

**9/17/79**

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Eizenstat to The President (11 pp.) re: Mexican Gas Negotiations <i>9 pp. declassified per RAC NLC-126-18-11-1-0</i> <i>NLC-126-18-11-1-9      11/15/19</i> <i>NLC-126-18-11-2-9</i>	9/15/79	A

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THE PRESIDENT'S SCHEDULE

Monday - September 17, 1979

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12:30 Lunch with Vice President Walter F. Mondale.  
(60 min.) The Oval Office.

1:30 Meeting with His Excellency Hosni Morbarak,  
(30 min.) Vice President of the Arab Republic of Egypt.  
(Dr. Zbigniew Brzezinski) - The Oval Office.

~~2:00~~ Drop-By SALT Briefing for Community Leaders.  
(15 min.) (Ms. Anne Wexler) - The East Room.

6:00 Meeting with Senate Group on Energy.  
(60 min.) (Mr. Frank Moore) - The State Dining Room.

THE WHITE HOUSE  
WASHINGTON

Phil has  
seen

THE WHITE HOUSE  
WASHINGTON

September 17, 1979

MR. PRESIDENT:

Did you commit during your  
recent meeting with Hispanic leaders  
to a monthly radio tape in Spanish?

YES \_\_\_\_\_

NO  \_\_\_\_\_

If yes, attached is Rafshoon's  
draft for your approval of the first  
one.

PHIL

*9/17 a good  
idea - ok -  
J*

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SALT briefing 9/17/79

(kansas/pennsylvania)

THE WHITE HOUSE

WASHINGTON

SALT - Kan, Penn 9/17/79  
Dole, Kassebaum, Heinz, Swicker  
= 7 yrs - No panacea. Defense -  
Trust - self interest MX, etc  
Security - world peace  
Limit - 250  
Reject: process. exacerbate  
arms race - E-W leadership.  
NATO - non prolif - peace

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Meeting with Senate Group on Energy  
9/17/79

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THE WHITE HOUSE  
WASHINGTON

9-17-79

Sen's re Energy

Since 73-74 imp + 25%  
unemp + infl: 3mas, 1/4% vs 100%  
#70 b.1 = uncertain sources, price

National security

out, <sup>1990</sup> 13-14 mbd, > 17 in '80's

2 4 mbd. all action

Conserve, produce, solar, syn

#88 b.1 (41 b. const \$) one-time

\$ 85-90% purch/price guarantees  
\$4-5 b.1/yr

Sec Corp - R7C - ComSat

160,000 jobs/yr

Mob Bd - ex post facto. H<sub>2</sub>O. Corp  
review

WPT

THE WHITE HOUSE  
WASHINGTON

cc: HJ

Tom Beard will notify State,  
McHenry and will get the  
document drawn up.

no other copies necessary

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

*Excellent!*  
*J*

17 September 1979

TO: THE PRESIDENT  
FROM: HAMILTON JORDAN *HJ*  
SUBJECT: Deputy UN Ambassador

Secretary Vance may be talking with you shortly about the Deputy UN Ambassador position.

Don McHenry and I recommend Bill vandenHeuvel for this position.

By all accounts, vandenHeuvel has done an excellent job at Geneva. McHenry is enthusiastic about him. His appointment would help us politically in New York City.

If offered the job, vandenHeuvel will accept it.

approve Bill vandenHeuvel as Deputy UN Ambassador

disapprove

*HJ*

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THE WHITE HOUSE  
WASHINGTON

Phil has  
Seen

THE WHITE HOUSE  
WASHINGTON

September 17, 1979

MR. PRESIDENT

Hedley Donovan has  
asked for a five-minute  
appointment tomorrow, Tuesday.

Approve  Disapprove

PHIL

  
12:15 pm

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THE WHITE HOUSE  
WASHINGTON  
17 SEp 79

Arnie Miller

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

Rick Hutcheson

Al McDonald

THE WHITE HOUSE

WASHINGTON

September 14, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Hamilton Jordan *HJ*

SUBJECT: Appointment of Deputy Special Trade Representatives

You are quite right that we need to find a good position for Milt Wolf. I have asked Arnie to come up with an appropriate post, but STR does not look like the right spot,

The two Deputy STR posts really call for sound technical professionals at this time, particularly since Reubin Askew has such a limited background in trade. Askew has spent several days talking with everyone in the government who is knowledgeable about our top trade people, and I believe he has recommended here the best choices for us. This is evidenced by the full and enthusiastic consensus of all the interested Executive Departments as well as Bob Strauss and Al McDonald.

Consequently, I recommend you proceed with the nominations of Robert Hormats and Michael B. Smith to these two posts to launch Askew with full momentum. This team will then be well situated to follow through on your trade reorganization.

*Milt is a useful person - but this is not right spot for him.*

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for Preservation Purposes**

THE WHITE HOUSE  
WASHINGTON  
September 12, 1979

Ham -  
How about A  
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 *J* 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.

THE WHITE HOUSE  
WASHINGTON

September 7, 1979

FOR: RICK HUTCHESON

FROM: BOB GATES

As agreed with Bill Simmon last night, Dr. Brzezinski handcarried the original to the President this morning. It is the package for his announcement this morning.

Attachments

THE WHITE HOUSE  
WASHINGTON

Copy for:

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

*no copies  
I've talked  
to Duncan &  
Christopher*

ACTION  
FYI

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

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

3862



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NATIONAL SECURITY  
INFORMATION  
Unauthorized Disclosure Subject to  
Administrative and Criminal Sanctions.

Department of Energy  
Washington, D.C. 20585

September 13, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

CHARLES W. DUNCAN *CWD*  
WARREN CHRISTOPHER *W.C.*

SUBJECT: Mexican Gas Imports

The Departments of Energy and State, the Domestic Policy Staff, and the NSC staff are in agreement that we should try to reach a framework agreement with Mexico for importation of natural gas. Negotiation of a specific contract within this framework would be left for the pipeline companies and would be subject to final regulatory approval. The government-to-government agreement would be as follows:

Price: Approximately \$3.625 per million British Thermal Units (mmbtu).

Term: Six years, with a six year renewal option.

Starting Date: The companies would be authorized to negotiate a starting date at any time in the first quarter of 1980.

Termination: We would seek to persuade the Mexican's to drop their requirement for a three month termination provision in favor of the provision in the 1977 draft contract. That provision recognized that the gas being supplied by Mexico is surplus gas and contained the customary force majeure clause dealing with changed circumstances.

Escalator: The companies would be authorized to negotiate an escalator clause based upon an appropriate fuel oil indicator.

Main Factors

Since our last meeting with the Mexicans, we have carefully reviewed several factors that bear on a decision. First, prices for competing fuels in the U.S. (No. 6 and No. 2 fuel oil) have escalated further in the past two weeks so as to

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ESDN: NLC-126-18-11-1-0  
BY: K5 NARA DATE 10/11/12

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~~CONFIDENTIAL~~

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or  
 REVIEW  
on: 9-85  
(date or event)

provide a justification, based on a reasonable mix of these fuels in representative U.S. cities, for the \$3.625 price sought by the Mexicans.

Second, while the price for Canadian gas (which presently represents ten times the volume we expect to obtain initially from Mexico) will tend to move up to match the Mexican price, the overall impact is less severe than earlier anticipated. It now appears that on October 1 the Canadians will be recommending a new price for U.S. sales based upon a formula yielding \$3.45/mmbtu. This is \$.15/mmbtu higher than the price we had been led to expect as recently as a week ago.

Third, we met earlier in the week with representatives of the six company consortium that will be purchasing the Mexican gas. They all stated that the Mexican price was within the range of anticipated year-end prices for deregulated natural gas and for alternative fuels. They strongly favored resumption of negotiations with Mexico as soon as possible.

