed in Washington, D.C. in 1918, is represented by 113 chapters in every state of the union plus the District of Columbia and Puerto Rico. AGC has 83,000 members who build everything but single family dwellings. Approximately 50% are union, 50% are open shop, and most are small business. Last month the officers of AGC met with Stu Eizenstat and others to be briefed on your energy program. Subsequent to that meeting, AGC has agreed to support the majority of the program including the EMB and the ESC. In fact, the staff of AGC chairs an outside business coalition that is made up of approximately 75 trade associations and companies whose purpose is to support the EMB and ESC. We are working closely with this coalition.

B. Participants: Mr. Paul N. Howard (President)  
Mr. Ivan (Bud) Cianchette (Senior Vice President)  
Mr. Thomas E. Dailey (Vice President)  
Mr. James M. Sprouse (Executive Vice President)

Mr. Richard Reiman, staff

C. Press Plan: White House Photo (in addition to a group photograph, individual photos would be extremely helpful)..

**Electrostatic Copy Made  
for Preservation Purposes**

III. TALKING POINTS

1. Paul Howard is also President of Paul N. Howard Company of Greensboro, North Carolina, an open shop company that specializes in municipal construction. Mr. Howard is a Democrat and has just attended a luncheon with Secretary Duncan and Stu Eizenstat on the Energy Security Corporation.

Bud Cianchette is President of an open shop contractor in Pittsville, Maine, specializing in highway and municipal construction. He is a member of the Executive Committee of the DNC.

Thomas Dailey is President of R. E. Dailey & Company of Detroit. A union contractor, he is a Republican who ran in the primary for Mayor of Detroit in the last election.

James Sprouse has been the Executive Vice President of AGC since 1972. He has been with AGC in Washington for more than 30 years and is a Democrat.

2. Mr. Howard will tell you that he has appointed a task force to prepare a white paper for you on the impact of the construction program, based on the goals you set, dealing with potential roadblocks, pitfalls, and problems, and ways to circumvent these problems.
3. You should thank them for coming to see you. Since the AGC headed the coalition to defeat Labor Law reform, you might ask them to do as good a job in supporting your energy program and seeking its full passage. You should urge them to continue to give this effort on your energy program their top priority and fullest attention.

THE WHITE HOUSE

WASHINGTON

13 Sep 79

FOR THE RECORD:

ARNIE MILLER RECEIVED A COPY  
OF THE ATTACHED.

THE WHITE HOUSE  
WASHINGTON

September 11, 1979

①

MEMORANDUM FOR THE PRESIDENT

FROM: ARNIE MILLER ~~AMM~~

SUBJECT: Assayer of the Mint of the United States at  
Denver

We join Secretary Miller in recommending the appointment of Dr. Michael E. Witt as Assayer of the U. S. Mint in Denver. Dr. Witt has considerable experience as a chemist with the Rocky Mountain Arsenal, where he has worked since 1976. He has served as Supervisory Physical Scientist since 1978. In view of his training and work experience and the position's requirement for someone equipped to evaluate and appraise precious metals, Dr. Witt is a most appropriate choice.

RECOMMENDATION

Nominate Dr. Michael E. Witt, of Colorado, as Assayer of the U. S. Mint in Denver.

      ✓       Approve                                         Disapprove

**Electrostatic Copy Made  
for Preservation Purposes**

DR. MICHAEL E. WITT  
Aurora, Colorado

EXPERIENCE

1978 - Present      Supervisory Physical Scientist  
Rocky Mountain Arsenal

1976 - 1978      Chemist, Rocky Mountain Arsenal

1974 - 1976      U.S. Army, Rank 1st Lt.

EDUCATION

1969 - 1974      Louisiana State University Ph.D.  
Chemistry

1965 - 1969      University of Florida, B.S.  
Chemistry

PERSONAL

White Male  
Age 32  
Democrat

THE WHITE HOUSE

WASHINGTON

9/13/79

Hamilton Jordan

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

Rick Hutcheson

cc: Al McDonald

DEPUTY TRADE REP.

THE WHITE HOUSE  
WASHINGTON  
September 12, 1979

*Ham -  
How about  
M. H. Wolff?  
J*

MEMORANDUM FOR THE PRESIDENT

FROM: ARNIE MILLER *AM*

SUBJECT: Appointment of Deputy Special Trade  
Representatives

Reubin Askew has recommended that you appoint the following two individuals to be Deputy Special Representative for Trade Negotiations, replacing Alan Wolff and Al McDonald.

1. Robert Hormats, Deputy - Washington, D.C.  
He has served as Senior Deputy Assistant Secretary of State for Economic and Business Affairs since 1977. Hormats has broad international trade and foreign economic policy experience and is widely respected.
2. Michael B. Smith, Deputy - Geneva  
He is a career Foreign Service Officer and now holds the title of Ambassador as STR's Chief Textile Negotiator since 1975. Ambassador Smith is a seasoned negotiator with extensive international trade experience. Lane Kirkland is very high on him.