Fourth, we have polled a number of other pipeline companies which are buyers of Canadian gas. In varying degrees they believe that the impact of the Mexican agreement on Canadian prices would affect them adversely, but they all favor proceeding with the Mexican agreement. Pacific Northwest pipeline companies, in particular, are concerned that increased gas prices will cause them to lose customers to cheap hydroelectric power. To alleviate this problem, they favor a differential or regional pricing system that would allow them to receive Canadian gas at a lower price than other regions of the country with higher substitute fuel costs. Senator Jackson and other Senators and Congressmen from the Pacific Northwest are insisting that the Administration take the lead in obtaining such a differential pricing arrangement from the Canadians. However, interests in Northern California, Wisconsin, Minnesota and Michigan, who would pay higher prices than otherwise under differential pricing, will oppose such differential treatment on the grounds that they would be discriminated against. This conflict of views over Canadian pricing policy carries with it the potential for a strong regional confrontation. As Canadian gas prices continue to rise, however, it is a problem the Administration is likely to face in the near future whether or not a deal is concluded with Mexico.

### Advantages

There are a number of reasons for our recommending acceptance of the latest Mexican offer.

- The \$3.625 price proposed for January 1 would be roughly in line with the likely average of an 80%/20% mix of No. 6 and No. 2 fuel oil prices in representative U.S. cities. A ten-city mix broadly representative of the U.S. market shows a September 7 average of \$3.60 per mmbtu and the likely fourth quarter average would run slightly above that. Such price comparisons, however, do not include the cost of moving Mexican gas from the border to the city gate, an additional cost of at least \$.20 per mmbtu.
- Given the continuing rise in the domestic alternate fuel market, the \$3.625 offer might be withdrawn or increased as the weeks go by.
- Access to Mexican gas supplies opens up a potentially important and growing source of gas for the U.S. Although the volumes presently contemplated are relatively small, the Mexicans will have the capability to export very large volumes in future years if they choose.
- An agreement on gas imports will be perceived as a critical political symbol helpful to U.S.-Mexican relations.

### Disadvantages

There are a number of negative factors that ought to be taken into account.

- The Mexican border price under consideration means that U.S. consumers of Mexican gas will be paying a premium approximately equal to the cost of transporting Mexican gas from the border to the cities where it will be consumed (at least \$.20 per mmbtu for incremental volumes).
- If the Canadians continue their present price-setting formula (which is uncertain), there will be some impact on Canadian prices although it is difficult to be sure exactly how much. The Canadians have

~~CONFIDENTIAL~~

4

told us that they will be under strong pressure to match whatever price is agreed to with Mexico. Absent a Mexican agreement, or a change in the Canadian pricing system, the Canadian price on January 1, 1980 would be 17.5 cents less than the \$3.625/ mmbtu Mexican starting price, exposing us for some period of time to an extra price increase up to that amount on a much larger volume of gas.

- Some people may criticize you for bowing to the Mexican position at the expense of the American consumer.

Recommendation

That U.S. representatives be authorized to resume discussions and reach a framework agreement with the Mexicans as described above.

APPROVE       ✓       . DISAPPROVE                      .

*J*

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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THE WHITE HOUSE  
WASHINGTON

~~CONFIDENTIAL~~

September 15, 1979

C

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*  
SUBJECT: Mexican Gas Negotiations

As the attached memorandum from Secretary Duncan and Deputy Secretary Christopher indicates, the State Department, DOE, NSC and DPS all are in agreement that we should go forward under the terms indicated in their memo.

We felt that the price and term of years should be agreed to on a government-to-government basis, but we believed that private companies would get as good, and probably a better, deal on termination and escalator provisions working with Pemex, as government-to-government negotiations would produce. (We base that feeling on information we received at a meeting we had with the companies a few days ago.)

The key ingredient, which has united everyone on this issue, is the recent information that the Canadian price on October 1, quite apart from the Mexican negotiations, will be based on a formula yielding \$3.45/mmmbtu.

I would recommend that we proceed as outlined in the Duncan-Christopher memo. I believe that it is the correct decision. It is important that if you approve of this arrangement and the Mexicans go along, you personally announce the framework agreement, simultaneous with the Mexican announcement. It is also important to work with Frank Moore's office to assure appropriate Congressional notification; Jack's office to assure the appropriate Governors are informed; and Anne and Landon's offices to make certain our business and labor friends are pre-notified.

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Per: Rac Project  
ESDN: NLC-126-18-11-19  
BY: KS NARA DATE 10/31/13

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~~CONFIDENTIAL~~

NATIONAL SECURITY  
INFORMATION  
Unauthorized Disclosure subject to  
Administrative and Criminal Sanctions.

Department of Energy  
Washington, D.C. 20585

September 13, 1979

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THE PRESIDENT

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ESDN: NLC-126-18-11-2-9

DECLASSIFY  
or  
 REVIEW

on: 9-85  
(date or event)

BY K9 NARA DATE 10/30/83

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Disadvantages

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told us that they will be under strong pressure to match whatever price is agreed to with Mexico. Absent a Mexican agreement, or a change in the Canadian pricing system, the Canadian price on January 1, 1980 would be 17.5 cents less than the \$3.625/ mmbtu Mexican starting price, exposing us for some period of time to an extra price increase up to that amount on a much larger volume of gas.

- Some people may criticize you for bowing to the Mexican position at the expense of the American consumer.

Recommendation

That U.S. representatives be authorized to resume discussions and reach a framework agreement with the Mexicans as described above.

APPROVE \_\_\_\_\_ . DISAPPROVE \_\_\_\_\_ .

3:00 PM

THE WHITE HOUSE

WASHINGTON

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September 14, 1979

BRIEFING ON SALT FOR COMMUNITY LEADERS FROM KANSAS AND PENNSYLVANIA

Monday, September 17, 1979  
3:00 p.m. - 3:15 p.m.  
The East Room

From: Anne Wexler 

I. PURPOSE

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

II. BACKGROUND, PARTICIPANTS, AND PRESS PLAN

- A. Background: This is the fourth in a series of SALT briefings for community leaders from key states. The persons in attendance were generally selected because of their ability to influence public opinion in the States of Kansas and Pennsylvania.
- B. Participants: Of the 350 persons invited, the largest group consists of persons recommended to us by Senators Dole, Kassebaum, Heinz, and Schweiker. The four Senators were invited and may be in attendance. We will not know for certain until the briefing begins, and we will let Phil know then. In general, the audience will consist of political leaders, businesspersons, trade union leaders, attorneys, publishers, university administrators, and interest group leaders.
- C. Press Plan: White House Photo and Press Pool for the first five minutes of your remarks. In addition, several members of the press will be in the audience for the entire briefing, including all of your remarks. They represent media outlets in Kansas and Pennsylvania.

III. AGENDA

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

IV. TALKING POINTS

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

SALT BRIEFING FOR COMMUNITY LEADERS

September 17, 1979

The East Room

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

PRESIDENT'S TALKING POINTS  
BRIEFING ON SALT FOR COMMUNITY LEADERS

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

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

## Talking Points on M-X

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

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

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

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

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

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

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

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

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

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

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

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

## Talking Points on SALT and the Defense Budget

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

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

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

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

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

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

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

## Office of the White House Press Secretary

THE WHITE HOUSE

ANNOUNCEMENT

BY

THE PRESIDENT

The Briefing Room

4:15 P.M. EDT

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

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

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

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

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

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

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

MORE

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

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

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

END

(AT 4:18 P.M. EDT)

THE WHITE HOUSE  
WASHINGTON

17 Sep 79

Stu Eizenstat

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

Rick Hutcheson

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LAST DAY FOR ACTION

*I've talked  
w/ Susan  
re misspelling  
"Neil"*

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

THE WHITE HOUSE  
WASHINGTON

September 14, 1979

*Stu*  
*Let Neal do*  
*it*  
*J*

**Electrostatic Copy Made  
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MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: The Rock Island and Midwest Rail Problems

Following up on our discussion in the Cabinet meeting Monday I met yesterday with Secretaries Marshall, Bergland, and Goldschmidt, and with representatives of Justice, OMB, and Chairman O'Neal of the ICC.

The group agreed on a strategy for the restoration of service over the Rock Island. This strategy will include:

- 1) Discussions with the bankruptcy judge and union leaders concerning the conditions under which employees would return to work. The issue is whether these workers would be paid at the prevailing wage or the old wage.
- 2) A series of legal steps leading to an order by the ICC directing another railroad or railroads to take over the operation of the Rock Island lines. This order from the ICC would initially cover the entire railroad for a period of 60 days. It could be extended for up to 8 months.
- 3) A process beginning immediately to restructure the railroad over the next eight months. This will involve DOT, ICC, the bankruptcy court, and probably the Congress. Some combination of sales to other railroads, State and federal subsidies and abandonments will be needed. This will be a contentious and politically difficult process, but all parties seem to agree that there is no alternative.