RECOMMENDATION

We recommend that you nominate Robert Hormats and Michael B. Smith to be Deputy Special Representatives for Trade Negotiations. Al McDonald, Bob Strauss, Warren Christopher and Juanita Kreps concur. The Departments of Agriculture, Labor and Treasury also agree.

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

THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

September 11, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Richard Rivers *Richard R. Rivers*  
Acting Special Trade Representative

SUBJECT: Presidential Appointments

On behalf of Reubin Askew, I am recommending the nomination of Robert Hormats for the position of Deputy Special Representative for Trade Negotiations (Washington, D.C.) and Michael B. Smith for Deputy Special Representative for Trade Negotiations (Geneva, Switzerland).

Robert Hormats has served as Senior Deputy Assistant Secretary of State for Economic and Business Affairs since September 1977. Prior to that time, Mr. Hormats was a Senior Staff Member for International Economic Affairs at the National Security Council from 1974 to September 1977. He holds a Ph.D. from the Fletcher School of Law and Diplomacy and has broad experience in international trade and foreign economic policy.

Michael B. Smith has spent his entire professional career in the Foreign Service. Mr. Smith, who presently has the title of Ambassador, has served as Chief Textile Negotiator of the United States in the Office of the Special Trade Representative since 1975. He had previously been Deputy Chief and Chief of the Fibers and Textiles Division at the Department of State from 1973 to 1975. Ambassador Smith is a seasoned negotiator who also has a wealth of experience in the international trade field.

Both Mr. Hormats and Ambassador Smith have excellent credentials and would contribute significantly to the Administration's international trade policy. Governor Askew feels that these two candidates are the best

qualified individuals to assist him in carrying out his responsibilities as the President's Special Representative for Trade Negotiations. I have shared these names with senior officials of the Departments of State, Treasury, Agriculture, Commerce, Labor, and other agencies and these recommendations have met with favorable reaction.

As a footnote, Governor Askew has asked me to say that he shares your commitment to affirmative action in federal employment policy, and intends to be especially active in this important area.

ROBERT HORMATS

Bureau of Economic and Business Affairs  
Department of State  
Room 6828  
Washington, D. C. 20520

Phone: 202 632-7950

Date & Place of Birth: April 13, 1943; Baltimore, Maryland

Professional Experience

- September 1977 to present - Senior Deputy Assistant Secretary of  
State for Economic and Business Affairs
- 1974 to September 1977 - Senior Staff Member for  
International Economic Affairs  
National Security Council
- 1973 - Senior Consultant  
Commission on Critical Choices for  
Americans
- 1973-74 - International Affairs Fellow  
Council on Foreign Relations
- 1973-74 - Guest Scholar  
Brookings Institute
- 1970-73 - Senior Staff Member  
National Security Council
- 1969-70 - Staff Member  
National Security Council

Educational Background

Fletcher School of Law & Diplomacy  
Ph.D. -- 1969

University College, Dar-es-Salaam,  
Tanzania  
Research Associate

Fletcher School of Law & Diplomacy  
M.A.L.D. -- 1967

Fletcher School of Law & Diplomacy  
M.A. -- 1966

Tufts University  
B.A. -- 1965

MICHAEL BRACKETT SMITH

Born Marblehead, Massachusetts, June 16, 1936. Educated in public and private secondary schools. Was graduated from Harvard College in 1958, and entered the Foreign Service in December 1958.

Served in Tehran 1960-62, in N'Djamena, Chad 1962-64, as Staff Assistant to Under-Secretary for Economic Affairs Thomas A. Mann, 1965-6; as Deputy Principal Officer, Strasbourg, France, 1967-68 and as Principal Officer, Lyon, France, 1969-70.

Assigned to White House 1970 as Chief of Presidential Correspondence and remained there until 1973. In 1973, reassigned to Department of State as Deputy Chief of Fibers and Textiles Division and became Chief in 1974. In 1975 became Chief Textile Negotiator of the United States, in STR, with rank of Minister. In 1978, position redesignated to that of Chief Negotiator for Textile Matters with rank of Ambassador.

Married to the former Nancy Pickering Hodgson of Marblehead. Two children: Leslie, age 18, a sophomore at St. John's College in Annapolis, Maryland, and Eric, age 16 a junior at Winston Churchill High School, Potomac, Maryland. Resident of Potomac, Maryland.

THE WHITE HOUSE  
WASHINGTON

DATE: 9-12-79  
To: President Carter  
From: Sarah Weddington *SW*  
Re: Morley Winograd

*C*

Mr. Winograd, unfortunately, has turned down the offer of the position here. He indicated that he would have accepted it had he decided to stay in politics.

Mr. Winograd announced on Tuesday that he is resigning as Michigan State Democratic Chair to go into private industry not related to politics. He does plan to continue as the head of the State Democratic Chairs Association for a year. It is likely that Vice-Chair Libby Maynard will take his place with the Michigan party.

cc: Rosalynn Carter

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

13 Sep79

Arnie Miller

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

Rick Hutcheson

TWO MEMOS ATTACHED

3797

THE WHITE HOUSE

WASHINGTON

September 12, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: ARNIE MILLER ~~AM~~

**Electrostatic Copy Made  
for Preservation Purposes**

SUBJECT: International Trade Commission

Italo Ablondi, a Democratic Commissioner at the International Trade Commission has resigned. We recommend that you nominate Robert Baldwin of Wisconsin to fill the remainder of Ablondi's term which expires December 1981.

Baldwin is well qualified. He has been long active in the trade policy field. He is a former editor of the American Economic Review and the author of numerous studies on trade and economic development. He was chief economist for the Office of Special Representative for Trade Negotiations under Christian Herter. Recently, he worked as a consultant with the Department of Labor where he was responsible for a major study on the employment effects of tariff cuts, and is thus particularly sensitive to the effects of trade policy on U.S. workers. He is currently in Washington on a World Bank grant doing a study of U.S. trade policy formulation.

Chairman Joseph Parker's term expires in December. This is a non-Democratic seat. We recommend that Michael J. Calhoun, an Independent, replace Parker.

Calhoun is currently Assistant Minority Counsel for International Trade, House Ways and Means Committee. He also serves as a Congressional Staff Delegate to the Tokyo Round Multilateral Trade Negotiations in Geneva. He was previously associated with the firm of Covington & Burling where he handled trade and labor matters.

Both candidates are enthusiastically endorsed by Ambassadors Strauss and Owen. Frank Moore, Jim McIntyre and Stu concur.

RECOMMENDATION

Appoint James Baldwin and Michael J. Calhoun to be members of the International Trade Commission.

✓ Approve \_\_\_\_\_ Disapprove

MICHAEL J. CALHOUN  
Washington, D.C.

EXPERIENCE

1976 - Present      Assistant Minority Counsel for  
International Trade, Committee  
on Ways and Means, U.S. House  
of Representatives

1974 - 1976      Associate, Covington and Burling,  
Washington, D.C.

1973 (Summer)      Summer Associate, Milbank, Tweed,  
Hadley and McCloy, New York City

1972 (Summer)      Law Clerk, Lawrence Prattis,  
Philadelphia, Pennsylvania

1970 - 1971      Faculty Member, Oakwood School,  
Poughkeepsie, New York

EDUCATION

1975      London School of Economics,  
one-year post-graduate law  
program in international  
economics

1974      Harvard Law School, J.D.

1970      Princeton University, B.A.

1966 - 1968      United States Air Force Academy

ACTIVITIES AND AWARDS

Outstanding Young Man of the Year, 1977  
Rotary International Fellow, 1974-1975  
Founding Chairman, Association of Black Princeton  
Alumni, 1972-1974  
American Political Science Association, Black  
Graduate Fellow, 1970-1971

PERSONAL

Black Male  
Age 35  
Independent



COMMENTS ON ROBERT E. BALDWIN

C. Fred Bergsten, Assistant Secretary for International  
Affairs, Department of the Treasury

"The ITC needs the highest level of analytical work and creativity in proposing solutions to problems which come before it, particularly with the advent of the new trade bill. Robert Baldwin is an eminently qualified economist who is probably without peer in this country and literally one of the best in the world. He will bring balance to the ITC because of his expertise in many areas. He is highly regarded and well respected in the economic community, and his appointment would be greeted with acclaim both domestically and internationally, because it will be viewed as fulfilling a commitment to upgrade the level of the Commission. I can think of no one who would better serve the President in this important position. I give Bob Baldwin my strongest endorsement for this appointment."

Paula Stern, Commissioner, U.S. International Trade Commission

"Professor Baldwin has had exposure to trade issues from both an operational and academic point of view for several decades. He is well respected by his peers in the government and academic communities. The quality of his work has always been excellent. He has theoretical and practical knowledge of how the ITC functions, and is familiar with the relationship the Commission has with the Executive and Legislative branches. He will bring to the ITC a rigorous economics training which will underpin our on-going activities. His appointment will go a long way toward establishing a majority of Commissioners committed to initiate studies of domestic economic problems related to trade issues and toward the development of sound trade policies. I strongly recommend the appointment of Bob Baldwin to the ITC."

Richard N. Cooper, Undersecretary for Economic Affairs,  
Department of State

"Bob Baldwin would be an excellent ITC Commissioner. I have known him professionally for 20 years, and have always been impressed with his firm grasp of the economic implications of trade questions. He would be an articulate advocate of initiatives, and would be very valuable because he has had experience in the practical sense as well as in academia. He systematically looks at evidence presented and carefully studies all sides of an issue before reaching an informed decision. Bob would be a first-class appointment to the ITC."

COMMENTS ON MICHAEL J. CALHOUN

The Honorable Barber Conable (R-N.Y.), Member, U.S. House  
of Representatives

"Michael Calhoun is the best staff member we have on the House Ways and Means Committee. The entire Committee has come to rely on his expertise in the international trade field. He has a judicious temperament, and speaks with authority, knowledge and good judgment. He has proven to be very reliable and a well-balanced individual. I enthusiastically recommend him to the President for appointment to the International Trade Commission."

Richard Cunningham, Partner, Steptoe and Johnson, Washington,  
D. C.