When our strategy is in place, hopefully by early tomorrow, we plan to issue a White House statement outlining it. This statement will be coupled with a call for renewed action on our rail deregulation proposals, as one step that can head off problems such as this in the future.

You may or may not wish to issue this statement personally. As you know, this is a highly visible issue throughout the midwest. ←

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*Pres talked up Miller*

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ACTION  
FYI

VICE PRESIDENT
JORDAN
CUTLER
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MCINTYRE
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MARTIN
MILLER
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PETERSON
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SANDERS
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TORRES
VOORDE
WISE

THE WHITE HOUSE  
WASHINGTON

Mr. President -

I do not think that we should shift policies or alter actions to placate potential political adversaries, but I do think we have a political obligation to work with those who are trying to work with us on our programs and our politics.

I know the accord presents some substantive problems for an economic team. It also represents an single (possibly best) opportunity to form a general alliance and relationship that is critical to our economic policy, SALT, health insurance and a re-election effort.

A lot more has been invested by both sides in this negotiation than is obvious to you. If we succeed on the accord, it will be very, very significant. If we fail, it will remove the positive tone in the relationship that has evolved between us and the AFL-CIO recently. It is a tough decision for you - I only point out that our fuel lot is at stake.

Hamilton Ford



# CABINET ECONOMIC POLICY GROUP

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

September 14, 1979

MEMORANDUM FOR THE PRESIDENT

From: G. William Miller  
Chairman, Economic Policy Group

Subject: Labor Consultations and Wage Price Guidelines

Since our meeting with you yesterday, it has not been possible to reach agreement with labor representatives on appropriate instructions to a pay committee. The realistic options are as follows:

Option 1: Immediately announce that publication of the second year wage-price program will be deferred for 15 days to the end of the month in order to provide time to complete consultations on expanded participation by labor, business, and public representatives in the program.

During the 15 days, we will endeavor privately to reach satisfactory agreement on (a) a wage committee and (b) the overall national accord. Reaching agreement on both (a) and (b) is a long shot. Even if we agree on the wage committee, labor will not participate unless there is agreement on the broader accord. It is by no means clear that major corporations will be willing to participate in the committee.

During the 15 day interval, the present standards will remain in force, but CWPS may introduce procedures to handle individual cases in an equitable manner.

Recommended by: The Vice President, Bill Miller, Ray Marshall, Stu Eizenstat, Fred Kahn

PRO:

- . Keeps alive the possibility of accomplishing our total objective

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CON:

- . Lack of success by September 30 could be viewed as an Administration set back

Option 2: Immediately publish new wage-price standards described in the attachment for the second program year.

Recommended by: Charlie Schultze, Jim McIntyre

PRO:

- . The program stays on schedule, indicating Administration leadership. The program has been effective, and decisiveness and momentum increases probability of effectiveness during second year.
- . Chances of achieving labor agreement to a reasonably acceptable committee are so slim as not to warrant delaying publication.

CON:

- . Removes the opportunity to achieve broader cooperation and support from labor and possibly also from business.

✓  
\_\_\_\_\_  
Approve Option 1

\_\_\_\_\_  
Approve Option 2

PRESS RELEASE UNDER OPTION 1

EMBARGO TILL \_\_\_\_\_

EDT, SEPTEMBER 15, 1979

SATURDAY

The Council on Wage and Price Stability announced today that publication of standards for the second-year voluntary price and pay standards for the President's anti-inflation program will be made by September 30, 1979. The date of publication is being postponed to provide time to complete consultations with the public on the possibility of establishing advisory committees composed of private sector representatives to assist in achieving the program objectives. Because the public is so integrally involved in the issues and because compliance with the standards ultimately depends on broad cooperation, it is important that the program operate flexibly, contribute to the objectives of stabilization and deceleration of prices and wages, while providing a procedure to assure fairness and equity in individual cases.

## SECOND-YEAR STANDARDS UNDER OPTION 2

Your advisers unanimously recommend the following second-year pay and price standards under Option 2.

Pay standard: A 7-1/2 percent pay increase limitation, a 7-1/2 percent inflation assumption for costing out cost-of-living adjustments (COLAs), and a special allowance of 1 percent or more for workers without COLAs who complied with the first-year standard.

- . This constitutes a relaxed standard for workers without COLAs and a slightly tightened standard for most workers with COLAs.
  - For non-COLA (principally union) workers, whose wages have fallen behind, the 7-1/2 percent standard can be supplemented by an additional one percent.
  - For COLA (principally union) workers, the standard is tighter than last year; although the pay limitation is half a point higher (7-1/2

percent, compared to 7 percent last year), the 1-1/2 percentage point increase in the inflation assumption for costing out COLAs (7-1/2 percent, compared to 6 percent last year) effectively tightens the standard by more than half a point.

-- It is important to emphasize that this tightening for COLA projected workers is in relation not to this year's 7 percent standard but to the 10 percent or more that they may actually have gotten because of their COLAs. The new standards would still allow them over 8 percent in three years consecutively and 9 1/2 percent in the first year.

- . Both union and many nonunion employers will publicly criticize the standard, since the COLA standard is tightened and nonunion employers will say that the one-percentage-point catch-up for non-COLA workers is inadequate. (CWPS will allow, however, more than one percentage point in special circumstances). We feel that any further loosening of the standard would result in little real restraint.

Price Standard: As was the case last year, company-specific price standards are based upon 1976-77 average rate of increase. Two-year (basically 1979-80) price-increase limitations are obtained by adding one quarter of a percentage point to the company's 1976-77 cumulative increase.

- . As an economy-wide average -- but not necessarily for any one company -- this is equivalent to a 7-percent increase, assuming that all firms use the price standard (rather than the profit standard) and that all prices were under control.
- . This price standard could cause some public-perception problems (cynics will call it an acceleration standard), but it is difficult to justify a lower standard for prices without adopting a tougher pay standard.
- . The profit limitation, available as an alternative to the price standard for companies that experience sizable uncontrollable cost increases, has been substantially tightened. It was the source of significant slippage on the price side during the

first year. Some businesses will complain that the tightening is too tough.

On the whole, the new standards will be viewed as tough. This will evoke some plaudits as well as some scorn.



THE WHITE HOUSE

WASHINGTON

September 14, 1979

PERSONAL AND ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

FROM: STU EIZENSTAT *Stu*

SUBJECT: Decision on Labor Accord

I made the substantive arguments at the meeting yesterday for the position that we should be prepared to ultimately go with a tripartite board which would not have a specific guideline -- in advance -- to guide it. I noted that in a slack economy there would be less pressure on wages in any event and that any specific number for a second year guideline would have little credibility with the public at a time of double-digit inflation. The ability to get labor "on board" on an anti-inflation program would be a very positive factor in the fight against inflation; more so than continued fixation on a specific number for the second year of the program.

I would like to add to the substantive argument the political argument which I only alluded to at the meeting. One of the key things Senator Kennedy said yesterday regarding his race for the Presidency was that it was important to have an anti-inflation program which was not inequitable toward workers and that his own candidacy would hinge not on whether there was an actual improvement in the next few months in the economy but rather on whether the Administration's policies gave some hope for improvement in the future.

An accord with labor, including their inclusion on a tripartite board, would give a clear signal that our anti-inflation program would be equitable toward workers and would provide some hope of success in the future. Even if this did not dissuade Senator Kennedy from seeking the nomination, it would be a major asset in obtaining labor support for your own candidacy. It also sends a strong signal to the country that you have been able to cooperate with one of the most important organizations in America -- the labor movement -- in a demonstrable way for the public good.

While even the AFL-CIO's agreement on the option outlined in the EPG memo would not guarantee that an accord could be reached which would actually bring them on to the board since many difficult macroeconomic issues and others would have to be addressed, it

seems to me that it is worth the risk for both substantive and political reasons.