"I have only good things to say about Michael. He is extremely knowledgeable, honest, bright, and quick. Mike was one of the few Congressional staffers who showed an interest in understanding the details of the new trade bill, in addition to the overall general policy implications. He is even tempered, and listens to all sides of a debate before coming to a conclusion. Mike would be an excellent addition to the ITC."

Paul Delaney, International Corporate Lawyer, Washington, D.C.

"I have known Michael since he went to work for the Committee, and we have worked closely on the trade bill negotiations and legislative process. His knowledge of international trade issues is extensive. He is detail-oriented and I have been very impressed with the depth of his understanding of the substantive trade issues. I recommend him highly for the appointment."

Harry T. Lamar, Chief of Staff, Committee on Ways and Means,  
U.S. House of Representatives

"I have known Michael both personally and professionally for a number of years. He has an excellent background in law and trade. Michael is articulate and is highly regarded by both the majority and minority staff. Chairman Vanik turns to him on substantive questions. He carried himself well in dealing with people, and would fit in very well at the ITC. He would be a credit to the Commission and to this Administration. I highly recommend him for appointment to the ITC."

THE WHITE HOUSE

WASHINGTON

September 12, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: ARNIE MILLER ~~AM~~

SUBJECT: Administrator, Urban Mass Transportation  
Administration (UMTA), Department of  
Transportation

We join Secretary Goldschmidt in recommending the appointment of Theodore C. Lutz as Administrator of the Urban Mass Transportation Administration in the Department of Transportation.

Lutz was General Manager of the Washington Metropolitan Area Transportation Administration (D. C. METRO) and served in the Nixon and Ford Administrations as an aide to Egil Krogh, handling D.C. affairs, and as Deputy Under Secretary of the Department of Transportation.

We have explored the Lutz appointment with the Hill, the mayors, governors and counties, and, generally, there is strong positive reaction to Lutz. He is well regarded on the Hill and enjoys a national reputation within the transportation community. There may be some negative reaction to his appointment on partisan grounds because of his prior service in the Republican Administration, but the overwhelming reaction will be favorable. Secretary Goldschmidt knows Lutz personally and believes he is genuinely enthusiastic about the Administration's energy and mass transportation goals.

Stu and Lutz have reached agreement on one major issue that needed resolution -- that is, the Administration's position on legislation to fund completion of the D.C. METRO system. OMB opposes the current House-passed bill that is now pending in the Senate. Stu has assured Lutz that we will work for a separate METRO bill, provided it is restructured so that funding for METRO can come from the windfall profits tax. Lutz very much wants to be in accord with the Administration. He understands and will support our desire to link METRO funding to the windfall profits tax.

**Electrostatic Copy Made  
for Preservation Purposes**

Stu, Jack and Les Francis have interviewed Lutz and concur in our recommendation.

RECOMMENDATION

Nominate Theodore C. Lutz, of Virginia, to be Administrator, Urban Mass Transportation Administration, Department of Transportation.

      ✓       Approve                                         Disapprove

A large, stylized handwritten signature, possibly 'J', is written in the center of the page.

**Electrostatic Copy Made  
for Preservation Purposes**

THEODORE C. LUTZ  
Arlington, Va.

EXPERIENCE

1976 - 1979      General Manager, METRO

1972 - 1976      Deputy Under Secretary  
Department of Transportation

1971 - 1972      Assistant to Egil Krogh  
White House

1968 - 1971      Budget Examiner  
Office of Management and Budget  
(Bureau of the Budget)

EDUCATION

1967              B.A. Carleton College  
Northfield, Minnesota

1968              M.P.A. Maxwell School  
University of Syracuse  
Syracuse, New York

PERSONAL

White Male  
Age 34

THE WHITE HOUSE  
WASHINGTON

9/13/79

Hamilton Jordan

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

Rick Hutcheson

	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

3:30 PM

Goodman  
J

THE WHITE HOUSE  
WASHINGTON  
13 September 1979

MEETING WITH ASSISTANT SECRETARY OF THE NAVY, EDWARD HIDALGO

Thursday, September 13, 1979  
3:30 PM (10 minutes)  
The Oval Office

From: Hamilton Jordan *HJ*

I. PURPOSE

To offer the job of Secretary of Navy to Edward Hidalgo.

II. BACKGROUND

Presently, Edward Hidalgo is Assistant Secretary of Navy. His resume is attached.

I recommend that you announce the appointment of Edward Hidalgo as Secretary, as well as the appointment of Abelardo Valdez as Chief of Protocol tonight at the Hispanic Dinner.

III. PRESS

White House photographer

IV. TALKING POINTS

Usual courtesies.

**Electrostatic Copy Made  
for Preservation Purposes**

HOLD FOR RELEASE UNTIL DELIVERED TO THE SENATE

OFFICE OF THE WHITE HOUSE PRESS SECRETARY

---

THE WHITE HOUSE

NOMINATIONS SENT TO THE SENATE ON APRIL 1, 1977:

Russell Murray 2nd, of Virginia, to be an Assistant Secretary of Defense, vice Frank A. Shrontz, resigned.

Deanne C. Siemer, of New York, to be General Counsel of the Department of Defense, vice Richard A. Wiley, resigned.

Edward Hidalgo, of the District of Columbia, to be an Assistant Secretary of the Navy, vice John J. Bennett.

# # # #

## BIOGRAPHICAL INFORMATION

Edward Hidalgo

Washington, D.C.

Born - October 12, 1912, Mexico City, Mexico

Spouse - Karen Dane Jernstedt

Children - Joanne (Tosti), 1945

Edward, Jr., 1948

Richard, 1950

Tila (Neuhaus) 1951

Education: Holy Cross College, Magna Cum Laude, B.A. 1933; Columbia Law School, J.D. 1936; National University of Mexico, Degree in Civil Law, 1959.

Legal Career: Law Clerk, Second Circuit Court of Appeals, 1936-37; Associate Wright, Gordon, Zachry & Parlin (Cahill, Gordon & Reindel) 1937-42 (litigation), in charge of Washington, D.C. office 1941-42; Partner Curtis, Mallet-Prevost, Colt & Mosle, in charge of Mexico City office, 1946-48; founder and senior partner Hidalgo, Barrera, Siqueiros & Torres Landa, Mexico City, Mexico, 1948-65; partner Cahill, Gordon & Reindel, in charge of European office (Paris headquarters), 1966-72.

Government Service: Lieutenant, USNR, World War II, 1942-46; assigned to State Department as legal advisor to Carl B. Spaeth, Ambassador to Emergency Advisory Committee for Political Defense, Montevideo, 1942-43; Air Combat Intelligence Officer, Pacific Theater, aboard Carrier Enterprise, 1943-45; Member Eberstadt Committee in its report to Secretary of the Navy, James Forrestal, on Unification of the Military Services, 1945; Special Assistant to Secretary Forrestal, 1945-46; Member U.S. Delegation to the Inter-American Conference in Bogota, Colombia, 1948; Special Assistant to Secretary of the Navy Paul H. Nitze, 1965-66; Special Assistant for Economic Affairs to Director U.S. Information Agency, 1972; General Counsel-Congressional Liaison of the Agency, 1973-76.

Admitted to Practice: New York, 1936; Republic of Mexico, 1959; Conseil Juridique, France, 1967; District of Columbia, 1976.

Awards: Bronze Star for services in World War II aboard Carrier Enterprise; Commendation Ribbon for services with Eberstadt Committee; Knighthood of the Royal Order of the Vasa for legal services to the Swedish Government.

Author: LEGAL ASPECTS OF FOREIGN INVESTMENTS (Mexico), Little Brown & Co. 1958



# A.I.D. News

The Agency for International Development Washington, D.C. 20523

ABELARDO LOPEZ VALDEZ  
Assistant Administrator  
for Latin America and the Caribbean  
Agency for International Development

Abelardo Lopez Valdez was appointed by President Carter to be Assistant Administrator for Latin America, Agency for International Development, in April 1977. As the chief A.I.D. official for Latin American programs, he supervises the programming and management of United States economic development assistance throughout Latin America at a level of approximately \$425 million annually. Mr. Valdez' appointment makes him the highest ranking Mexican-American in the Department of State.

President Carter appointed Mr. Valdez to be Special Ambassador on two occasions during 1978, while serving as a member of the U.S. Delegation to the inaugurations of the Presidents of Costa Rica and the Dominican Republic.

Mr. Valdez served as a White House military aide to President Lyndon B. Johnson from 1965-1967 and accompanied President Johnson to the Conference of the American Presidents at Punta del Este, Uruguay in April 1967.

Prior to his appointment, Mr. Valdez was a founding partner of the Washington, D.C. law firm of Purcell, Hansen & Valdez, and specialized in international trade law and the regulation of commodity futures markets. He served as General Counsel for the Inter-American Foundation from 1973-1975, and was an attorney of the Overseas Private Investment Corporation.

from 1971-1973. Mr. Valdez was a member of the faculty of the John F. Kennedy Institute of Politics at Harvard University in 1977, where he taught a seminar on critical issues in U.S.-Latin American relations.

Mr. Valdez holds a Master's degree in law from the Harvard Law School and a Juris Doctorate from Baylor Law School. He also studied international law at The Hague Academy of International Law in the Netherlands. Mr. Valdez also holds a B.S. degree in civil engineering from Texas A&M College.

Mr. Valdez has published several articles on Latin American economic development, agrarian reform, the role of law in social change, and on the regulation of commodity futures markets in the United States in such journals as The Harvard Political Review, The Harvard Journal of International Law, The Lawyer of the Americas, The Journal of International Law and Economics, and the American Bar Association Journal. While at Harvard Law School, he was an editor of the Harvard Journal of International Law.

He is a member of The American Society of International Law and The American, Inter-American, the District of Columbia Bar Associations, and the State Bar of Texas. Mr. Valdez is admitted to practice before the United States Supreme Court. Mr. Valdez is a member of The Council on Foreign Relations.