Clearly, there may be some who would say we had abandoned our guidelines program and therefore lessened the fight against inflation; I do not think this would be the overall reaction, since neither labor nor big business favors the guidelines and both have urged us to abandon them. Moreover, we would be able to point to the solid accomplishment of gaining their direct cooperation. Ultimately, the tripartite board would begin to establish its own principles and guidelines.

Therefore, for the substantive reasons summarized here and outlined more fully in the EPG memo and by me at the meeting yesterday, and for other factors enumerated above, I urge that we extend the current program for an interim period, have an exceptions process for non-COLA workers, and be prepared to go with very general guidance to a tripartite board if and when an accord is reached.

THE WHITE HOUSE

WASHINGTON

17 Sep 79

Arnie Miller

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

September 13, 1979

MEMORANDUM FOR THE PRESIDENT

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FROM:

ARNIE MILLER ~~AKA~~

SUBJECT:

Director of the Institute for Scientific  
Technological Cooperation

I join Tom Ehrlich, the Director of the International Development Cooperation Agency (IDCA), in recommending that you nominate Dr. Nyle Brady (resume attached) as the first Director of IDCA's Institute for Scientific and Technological Cooperation.

The new Institute will support research and technological innovation to reduce obstacles to economic advancement in underdeveloped countries. It will encourage both private and public research in agriculture, energy, health and population. The Institute will be one of the components of IDCA.

Since 1973, Dr. Brady has been Director of the International Rice Research Institute (IRRI) in the Philippines. IRRI is best known for research that produced the first so-called "miracle" rice. It has concentrated its efforts on improved technology of rice production in the tropics and subtropics.

Dr. Brady's leadership at IRRI is well regarded for his encouragement of research that directly supports the efforts of scientists and agricultural ministries in developing countries where the technological advance can best be utilized.

In 1948 he joined Cornell University as an instructor in the Agronomy Department and he has had a series of progressively responsible positions at the College of Agriculture. In 1965 he returned to Cornell University's College of Agriculture as Director of the Agriculture Experiment Station. In 1970, he was chosen as Associate Dean of the College of Agriculture at Cornell.

RECOMMENDATION:

I recommend that you nominate Dr. Nyle Brady as the Director of the Institute for Scientific and Technological Cooperation. Henry Owen and Frank Press concur.

approve

disapprove

NYLE BRADY o AGRONOMY

Cornell - 67-256-2019

BORN: Oct. 25, 1920 (59)

EDUCATION:

Brigham Young University, B.S., 1941  
North Carolina State College, Ph. D., 1947 (Agronomy)

PRESENT POSITION: Since 1973

Director, International Rice Research Institute, Philippines.

BACKGROUND:

Cornell University College of Agriculture  
Associate Dean, 1970-73,  
Director Agriculture Experiment Station, 65-73.  
———U.S. Dept of Agriculture  
———Director, Science and Education Directorate 63-65.

Cornell University  
Head, Dept. of Agronomy, 55-63.  
Professor, Soil Science, 52-73.  
Associate Professor, 49-52.  
Instructor, 48-89.

North Carolina State College  
Asst. Professor of Agronomy, 47  
Junior Agronomist, 42-44

Concurrent Positions

Ed. Proc Soil Sci Am.  
Chairman, Agr. bd, National Research Council, 67-70.  
Directorate Science & Education, USDA, 63-65.

Society Memberships:

AAS; Soil Sci Soc. Am; Am Soc Agron; Soil Conserv, Soc Am.

Research:

Physiology of the peanut plant  
Fundamental effects of lime on soil;  
Influence of fertilizer on the yield of corn, rice and coffee;  
Influence of soil temperature on nutrient uptake.

THE WHITE HOUSE  
WASHINGTON

17 Sep 79

Fran Voorde  
Phil Wise

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the President's outbox today  
and is forwarded to you for  
your information.

Rick Hutcheson

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FYI

*PATTI  
Call Gwen +  
tell her to let  
TK know*

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

CAMP DAVID

Sept. 16, 1979

Mr. President

re: Governor Edwards

You approved lunch with Governor Edwards for this coming Tuesday, following a recommendation from Chip to do so. Chip encourages you personally to call the Governor to invite him. If you do call, and this proves to be too late for the Governor to make arrangements to be here Tuesday, you can just tell him our staffs will work out another time.

*Work it out for  
Wed or  
Thurs -*

I ~~will~~ called

have someone else call

*with his staff. Also,  
he & his mother will come to  
meet the Pope  
J*

fran *fran*

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THE WHITE HOUSE  
WASHINGTON

17 Sep 79

FOR THE RECORD:

THE ORIGINALS WERE GIVEN TO  
EV SMALL FOR HANDLING AND  
DELIVERY; CC: EIZENSTAT.

THE WHITE HOUSE

WASHINGTON

MEMORANDUM FOR: THE PRESIDENT  
FROM: STU EIZENSTAT *Stu*  
SUBJECT: Welfare Reform Letters

Ways and Means voted to report out our welfare reform cash bill on Thursday, September 13. The Press Office issued a brief statement on your behalf commending the Committee and stressing the importance of this legislation.

Attached are notes from you to Ullman, Corman, Rangel, and Fowler. The latter two were particularly helpful in holding committee Democrats together. Rangel was outstanding.

Our next steps on Welfare Reform are to press for hearings on the jobs bill, and to prepare for hearings before Moynihan's Finance Subcommittee later in the fall. We have not consulted the Speaker yet on when he would advise taking the welfare cash reform bill to the floor.

THE WHITE HOUSE

WASHINGTON

September 17, 1979

To Congressman Wyche Fowler

I wanted to express my personal appreciation for the tremendous help you have given on welfare reform. I understand that our encouraging progress thus far is in no small part the result of your activism and leadership. Wyche, I realize that your key role on this issue has not been without some personal political risk. You have my sincere thanks.

Sincerely,

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

The Honorable Wyche Fowler  
House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

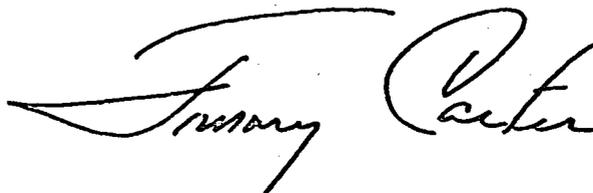
WASHINGTON

September 17, 1979

To Congressman Jim Corman

Congratulations on your excellent work and leadership on welfare reform. I know you shared my deep disappointment when comprehensive reform faltered in the last Congress. Perhaps we have a new day now, with this package. Your judgment and perseverance have been critical, Jim. You have my sincere appreciation.

Sincerely,

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

The Honorable Jim Corman  
House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

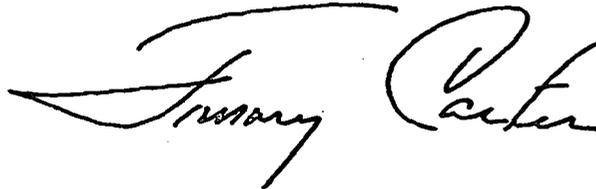
September 17, 1979

To Chairman Al Ullman

Congratulations on successful completion of your committee's work on welfare reform. I know that your leadership was absolutely key, as was your substantive role in helping us shape the Administration proposal.

We have had an extraordinarily good start with this complex and traditionally frustrating legislation. You have my sincere appreciation.

Sincerely,

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

The Honorable Al Ullman  
House of Representatives  
Washington, D.C. 20515

THE WHITE HOUSE

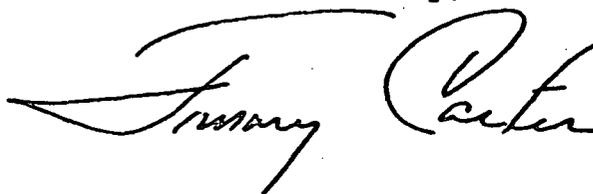
WASHINGTON

September 17, 1979

To Congressman Charles Rangel

Once again you have played a key role on a critical piece of legislation. I understand that your efforts on the welfare reform bill were characteristically laudable. You have my sincere appreciation, Charlie. Perhaps we have a winner this time.

Sincerely,

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

The Honorable Charles Rangel  
House of Representatives  
Washington, D.C. 20515

6:30 PM

THE WHITE HOUSE

WASHINGTON

September 15, 1979

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MEETING WITH SENATORS FROM STATES  
THAT DO NOT HAVE A SUB-  
STANTIAL ENERGY PRODUCTION  
CAPABILITY

Monday, September 17, 1979  
6 p.m. (60 minutes)  
State Dining Room

From: Frank Moore

Bob

I. PURPOSE

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

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

A. Background: This is the last of the three meetings with Senators on the non-tax aspects of your energy program. The first two meetings went well. They helped produce a shift in momentum favorable to us in the Senate.

The Senators at this meeting will be generally from states that do not have a substantial energy production capability. Since the briefing is on Monday, we expect some problems with attendance from those who are campaigning for reelection.

The briefing is scheduled for 6:00 p.m. It could start later if the Senate is in session late, but this is not a probability. Secretary Duncan and Stu will open the meeting. Secretary Miller is a doubtful because of travel. You should arrive about 6:30.

Participants: The President, Senators Sasser, Bayh, Lugar, Roth, Boschwitz, Durenberger, Burdick, Young, Cannon, Pell, Chiles, Cochran, Stennis, Muskie, Jepsen, Danforth, Eagleton, DeConcini, Goldwater, Dole, Humphrey, Zorinsky, Helms, Morgan, Hollings, Thurmond, Inouye, Javits,

Moynihan, Kennedy, Levin, Riegle, Magnuson, Mathias, McGovern, Pressler, Nelson, Nunn, Talmadge, Ribicoff and Schmitt, Secretary Duncan, Stu Eizenstat, Eliot Cutler, Jim McIntyre and Frank Moore.

C. Press Plan: White House Photo only

### III. TALKING POINTS

#### 1. Opening

- o As the President of the United States, I am deeply concerned over the level of our oil imports. I know that although gasoline lines have disappeared, the underlying problem remains - our dependency on other countries for our energy. Since the 1973-74 embargo, oil imports have increased more than 25 percent, and have risen to 8 million barrels per day. This excessive dependence has: (a) fueled inflation, (b) contributed to huge trade deficits and weakened the dollar, and (c) put our economy and national security more at the mercy of developments abroad.
- o If we do not act, this dependence will continue. In the absence of the Administration's energy program (both newly proposed and previously enacted), 1990 oil imports could be as high as 13 to 14 million barrels per day, or one-third of the world import/export trade, and total U.S. payments to foreign producers for imported oil could amount to 1 to 1.4 trillion dollars over the 1980's.
- o With the combination of tight world supplies and large U.S. imports, the price of oil will continue to rise, and the U.S. could become more vulnerable to interruptions in supply from the OPEC countries.
- o I have proposed to reduce imports from 13-14 million barrels per day in 1990 if we do nothing, to 4-5 million barrels per day. To meet this goal will require everything we can do: we must conserve; we must stimulate more production; we must develop solar and renewable sources of energy; and we must produce synthetic fuels.

- o By 1990, 2.5 million barrels per day of synthetic fuels will be needed to meet our liquid fuel demand. The tax credits I have proposed should stimulate 750,000 barrels per day of unconventional gas and oil shale production. The remaining 1.75 million barrels per day of production would be financed by the Energy Security Corporation.
- o This is an ambitious goal, but it is appropriate to our energy problem. I established a goal of 1.74 million barrels per day (or 2.5 million) by 1990. Of course, it is an ambitious goal but it is appropriate to our energy problem. This is not an academic exercise in which we are solely interested in demonstrations. If we wait to act, we still face a 7-10 year delay from the time we start, in a period of even greater risk and danger.
- o As I indicated to the Senate Energy Committee, \$88 billion which I have proposed for the Corporation is tied to the production goal of 1.75 million barrels per day. It involves the assumption that oil prices will rise at a real rate of 2.4 percent annually. This is a large figure. However,
  - (1) in real or constant dollar terms, this amounts to \$41 billion to be earmarked for synfuels development.
  - (2) It is a one-time cost - not an annual expenditure.
  - (3) It represents the costs of financial incentives to the private sector - the Corporation's purpose is to stimulate private activity - not, except as a last resort, to own or operate plants. As we calculate, 85-90 percent of the funding is for price guarantees and purchase agreements from the private sector.
  - (4) It will be spent over a very long period of time. The typical price guarantee might be for 20 years. Therefore, \$88 billion in commitments will be spent at an average rate of \$4-5 billion a year over the next 20 years. That seems prudent and feasible in an economy which will be \$3 trillion by the time the money is spent.

2. Phasing

- o Clearly, \$88 billion is a large investment. There are uncertainties - over the future price of oil, our potential reserves, and the potential of other energy sources. Mid-course corrections may be needed and should be allowed. As I indicated to the Senate Energy Committee, I am not opposed to phased appropriations to the Corporation. I can support an approach in which Congress, while supporting the goals of the Corporation, wishes to build in a review mechanism by phased multi-year appropriations and strong accountability. I am not interested in an approach which has no goals, which looks only to demonstrations and has hidden delays.

3. A Separate Corporation

- o I am aware that questions have developed over the need for a separate corporation. But I think the reasons for a separate entity far outweigh the arguments against. First, the task and responsibilities are clear. Congress is not being asked to give up control but to vest responsibility which it can change over time. Second, the tasks are far more appropriately and efficiently done within the Corporation than with an Executive Branch department. This is not the government of 40 years ago - any government agency is now surrounded by layers of rules, regulations and restrictions which are appropriate for public policy but clearly impede operational decisions and action. The Corporation must and can act. Finally, the Corporation is not a new mechanism. From the shipping corporations of World War I, to the Reconstruction Finance Corporation, to COMSAT, we have turned to the corporate structure when we needed to get an operating job done. I want the Energy Security Corporation to be a successful item on that list.

4. Environmental Concerns

- o Achieving energy independence is vital to our nation. But it will entail some sacrifices. The accelerated development of our oil shale, coal and unconventional gas resources will cause some adverse environmental impacts. There will be local impacts, confined to the immediate area. On a national level, synfuels production will have an insignificant effect on our air, water and land.

- o This does not mean we can ignore the impacts that may occur. I have proposed aggressive efforts to minimize any environmental problems. Environmental regulations and standards should be strictly adhered to. Major environmental research efforts are underway to provide information necessary to further reduce air and water quality impacts.

5. Jobs Creation

- o There are important benefits to my oil import reduction program. Roughly 160,000 jobs will be created each year between now and 1990 - 90,000 due to construction and operation of synfuels plants.
  - Approximately 250 million additional tons of coal will be mined to meet my 1990 synfuels production goal - creating over 45,000 new jobs per year for this purpose alone.
  - Expanded production of unconventional gas will create another 27,000 jobs per year.

6. Western Water

- o Let me explicitly address another concern the western states may have - the water requirements of a synfuels industry. Most studies have concluded that for an oil shale industry up to 5 times larger than my proposal there are adequate surface and groundwater resources in the areas affected. Existing water users would not be impacted. Much of the water will come from useable groundwater sources and from the oil shale rock itself. Let me also reassure you that existing water rights will be recognized. The Corporation will not have the right to exercise eminent domain over water rights.

7. Energy Mobilization Board

- o I have proposed a strong Energy Mobilization Board with powers to cut through procedural red tape for a limited number of projects. The EMB would have the power to override federal, state and local procedures where agreement could not be reached on a schedule for construction of a critical energy facility.

- o I do not favor giving the EMB power to override substantive laws. My Administration did support a bill in the House Commerce Committee which was close to my original proposal in all respects but one. We are hopeful that when a bill eventually emerges from the Congress it will provide for procedural override only.

The one exception to our position against substantive override is in the case of ex post facto laws that are passed after a project has begun. In those instances, the EMB should have the power to override substantive ex post facto requirements.

- o We oppose efforts to hamstring the Board with complicated systems of Congressional review and approval of its decisions.
- o I also oppose giving the EMB power to waive state water laws.