Mr. Valdez, 36, was born and reared in Floresville, Texas where his family still resides. He is married to the former Margarita Cabrera.

Prepared: April 24, 1979

Senator Sam Nunn 9/13/79

Sam - personal relat  
Ken -

Defence Comm. Interest

Indiv. improvements

Registration

Soviet troops

PRC

CM

Electrostatic Copy Made  
for Preservation Purposes

**Electrostatic Copy Made  
for Preservation Purposes**

PILL PALEY CBS  
JOHN BACKE CBS  
LEONARD GOLDENSON ABC  
ELTON HULE ABC  
ED GRIFFITH RCA  
FRED SILVERMAN NBC  

---

SEC/EN - WAY OF LIFE

meeting with Network  
Executives 9/13/79

MINUTES - WEATHER -  
EN SAVER - SIT COM

---

We must carry forward our vision of a greater America, and work together for a rebirth of the American spirit; to restore confidence in our country; to revitalize our basic human values; to regenerate a sense of unity; and to define new goals for America.

**Electrostatic Copy Made  
for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON

Mr. President

I will have another  
memo to you before  
the meeting describing  
a meeting I had with  
Sam Meira Wed Sept 12  
which may be pertinent  
to the meeting this  
morning

F Moore

DECLASSIFIED

Peri Reg Project

REF ID: A6-126-18-10-1-0

BY Q DATE 6/21/11



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

September 12, 1979

C

MEMORANDUM FOR: THE PRESIDENT

FROM: Jim McIntyre  
Frank Moore *JM/BB*

SUBJECT: Meeting with Senate Leaders, 7:45 AM, Thursday,  
September 13, 1979

Purpose: Discussion of SALT and the Defense Budget

Participants: Senators Nunn (D/Ga.), Tower (R/Tex.), Hollings (D/S.C.), Jackson, (D./Wash.), Packwood (R/Ore.), Domenici (R/N.Mex.), and Stennis (D/Miss.); Secretary Brown, Jim McIntyre, Bob Beckel

Defense and NSC have reviewed this paper, and Secretary Brown and Dr. Brzezinski concur in it.

Background

- Nunn, Tower, Hollings, Jackson, and Packwood requested this meeting by telegram, and seek to make their case for a commitment now to 3% real growth in defense for 1980, plus 5% for both 1981 and 1982 ("3/5/5"). Senator Nunn also asked that Domenici be included.
- CL has invited Stennis because he is inclined to oppose increased defense spending (although Stennis will most likely support a 3% commitment ("3/3/3") and because he is crucial to any defense budget decisions.
- It is important to differentiate among the apparent goals of these participants. Both Nunn and Hollings are sincerely interested in increased defense budgets, although Hollings is strongly anti-SALT. Tower and Jackson clearly want to kill SALT, and seek to bring Sam Nunn in to help them through this budget issue. The other participants have to date been less active in either the SALT or defense budget debates.

Their Likely Presentation

- It is important to allow the five "telegram" Senators to present their argument to you as to why they support a "3/5/5" percent defense growth commitment.
- They will argue that even our 3% real growth plans do not buy an adequate program.
- They may say that we did not do enough to fight for our 1980 program in the House Appropriations Subcommittee (i.e., that the tentative \$2.2B is partly our fault).

DECLASSIFIED  
 Per: Rac Project  
 ESDN: NLC- 126-18-10-1-0  
 BY: *[Signature]* DATE: 6/21/11

- Hollings will criticize our lack of support for his efforts to increase the defense portion of the 2nd budget resolution. (He asked for approximately 5/5/5% increases for 1980-82.)

### Suggested Response

Emphasize your initiative, leadership, and commitment on 3% real growth:

- I have made a commitment to maintain 3% real growth in defense spending -- in conjunction with our NATO allies. Since we submitted the 1980 budget in January, a number of things have happened.
- First, our estimate for inflation in 1979 and beyond has increased.
  - Second, I approved a pay raise of 7% rather than 5.5% for Federal employees.
  - Third, our defense spending estimate for 1979 has increased above our January projection.
- Taking into account all of these changes, and using our best estimates to date, our new defense outlay estimates provide \$127.4B in 1980, \$140.9B for 1981, and \$155.2B for 1982.

<u>OUTLAYS</u>	<u>1979</u>	(\$ billions)		
		<u>1980</u>	<u>1981</u>	<u>1982</u>
Current Plan ("3/3/3")	114.0	127.4	140.9	155.2
Total Annual increase		13.4	13.5	14.3
Annual Real Increase (3%)		3.7	3.8	4.0
Cumulative Real Increase over 1979		3.7	7.5	11.5 = 22.7 total
January ("old") plan	111.9	122.7	133.7	144.9
Assumed Outlay Inflation Rates	Composite	8.5	7.4	6.9
	(Pay/Purchase)	(7.0/9.3)	(5.5/8.3)	(5.3/7.8)

- Our present plan increases by almost \$4 billion each year to sustain 3% real growth.
- I believe, and apparently so did the Congress as a whole, that our 1979 program (the baseline for this growth) was a strong defense budget. By 1982, we will be spending some 10% more than that base in real terms.
- To the extent you have specific program concerns, I believe there is room for significant discussion within the more than \$22B in real growth in 1980-81-82 over the 1979 base.
- In response to any comment about not fighting hard enough for our program, I know that many Administration representatives, led by Secretary Brown himself, have been in close contact with the Armed Services and Appropriations Committees over the past months.

- As for the budget resolution process, the Budget Committees have been my strongest supporters in maintaining fiscal responsibility. We have continually supported our defense totals with those committees, and I have personally spoken with Chairmen Muskie and Giaimo on this on a number of occasions.\* Your amendment, Senator Hollings, would have broken both our defense and overall budget totals, and accordingly, we could not support it.

### Conclusion

- My commitment to 3% real growth per year, updated as it has been to cover present inflation, provides funding for an extremely strong defense program in the years ahead. It provides, incidentally, a rate of growth far in excess of the increases traditionally approved by the Congress, even subsequent to our formal NATO commitment (historical chart attached). I made that commitment over two years ago, based upon my assessment of adverse trends in the military balance and my determination to reverse them.
- I am striving to deliver on that commitment, and your help is critical. I do not believe 5% real growth is necessary or achievable, and I urge you therefore to join me in supporting and sustaining the 3% goal for the coming years ("3/3/3").
- You may have concerns about specific programs. I do not want us to spend time on those now. However, I clearly believe that we have room within the more than \$22B in real dollar growth in the next three years to accommodate many new programs and improve readiness. We should have that discussion later.

(FYI only: We plan to ask Senator Stennis to introduce a budget resolution amendment consistent with the 3/3/3 growth rate. You may wish to indicate that you believe that (and not Holling's 3/5/5 or 5/5/5) is appropriate, and urge Nunn, Hollings, Stennis, etc., to support this. The vote will likely come before the end of the week.)

\* Hollings may (correctly) point out that we "pulled back" in the budget resolution process once the Committees reported (to help Muskie and Giaimo hold off many add-ons). We did fight hard prior to that, and will now support a "3% restoration" in the Second Resolution in both Houses.

### Attachments:

1. Budget Resolution Chart
2. History of congressional cuts in defense budgets
3. Your letter to the Congress of Tuesday, Sept. 11
4. Secretary Brown's Sept. 11 letter to Senator Byrd
5. Senators' telegram

BUDGET RESOLUTION FOR 3% OUTLAY REAL  
GROWTH - NATIONAL DEFENSE FUNCTION

(\$ Billions)

	1980		1981		1982	
	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>	<u>BA</u>	<u>Outlays</u>
Defense Military	138.2	127.4	152.6	140.9	167.7	155.2
Non-DOD	<u>3.2</u>	<u>3.2</u>	<u>3.4</u>	<u>3.4</u>	<u>3.4</u>	<u>3.3</u>
Total National Defense	141.4	130.6	156.0	144.3	171.1	158.5
Senate Budget* Committee Recommendation	136.8	127.4	147.3	138.3	159.0	148.9
House Committee* Chairman's Recommendation	138.2	128.6	146.1	138.5	156.6	148.7

\* Senate and House 1981 and 1982 estimates are projections based on current policy. No real growth overall has been provided.

Department of Defense-Military  
Appropriations Enacted by the Congress

(\$ in billions)

	<u>Ultimate Request</u>	<u>Enacted by the Congress</u>	<u>Congressional Reduction</u>
1969	82.0	76.2	-5.8
1970	80.5	74.4	-6.1
1971	73.9	71.5	-2.4
1972	78.5	75.1	-3.4
1973	83.7	77.9	-5.8
1974	86.6	81.3	-5.3
1975	92.1	86.7	-5.4
1976	103.0	96.2	-6.8
1977	111.6	108.8	-2.8
1978	119.0	115.9	-3.1
1979	128.1	125.0	<u>-3.1</u>
Total Congressional Adjustments (1969-79)			-50.0

**Note:** The data reflects all Administration budget requests together with congressional action on each. To the extent the Administration sought to restore congressional reductions and Congress did not approve the supplemental request, there is an element of double counting.

Office of the White House Press Secretary

---

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I am sure you agree with me that we cannot effectively safeguard U.S. legitimate interests abroad nor pursue safely peace, justice and order at home unless our national security is protected by adequate defenses. The fundamental responsibility of the President -- a responsibility shared with Congress -- is to maintain defenses adequate to provide for the national security of the United States. In meeting that responsibility, this Administration moved promptly and vigorously to reverse the downward trend in U.S. defense efforts. This is demonstrated by an examination of the trends in real defense expenditures since the mid 1960s. At NATO Summits in May 1977 and 1978 we persuaded our allies to join with us in endorsing a goal three percent real annual growth in defense outlays and an ambitious Long Term Defense Program for the Alliance. Together these represented a turning point, not only for the United States, but the whole Alliance.