#### 8. Windfall Tax

- o The windfall tax which I have proposed will recapture on behalf of the American people and our future energy security funds which we must have to make these other investments. The tax recaptures a portion of those oil industry revenues which result from the change in our price control structure and, more importantly, from increases in the world price of oil as determined by the OPEC cartel - increases which are not directly related to the cost of looking for or producing oil. Permitting the industry to retain all or most of those revenues will not significantly increase production and will not work actively to reduce our vulnerability to supply interruptions or skyrocketing world oil prices. We can achieve that energy security only by investing in alternative energy resources right here at home.
- o The need for the windfall tax as I proposed it is not diminished by a decision to adopt a phased approach to synthetic fuels. Whether all of the funding is provided this year, or whether it is appropriated in stages, our goal for the Corporation remains firm and the cost of meeting that challenge does not change. I am determined our country will not face the decade of the 1990's in the vulnerable condition which we

now face in the 1980's. The goals I have set for synthetics, as well as for our other import reduction programs must be met if we are to reduce that vulnerability, and the windfall profits tax is central to our success.

Phil has  
seen

THE WHITE HOUSE  
WASHINGTON

C

September 17, 1979

MR. PRESIDENT:

SENATOR ROBERT BYRD  
HAS REQUESTED THAT THE  
6 P.M. MEETING ON ENERGY  
BE CHANGED TO 6:30 P.M.  
TO ALLOW TIME FOR  
ADDITIONAL SENATE BUSINESS.

Approve  Disapprove

PHIL

**Electrostatic Copy Made  
for Preservation Purposes**

6:30 PM

THE WHITE HOUSE

WASHINGTON

September 17, 1979

MEMORANDUM TO THE PRESIDENT

FROM: Jody Powell *JPP*

SUBJECT: Your <sup>6:30</sup> 6 p.m. Energy Meeting

NBC is doing a special piece on how the Administration is working to gain passage of the energy legislation. We set up various special shots for them last week, and are planning to allow them to film the first few minutes of your meeting with the Senate group on energy at 6 pm. (Congressional Liaison concurs.) Judy Woodruff is the correspondent.

They will be taping the sound, and I suggest that you try to hit the message you touched on in Hartford: What the inflation rate would be without the energy problem. That thought has never been on the nets, and we may be able to get it on this way.

A transcript of that portion of your remarks in Hartford is attached.

**Electrostatic Copy Made  
for Preservation Purposes**

6:30 PM

THE WHITE HOUSE  
WASHINGTON  
September 17, 1979

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SUBJECT: Your <sup>6:30</sup> 6 p.m. Energy Meeting

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group more qualified to discuss our Nation's future than you who have so positively shaped its past and its present.

My greatest responsibility, above everything else, as President of the United States of America is to protect the security of the United States. Excessive imports of foreign oil -- listen very carefully -- threaten the security of our country. We not only import about one-half of all the oil we use, but with that oil we also import excessive inflation and unemployment.

Listen to this -- without including energy, the inflation rate would only have gone up this year about one-fourth of one percent, without energy. Energy prices, however, have forced up the consumer price index because they have increased 60 percent this year.

You know that our country has had severe problems with gasoline this summer. But throughout that difficult period of shortage which bothered motorists when tempers ran even higher than the gas tanks ran low, my top concern was to prepare for this winter.

The morning after my Sunday night address about the crisis of confidence in our country, I flew out to Kansas City where I set forth the specifics of our energy plan for the Nation, and I said then, and I quote, "We must have adequate heating fuel to prevent suffering next winter." Today I am pleased to tell you that we will have necessary fuel to see us through this winter. You need not doubt that any longer. (Applause)

MORE

QUESTION: Thank you, Mr. President.

THE PRESIDENT: Thank you. The comprehensive nature will help to decrease the paperwork.

QUESTION: President Carter, my name is Thomas Canzillo from Monroe, Connecticut.

The rate of inflation has been increasing in the last month or so. From all our economic indicators, do you expect the rate of inflation to go up or to go down?

THE PRESIDENT: I expect the rate of inflation to go down the rest of this year. As I pointed out earlier, the 60 percent increase in fuel costs imposed on the rest of the world by OPEC is a prime cause of the rapid growth in the inflation rate this year.

Yesterday I had my economic advisors give me a summary of what the inflation rate would be without energy. And as I said earlier, throughout this whole year, the inflation rate would only have changed about one-fourth of one percent without energy. With energy included, the inflation rate has changed 4 or 5 percent, because energy has gone up at an annual rate of about 100 percent.

We do not anticipate -- although I cannot control this -- we do not anticipate any further increases by OPEC this year. So the rate of increase, even in energy, is likely to level off. That is why we are working so closely with Texaco and hopefully with other oil companies to get them now to level off their price increases so that we can have a decrease in the inflation rate by the end of this year. I predict that that will happen.

QUESTION: Thank you very much.

THE PRESIDENT: Thank you. (Applause)

QUESTION: Mr. President, Bernard Hartspak, Campbell Hall, New York.

We have come here from all over this great Nation to listen and also to be listened to. I was told to make my presentation short for lack of time. All one needs to do is look at the seniors in this room to see there is not much time. (Laughter) If you will bear with me, I would like to make part of this presentation and leave the full text with you.

THE PRESIDENT: I don't agree with that last statement you made. It looks to me like they have a lot of time. (Applause)

MORE

THE WHITE HOUSE  
WASHINGTON

9/18/79

Mr. President:

Hamilton thinks that some variation on this might work, but doubts if you should be personally involved.

Jody comments: "Kennedy has shifted ground on this now. I don't think it's a good idea now."

Rick

File

---

received too  
late

September 14, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON



Jody and I have talked about this idea and he agrees that we should pursue it.

Kennedy talks about the economy and what you are going to do about it, although he hasn't come up with a program himself. And, if he did, his liberal spending policies would be contrary to the mood of the country. Why don't we call him into the White House and ask him to meet with you and your economic team and lay out what solutions he has for our economic problems. The problems are so vital to the welfare of the American people that anyone who has a better approach to inflation, recession, energy should come forth NOW and not wait for the primaries or election. You would be glad to give credit where credit is due.

You would have a situation where Kennedy would have to explain his economic programs and philosophy to you, Bill Miller, Charlie Schultz, Charlie Duncan, et al. If he refused to meet that would also be a story.

The press may say that this is a patently political move but on the other hand they would admire the way you aggressively took on Kennedy and would be reminded of the power of the incumbency

This would be a start in defining the substantive difference between you and Kennedy.

cc: Hamilton Jordan  
Jody Powell

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for Preservation Purposes**

September 14, 1979

EYES ONLY

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cc: Hamilton Jordan  
Jody Powell

*Mr. President -  
Kennedy has  
shipped ground on this now.  
I don't think it's a good  
idea now. Jody*

September 14, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

*Hamilton Jordan*  
*These are good*  
*ideas*  
*to discuss*  
*with the President*  
*and the Vice President*  
*and the Secretary of State*  
*and the Attorney General*  
*and the Chief Justice*  
*and the Speaker of the House*  
*and the Minority Leader*  
*and the Minority Whip*  
*and the Minority Conference*  
*and the Minority Floor Leader*  
*and the Minority Floor Whip*  
*and the Minority Floor Conference*  
*and the Minority Floor Leader*  
*and the Minority Floor Whip*  
*and the Minority Floor Conference*

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cc: Hamilton Jordan  
Jody Powell

THE WHITE HOUSE  
WASHINGTON  
September 14, 1979

2  
1

Dear Mr. President:

I hereby resign as Assistant to the President for Communications effective today. I plan to return to private business.

In the 15 months that I have served full time in the White House it has been my pleasure to observe closely your energy, imagination, tenacity, and courage. It is difficult to avoid using the overworked adjective "superb" when discussing your presidency but history will record you as such.

History will also record you as a two-term President. I will do everything in my power to help that happen.

Sincerely,



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3904

THE WHITE HOUSE  
WASHINGTON

9-17-79

To Jerry Hofstee

Thank you for helping me  
into, in, and to stay in the  
White House.

Your sense of humor, sound  
judgment and balanced pers-  
pective have been demonstrated  
by your apparent escape  
from government service in  
a relatively unscathed condition.  
Maybe it will still catch  
up with you.

For the time being, Congrat-  
ulations and in any case,  
Thanks!