For our part, we moved promptly to act on this resolve. We authorized production of XM-1 tanks; we greatly increased the number of anti-tank guided missiles; we deployed F-15s and additional F-111s to Europe, along with equipment for additional ground forces. We reduced the backlog of ships in overhaul and settled contractual disputes that threatened to halt shipbuilding progress. In strategic systems, we accelerated development and began procurement of long range air-launched cruise missiles, began the deployment of Trident I missiles, and have begun the modernization of our ICBM force with the commitment to deploy the MX missile in a survivable basing mode for it.

These and other initiatives were the building blocks for a determined program to assure that the United States remains militarily strong. The FY 1980 budget submission of last January was designed to continue that program. In subsequent months, however, inflation has run at higher levels than those assumed in the cost calculations associated with that defense program. Accordingly, I plan to send promptly to the Congress a defense budget amendment to restore enough funds to continue in FY 1980 to carry out the Administration's defense program based on our current best estimate of the inflation that will be experienced during the fiscal year. Although the detailed calculations needed to prepare an amendment are still in progress, I expect that the amount of the amendment will be about \$2.7 billion in Budget Authority above the Administration's January 1979 budget request.

Electronic Copy Made  
for Preservation Purposes

Correcting for inflation is not enough in itself to assure that we continue an adequate defense program through FY 1980. We must also have the program and the funds authorized and appropriated, substantially as they were submitted. Therefore, in the course of Congressional consideration of the second budget resolution, I will support ceilings for the National Defense Function for FY 1980 of \$141.2 billion in Budget Authority and \$130.6 billion in outlays. I will also request that the Congress support the Administration's FY 1980 defense program and, in particular, that the Appropriation Committees actually appropriate the funds needed to carry it out.

Furthermore, in FY 1981 I plan a further real increase in defense spending. The Defense Department is working on the details of that budget. It would, therefore, be premature to describe the features of that budget beyond noting that it will continue the broad thrust of our defense program, and that I intend to continue to support our mutual commitment with our NATO Allies.

While this defense program is adequate, it is clear that we could spend even more and thereby gain more military capability. But national security involves more than sheer military capability; there are other legitimate demands on our budget resources. These competing priorities will always be with us within the vast array of budget decisions both the Congress and the President are called upon to make. Defense outlays are actually lower in constant dollars than they were in 1963, and a much lower percentage of the gross national product (5% compared with 9%). There are those that think this has caused a decline in American military might and that the military balance has now tipped against us. I do not believe this to be so, but I am concerned about the trends. I believe that it is necessary for us to act now to reverse these trends.

The Secretary of Defense will be presenting to the Congress over the coming months the highlights of our defense program in terms of the goals we think we should achieve and the Five-Year Defense Program we plan to achieve them. In this context he will point out, among many other items, how MX and our other strategic programs will contribute to the maintenance of essential equivalence between the central strategic forces of the United States and Soviet Union, how we plan to modernize theater nuclear forces in cooperation with our NATO allies, how our general purpose forces programs contribute both to our military capability to support our NATO allies and rapidly to deploy forces to defend our vital interests elsewhere. That presentation can serve as the basis for future discussions (including open testimony) that will allow us to build the national consensus that is the fundamental prerequisite of a strong and secure America.

Correcting for inflation is not enough in itself to assure that we continue an adequate defense program through FY 1980. We must also have the program and the funds authorized and appropriated, substantially as they were submitted. Therefore, in the course of Congressional consideration of the second budget resolution, I will support ceilings for the National Defense Function for FY 1980 of \$141.2 billion in Budget Authority and \$130.6 billion in outlays. I will also request that the Congress support the Administration's FY 1980 defense program and, in particular, that the Appropriation Committees actually appropriate the funds needed to carry it out.

Furthermore, in FY 1981 I plan a further real increase in defense spending. The Defense Department is working on the details of that budget. It would, therefore, be premature to describe the features of that budget beyond noting that it will continue the broad thrust of our defense program, and that I intend to continue to support our mutual commitment with our NATO Allies.

While this defense program is adequate, it is clear that we could spend even more and thereby gain more military capability. But national security involves more than sheer military capability; there are other legitimate demands on our budget resources. These competing priorities will always be with us within the vast array of budget decisions both the Congress and the President are called upon to make. Defense outlays are actually lower in constant dollars than they were in 1963, and a much lower percentage of the gross national product (5% compared with 9%). There are those that think this has caused a decline in American military might and that the military balance has now tipped against us. I do not believe this to be so, but I am concerned about the trends. I believe that it is necessary for us to act now to reverse these trends.

The Secretary of Defense will be presenting to the Congress over the coming months the highlights of our defense program in terms of the goals we think we should achieve and the Five-Year Defense Program we plan to achieve them. In this context he will point out, among many other items, how MX and our other strategic programs will contribute to the maintenance of essential equivalence between the central strategic forces of the United States and Soviet Union, how we plan to modernize theater nuclear forces in cooperation with our NATO allies, how our general purpose forces programs contribute both to our military capability to support our NATO allies and rapidly to deploy forces to defend our vital interests elsewhere. That presentation can serve as the basis for future discussions (including open testimony) that will allow us to build the national consensus that is the fundamental prerequisite of a strong and secure America.