Jimmy

THE WHITE HOUSE  
WASHINGTON

9/17/79

Jack Watson  
John White

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

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

cc: Jack, John  
J

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*  
JOHN P. WHITE *John*

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SUBJECT: Minority Procurement

On August 17, you asked that we advise the Departments of Defense (DoD), Health, Education, and Welfare (HEW), Interior (DoI), Transportation (DoT), Housing and Urban Development (HUD), and the Veterans Administration (VA) of your personal concern about their agencies' progress in the area of minority procurement. You also requested that each agency report on how it plans to meet its minority procurement goal by the end of FY '79 (September 30) or, if not then, by the end of this calendar year. This memorandum summarizes the agencies' reports and provides our assessment and recommendations of how we should proceed in this area.

Agency Reports

HUD - likely to triple by end of FY '79, but definitely by end of calendar year.

DoT - tripling goal of \$228M will not be met, and will award \$123M or about 55% of its minority goal. It should be noted, however, that minority procurement represents 12% of DoT's total procurement.

DoI - by year's end, if not by end of FY '79, will meet revised VA goals which are about 60% of the original tripling target.

DoD - will more than double but will not meet tripling goal of \$1.6 billion. Does not address question of whether goals can be reached by the end of the calendar year.

HEW - will achieve only 75% of tripling goal by September 30, but are taking specific actions to try to achieve by end of the calendar year.

Assessment

In doing this review, it has become apparent that agency goals were set by the Interagency Council for Minority Business Enterprise (IAC) in a very imprecise way without sufficient consideration of an agency's performance or capability. This method of goal setting is being changed.

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2

Based on our most recent assessment, it appears that minority procurement will total about \$2.5 billion by the end of FY '79, or \$800 million short of our \$3.3 billion goal. As you know, the goal was based on a \$1.1 billion minority procurement award in FY '77. This year's awards will represent about 3% of the total federal procurement dollars, compared to 1.6% in FY '77.

While you had asked whether agencies could reach their goals by the end of the calendar year, we think that shifting to a calendar year basis could cause us problems since we have been using fiscal year data.

Follow-Up

We are taking the following actions to ensure that goals set for FY '80 are met:

1. We will work with the Department of Commerce to see that agency goals for FY '80 are realistically set and that the government-wide total is ambitious, but realistic.
2. The Under Secretary of Commerce will monitor each agency closely to ensure that they reach their goals. He will submit a quarterly progress report to OMB and the White House. This will escalate oversight of minority procurement to a higher level than the existing Interagency Council.
3. OMB will take steps to ensure that the Federal Procurement Data System, which will provide the necessary mechanism for data analysis, becomes fully operational as soon as possible.
4. We will send a strong letter to every agency that has not achieved a creditable percentage increase over FY '77 as soon as we receive final data for FY '79.
5. OMB will monitor development of subcontracting plans by the agencies and will work with SBA on its program for assisting agencies and contractors in formulating and complying with such plans as are required by P.L. 95-507 (Amendments to the Small Business Act and the Small Business Investment Act of 1958.)
6. We will state publicly through letters to appropriate interest groups and statements at meetings and conferences that while we will not reach our tripling goal by the end of FY '79, we remain strongly committed to increasing minority procurement.

*ok*

*emphasize  
positive,  
not negative*

15 753370

THE WHITE HOUSE

WASHINGTON

DATE: 17 SEP 79

FOR ACTION:

INFO ONLY: LOUIS MARTIN

SUBJECT: WATSON WHITE MEMO RE MINORITY PROCUREMENT

\*\*\*\*\*

+ RESPONSE DUE TO RICK HITCHESON STAFF SECRETARY (455-7052) +

+ BY: +

\*\*\*\*\*

ACTION REQUESTED:

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

PLEASE NOTE OTHER COMMENTS BELOW:

THE WHITE HOUSE  
WASHINGTON

17 Sep 79

Lloyd Cutler  
**BOB LIPSHUTZ**

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

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

*I have a  
call into  
Vera*

	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

THE WHITE HOUSE

WASHINGTON

September 14, 1979

ok  
J

MEMORANDUM FOR THE PRESIDENT

FROM: ROBERT LIPSHUTZ *RL*  
LLOYD CUTLER *LC*

SUBJECT: Nomination of Robert S. Strauss

We agree with Robert Strauss that he may properly fulfill his Middle East assignment while serving as a special Government employee. The Department of Justice, State legal adviser Hansell and Cy Vance concur that Strauss' service as a special Government employee is legal and not without precedent. Sol Linowitz, Lloyd Cutler, Jack Stephenson and others have served as special Government employees with either the personal rank of Ambassador or the rank of Ambassador while representing the United States in important negotiations.

Bob Strauss has advised that he will not return to his law firm, join any corporate boards or have any new affiliation with any private sector institution or commercial venture while serving as Middle East negotiator.

We recommend that Bob Strauss' nomination be sent to the Senate, with the understanding that he will serve as a special Government employee.

Hamilton also concurs.

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Department of Justice  
Washington, D.C. 20530

13 SEP 1979

MEMORANDUM FOR MICHAEL CARDOZO  
SENIOR ASSOCIATE COUNSEL TO THE PRESIDENT

Re: Appointment of Ambassador Robert S. Strauss  
as Special Government Employee

This is in response to your memorandum of September 11, 1979, with regard to Ambassador Robert S. Strauss.

If, in accordance with the provisions of 18 U.S.C. § 202, the President, the State Department or other federal agency specifically designates Ambassador Strauss to serve it for not more than 130 days during the year following the designation, there is no obstacle to his performing his duties in the Middle East as a special Government employee.



John M. Harmon  
Assistant Attorney General  
Office of Legal Counsel

THE WHITE HOUSE

WASHINGTON

September 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Robert S. Strauss *RS*

RE: Middle East Assignment

Unless our conversation yesterday changed matters, with the return of the Congress and the appointment of Governor Askew to the trade job, it seems the appropriate time to forward my nomination to the Senate for the Middle East assignment.

I have discussed the nature of my appointment at length with Secretary Vance, Senators Church and Javits, Hamilton, Lloyd Cutler, State Legal Adviser Hansell, and others. In agreement with all of them, subject, of course, to your approval, it is my intention to undertake this job as a special government employee. This is the same kind of status that Linowitz had on the Panama negotiations and Cutler on the Canadian Fisheries negotiations.

However, so that there will be no question whatsoever as to any appearance of conflict of interest, I will have no affiliation while a special government employee with any private sector institutions or commercial venture of any kind other than the investments I have always had and which will continue to be held in a blind trust. I will neither serve on any Boards of corporations nor will I involve myself in any private endeavor that could even be construed as "an appearance of conflict."

This arrangement will allow me to undertake personal matters, family and otherwise -- some of which I have mentioned to you and some others -- and still devote all the time I need to this assignment. It also might make the institutional tensions a bit easier to deal with and it will enable me to more easily use my available time to work with Hamilton.

As stated, I have discussed this arrangement with Senators Church and Javits of the Foreign Relations Committee and they did not foresee any problem. I intend to go into

Page Two

all of this. quite explicitly in my Confirmation Hearing and to indicate that if there is any question about it at any time, I am prepared to reenter a fulltime government employee status.

If you approve, we will set up an early date for the confirmation hearing.

ID 793676

THE WHITE HOUSE

WASHINGTON

DATE: 07 SEP 79

FOR ACTION: LLOYD CUTLER

*Hold -  
followed up  
w/ Anderson*

*PATTI  
get this today*

INFO ONLY: AL MCDONALD

SUBJECT: ADMINISTRATIVELY CONFIDENTIAL STRAUSS MEMO RE MIDDLE  
EAST ASSIGNMENT

```

+++++
+  RESPONSE DUE TO RICK HUTCHESON  STAFF SECRETARY (456-7052)  +
+      BY: 1200 PM MONDAY      10 SEP 79                          +
+++++

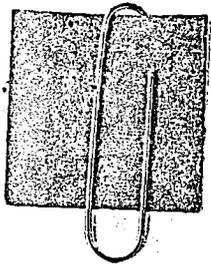
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ACTION REQUESTED: YOUR COMMENTS

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

PLEASE NOTE OTHER COMMENTS BELOW:

ADMINISTRATIVELY  
CONFIDENTIAL



THE WHITE HOUSE  
WASHINGTON

September 13, 1979

MEMORANDUM FOR ROBERT LIPSHUTZ

FROM: MICHAEL CARDOZO *M.C.*

SUBJECT: Special Government Employees Status for  
Ambassador Robert S. Strauss

Earlier this week I forwarded a copy of Ambassador Strauss' memorandum of September 5, 1979, to John Harmon, at the Office of Legal Counsel. My memorandum, a copy of which is attached, requested the opinion of OLC as to the propriety of Strauss' serving as a special Government employee.

This morning, Sol Lindenbaum of the Office of Legal Counsel, called to advise me that OLC has approved Strauss' proposed status as a special Government employee. Lindenbaum said that if Strauss follows the statutory requirements established for special Government employees, there is no obstacle to his service in that status. As a special Government employee, Strauss can not serve for more than one hundred and thirty days during any period of three hundred and sixty five consecutive days. He should terminate his full-time government status and should receive a new appointment as a special Government employee. Lindenbaum advised that there are a number of precedents for service in a position such as Strauss is assuming, as a special Government employee.

I advised Lloyd Cutler of OLC's opinion; a written report should be delivered to us in writing, later today.

Attachment

9/11/79

LLOYD CUTLER SAYS THAT HE, VANCE, STATE LEGAL COUNSEL ALL ARE SATISFIED WITH THE ARRANGEMENT STRAUSS HAS PROPOSED.

CUTLER SAYS THAT THERE IS A PRECEDENT, SO HE IS SATISFIED.

CARDOZO IS NOW DOUBLECHECKING WITH OFFICE OF LEGAL COUNSEL AT JUSTICE. EVERYTHING SHOULD BE CLEARED BY THE TIME STRAUSS GETS BACK FROM MIDEAST.

RICK

copy: Al McDard

Rick - Prepare final  
cover memo saying that  
we

THE WHITE HOUSE  
WASHINGTON

cking up  
Cutler

September 5, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Ambassador Robert S. Strauss *R.S.S.*

RE: Middle East Assignment

Unless our conversation yesterday changed matters, with the return of the Congress and the appointment of Governor Askew to the trade job, it seems the appropriate time to forward my nomination to the Senate for the Middle East assignment.

I have discussed the nature of my appointment at length with Secretary Vance, Senators Church and Javits, Hamilton, Lloyd Cutler, State Legal Adviser Hansell, and others. In agreement with all of them, subject, of course, to your approval, it is my intention to undertake this job as a special government employee. This is the same kind of status that Linowitz had on the Panama negotiations and Cutler on the Canadian Fisheries negotiations.

However, so that there will be no question whatsoever as to any appearance of conflict of interest, I will have no affiliation while a special government employee with any private sector institutions or commercial venture of any kind other than the investments I have always had and which will continue to be held in a blind trust. I will neither serve on any Boards of corporations nor will I involve myself in any private endeavor that could even be construed as "an appearance of conflict."

This arrangement will allow me to undertake personal matters, family and otherwise -- some of which I have mentioned to you and some others -- and still devote all the time I need to this assignment. It also might make the institutional tensions a bit easier to deal with and it will enable me to more easily use my available time to work with Hamilton.

As stated, I have discussed this arrangement with Senators Church and Javits of the Foreign Relations Committee and they did not foresee any problem. I intend to go into

Page Two

all of this quite explicitly in my Confirmation Hearing and to indicate that if there is any question about it at any time, I am prepared to reenter a fulltime government employee status.

If you approve, we will set up an early date for the confirmation hearing.

THE WHITE HOUSE  
WASHINGTON

17 Sep 79

FOR THE RECORD:

BRZEZINSKI RECEIVED ORIGINAL:  
HAMILTON JORDAN RECEIVED A COPY.

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

3615- etc  
Take up your  
choice but we  
know

CONFIDENTIAL/PERSONAL

September 11, 1979

MEMORANDUM FOR: THE PRESIDENT  
FROM: ZBIGNIEW BRZEZINSKI *ZB*  
SUBJECT: Confusion Over my Designation

You requested a personal note on the subject, and here it is -- although it is a very minor issue.

The press refers to me usually as the National Security Advisor, or as the Assistant for National Security Affairs, or as National Security (Council) Director. The first term is used most often, though it has no formal basis. It does contribute, however, to confusion as to who advises you, and it also neglects the fact that there is a statutory agency (the NSC), which I head, paralleling the CEA and OMB. With the appearance of Donovan as a senior advisor and also with the use of the same title by Ed Sanders, it might be better to initiate a more frequent use either of the term Assistant or of the term NSC Director; thereby placing more emphasis on the use by you of the NSC as an agency (like CEA and OMB). *which?*

This does not require any formal steps, but if you agree we will simply encourage informally the use of a different designation.

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for Preservation Purposes

CONFIDENTIAL/PERSONAL

"DETERMINED TO BE AN ADMINISTRATIVE MARKING  
CANCELLED PER E.O. SEC. 1.3 AND  
ARCHIVIST'S MEMO OF MARCH 16, 1983"

THE WHITE HOUSE  
WASHINGTON  
19 Sep 79

Tim Kraft

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

Rick Hutcheson

*Sent Personal +  
~~Confidential~~*

"DETERMINED TO BE AN ADMINISTRATIVE MARKING  
CANCELLED PER E.O. SEC. 1.3 AND  
ARCHIVIST'S MEMO OF MARCH 16, 1983"

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

*TO Craft*  
~~mark "personal & confidential" - send in sealed envelope~~

ADMIN CONFID
CONFIDENTIAL
SECRET
EYES ONLY

*via Jwen*

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

CARTER/MONDALE PRESIDENTIAL COMMITTEE, INC.  
1413 K STREET, N.W., WASHINGTON, D.C. 20005

Tim  
J

September 14, 1979

MEMORANDUM FOR THE PRESIDENT

FROM:

TIM KRAFT TK

SUBJECT:

Telephone Calls - Week of September 10, 1979

Governor Edwin Edwards  
Baton Rouge, Louisiana  
(o) 504/342-7015

Governor Edwin Edwards of Louisiana should be invited to come up and have lunch with you. Both Chip and Moon Landrieu have been receiving signals from Edwards indicating his interest in establishing a relationship and being asked for his support. Edwards wants to talk energy, as well. Arranging for him to meet with Charles Duncan before or after the lunch would be well received.

Edwards' support would be invaluable in Louisiana. He has access to money and a very high approval rating; he could win a third term if he were permitted to run.

Another possible invitation might be to have him up for the Pope's visit and ask him to bring a few friends (perhaps two couples) with him, combined with asking him to either come early or to stay over for the luncheon meeting.

NOTES:

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for Preservation Purposes

Dad

I talked with Moon today.  
He thinks the time is right. He  
had a good conversation with Edwards!

Chip

Telephone Calls - Week of September 14, 1979

Electrostatic Copy Made  
for Preservation Purposes

Edris (Soapy) Owens  
Newton, Iowa  
(H) 515/792-1023

Soapy Owens is the former Iowa President of the U.A.W.. His son-in-law, Chuck Gifford, head of the U.A.W. in Iowa now, has been publically critical of the Administration. Soapy, however, remains publically supportive.

In 1975 Soapy, at your request, made a successful trip to Florida to work with the U.A.W. retired community. We are presently, as you know, sending staff into Florida prior to the October 13 caucuses. We would like Soapy to return again, if he is willing, and we will arrange for an appropriate follow-up call from me on this matter.

This call from you should be more of a friendly call to check in with an old friend. You ought to thank him for his undaunted support and stress the importance, in your own eyes, of support and friendship from him. Then you can ask for any advice regarding Florida he may have to offer. Your last telephone conversation with him was October 18, 1978. You last saw Soapy during your trip to Iowa last spring when I arranged for him to ride in your car.

NOTES: Will help me & John Culver in Iowa. Tim  
Call Soapy's daughter (Mrs Chuck Gifford)  
Sun p.m. to get names of UAW retirees  
in Fla who ~~will~~ can help us.

Also called Chuck Gifford.

He's staying neutral. Has been working with our people - reports TC polls coming up in Iowa. situation "soft". wants to visit me in Washington (Tim arrange)